

**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. Shareholders 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 shares in VPIF, please forward this circular to the purchaser of such shares or to the broker, CSDP or agent through whom the disposal was effected.

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## **CIRCULAR TO SHAREHOLDERS**

regarding:

- **the related party acquisition by VPIF of the Naidoo Properties; and**
- **a proposed change of name of the Company to Texton Property Fund Limited,**

and incorporating:

- **a notice of general meeting of shareholders; and**
- **a form of proxy for completion by certificated and own-name dematerialised shareholders only.**

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Corporate Adviser



Sponsor



Independent reporting accountants and auditors



Independent valuer



Legal adviser



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Date of issue: 2 June 2014

*Copies of this circular are available in English only and may be obtained during normal business hours between Monday, 2 June 2014 and Thursday, 3 July 2014 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 and Advisers" 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)  
AN de Rauville#  
JA Legh#  
JR Macey+  
PM Tau-Sekati+  
MJ van Heerden#  
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)

### 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)

### 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)

### Legal adviser

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

### Trustees of VPIT

RF Kane  
PW Mackenzie  
M de Lange  
EG Dube

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

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## **ACTION REQUIRED BY SHAREHOLDERS**

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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 and the change of name. You should read this circular carefully and decide how you wish to vote on the ordinary and special 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 new office, 54 Bompas Road, Dunkeld West, Johannesburg on Thursday, 3 July 2014 at 11:00.

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

A form of proxy is attached for the convenience of certificated shareholders and own-name dematerialised shareholders 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 and special resolutions at the general meeting.

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

The CSDP or broker of dematerialised shareholders, other than those with own-name registration, should contact such dematerialised shareholders 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 shareholders have not been contacted, it is recommended that they contact their CSDP or broker to advise them as to how they wish their votes to be cast.

Dematerialised shareholders, 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 but must not complete the attached form of proxy.

**VPIF does not accept any responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failure on the part of the CSDP or broker of any beneficial owner of shares to notify such beneficial shareholders of the details set out in 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 a shareholders' 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 shareholder, or as a proxy of a shareholder, has been reasonably verified.

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## IMPORTANT DATES AND TIMES

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2014

Record date for the distribution of the circular	Friday, 23 May
Circular posted on	Monday, 2 June
Last day to trade in VPIF shares to be eligible to vote at the general meeting	Friday, 20 June
Record Date to be entitled to attend, participate in, and vote at the general meeting	Friday, 27 June
Last day for receipt of forms of proxy for the general meeting	By 11:00 on Tuesday, 1 July 2014 to the transfer secretaries or they may be handed to the Chairman of the meeting at any time prior to the commencement of voting on the resolutions tabled at the general meeting
General meeting to be held at 11:00 on	Thursday, 3 July
Results of the general meeting released on SENS on	Thursday, 3 July
<b>THE DATES BELOW MAY CHANGE AS THEY ARE SUBJECT TO THE PROCESSING BY CIPC OF THE SPECIAL RESOLUTION TO CHANGE THE COMPANY'S NAME AND ANY SUCH CHANGES WILL BE ADVISED ON SENS</b>	
Special resolution in respect of the change of name lodged with the CIPC by no later than	Thursday, 24 July
Finalisation announcement in respect of the change of name released on SENS on	Friday, 25 July
Finalisation announcement in respect of the change of name published in the press on	Monday, 28 July
Last day to trade under the old name "VPIF"	Friday, 1 August
Change of name to "Texton Property Fund Limited" on the JSE and trade commences under the new name "Texton Property Fund Limited" under JSE code "TEX", abbreviated name "TEX" and new ISIN: ZAE000190542 from the commencement of trading	Monday, 4 August
Record date for change of name	Friday, 8 August
Updating of CSDP/broker accounts	Monday, 11 August

### 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. Shareholders should note that as transactions in VPIF shares are settled via the electronic settlement system used by Strate, settlement of trades takes place five (5) business days after such trade. Therefore shareholders who acquire shares after Friday, 20 June 2014 will not be eligible to participate in and vote at the general meeting.
3. All times given are South African local times.
4. Share certificates in the name of Vunani Property Investment Fund Limited will not be able to be dematerialised or rematerialised after Friday, 1 August 2014 and shareholders may only dematerialise their new Texton Property Fund Limited shares from Monday, 11 August 2014.
5. 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:

“Accrued VPIF Dividend”	An amount per VPIF share equal to: <ul style="list-style-type: none"><li>• the sum of R0.85, being the midpoint of the guidance range provided by the Company to the market in respect of its annual dividend; less</li><li>• the sum of R0.40, being the interim dividend paid by the Company on 23 March 2014,</li></ul> multiplied by a number equal to the number of days from 20 March 2014 to the Transfer Date and divided by 176;
“Asset Management Agreement”	the Asset Management Agreement dated 20 June 2011 initially entered into between VPIF and VPAM which was ceded to Texton Property Investments effective 1 March 2014 in terms of a shareholders’ resolution dated 16 January 2014;
“board” or “the directors”	the directors of VPIF as set out in the “Corporate Information and Advisers” section of this circular;
“broker”	any person registered as a “broking member (equities)” in terms of the Rules of the JSE made in accordance with the provisions of the FMA;
“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 company duly registered and incorporated with limited liability under the company laws of the RSA, and a subsidiary of VPIF;
“certificated shareholders”	shareholders who hold certificated shares;
“certificated shares”	shares represented by a paper share certificate or other physical document(s) of title, which shares have not been surrendered for dematerialisation in terms of the Strate system;
“change of name”	the proposed change of name of the Company from Vunani Property Investment Fund Limited to Texton Property Fund Limited (refer “Important dates and times” and paragraph 7 of this circular);
“circular”	this circular, dated 2 June 2014, including the appendices and the notice of general meeting and the form of proxy;
“Companies Act”	South African Companies Act No. 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;
“Consideration Shares”	the VPIF shares to be allotted and issued to the vendor to settle an amount of R21 804 895 in terms of the Scott Street Sale Agreement as further detailed in paragraph 2.7;
“CSDP”	Central Securities Depository Participant, as authorised by Strate as a participant in terms of section 31 of the FMA to perform electronic settlement on funds and scrip;
“debenture”	an unsecured variable rate debenture having a nominal value of R2,4975, which was indivisibly linked to one old ordinary share in the previous capital structure of the Company;
“dematerialisation”	the process by which certificated shares are converted to an electronic form as uncertified shares and recorded in the sub-register of shareholders maintained by a CSDP;
“dematerialised shareholders”	shareholders who hold dematerialised shares;
“dematerialised shares”	shares 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;
“executive directors”	the executive directors of VPIF, viz. RF Kane and M de Lange;
“FMA”	the Financial Market Act (Act No. 19 of 2012), as amended or replaced from time to time;

“general meeting”	the general meeting of VPIF shareholders to be held at the Company’s new offices, 54 Bompas Road, Dunkeld West, Johannesburg on Thursday, 3 July 2014 at 11:00, to approve the requisite ordinary and special resolutions to effect the Transaction and the change of name;
“GLA”	the gross lettable area, being the total area of a property that can be rented to a tenant;
“Greenstone Acquisition Agreement”	the Greenstone Acquisition Agreement encompassing the Sale of Shares and Claims Agreement, dated 12 April 2013, between VPIF, Vunani Properties Proprietary Limited, Barrow Properties Proprietary Limited and the Task Trust in terms of which VPIF acquired the shares and loan accounts in Greenstone Hill Office Park and the Sale of Rental Enterprise Agreement, dated 5 April 2013, between VPIF and Barrow Properties Proprietary Limited in terms of which VPIF acquired the Barrow Rental Enterprise;
“Greenstone Hill Office Park”	Greenstone Hill Office Park Proprietary Limited (Registration number 2006/004975/07), a private company duly registered and incorporated with limited liability under the company laws of the RSA and a subsidiary of VPIF;
“Group”	VPIF, Cedar Park, Pacific Eagle, Greenstone Hill Office Park and, where applicable, VPIT;
“IFRS”	International Financial Reporting Standards;
“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 under the company laws of the RSA, trading as JHI and the property manager of VPIF;
“JSE”	JSE Limited (Registration number 2005/03339/06), a company duly registered and incorporated with limited liability under the company laws of the RSA and licensed as an “exchange” under the FMA;
“JSE Listings Requirements”	the Listings Requirements of the JSE pursuant to the provisions of the FMA, as amended from time to time;
“last practicable date”	Monday, 12 May 2014 being the last practicable date prior to the finalisation of this circular;
“linked units” or “units”	the linked units, comprising a debenture and an old ordinary share in the previous capital structure of the Company;
“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 of which are the Kane family;
“m <sup>2</sup> ”	square metres;
“Naidoo Acquisition Agreements”	the Scott Street Sale Agreement and the St George’s Sale Agreement, which agreements are each dependent upon the other becoming unconditional;
“Naidoo Properties”	the properties known as 25 Scott Street, Waverley, Johannesburg and 5 St George’s Mall, Cape Town as more fully described in paragraph 4 of this circular;
“old ordinary share”	an ordinary share with a par value of R0,0025, linked to a debenture, in the previous capital structure of the Company;
“own-name registration”	dematerialised shareholders who have registered their shares in their own name with a CSDP in terms of the FMA;
“Pacific Eagle”	Pacific Eagle Investments 204 Proprietary Limited (Registration number 2007/025771/07), a company duly registered and incorporated with limited liability under the company laws of the RSA, and a subsidiary of VPIF;
“Property Management Agreement”	the agreement between VPIF and JHI, dated 14 January 2014, 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 shareholder 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 shareholders maintained by the Company’s transfer secretaries and the sub-register of dematerialised shareholders maintained by the relevant CSDPs;
“Regulations”	the regulations in terms of the Companies Act;

“REIT”	Real Estate Investment Trust;
“related party”	Mr PD Naidoo, the current independent non-executive chairman of the Company who currently does not own any of the Company’s shares and who is a director and shareholder of the vendor;
“Relevant Time”	means 48 hours before the time of the general meeting;
“Sale of Business Agreement”	the Sale of Business Agreement, dated 9 November 2013, entered into between VPAM and Texton Property Investments in terms of which the Asset Management Agreement was ceded and assigned, without amendment, to Texton Property Investments;
“Scott Street Sale Agreement”	the Sale of Rental Enterprise Agreement, dated 13 March 2014, the Reinstatement Agreement, dated 29 April 2014 and the First Addendum to the Sale of Rental Enterprise Agreement, dated 23 May 2014, entered into between the vendor, VPIF and the trustees of VPIT in terms of which VPIF will acquire the rental enterprise conducted on the property known as 25 Scott Street, Waverley, Johannesburg for R107 804 895, which agreement is linked to the St George’s Sale Agreement;
“SENS”	Stock Exchange News Service of the JSE;
“shareholder”	a holder of VPIF shares;
“shares” or “ordinary shares” or “VPIF shares”	ordinary shares of no par value in the share capital of VPIF;
“South Africa” or “the RSA”	the Republic of South Africa;
“St George’s Sale Agreement”	the Sale of Rental Enterprise Agreement, dated 13 March 2014, entered into between the vendor and VPIF in terms of which VPIF will acquire the rental enterprise conducted on the property known as 5 St George’s Mall, Cape Town for R21 130 434, which agreement is linked to the Scott Street Sale Agreement;
“Strate”	Strate Limited (Registration number 1998/022242/06), a company duly registered and incorporated with limited liability under the company laws of the RSA and licensed as a central securities depository in terms of the FMA;
“subsidiary”	a subsidiary as defined in section 1 (and the meaning determined in accordance with section 3) of the Companies Act;
“Texton Property Investments”	Texton Property Investments Proprietary Limited (Registration number 2004/029298/07), a company duly registered and incorporated with limited liability under the company laws of the RSA and the asset manager of VPIF (refer ownership and other details set out in paragraph 5.2);
“Transaction”	the acquisition of the Naidoo Properties in terms of Naidoo Acquisition Agreements;
“Transfer Date”	the date of registration of transfer of ownership of the Naidoo Properties into the name of the Company, which is expected to be early July 2014;
“transfer secretaries”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a company duly registered and incorporated with limited liability under the company laws of the RSA, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107);
“Treasury Shares”	the 8 911 917 shares purchased by VPIT and dealt with by the Company as treasury shares to be used to settle a portion of the purchase consideration in terms of the Scott Street Sale Agreement as further detailed in paragraph 2.7;
“Valuation Reports”	the reports, abridged or detailed as appropriate, prepared by the independent valuer in respect of the Naidoo Properties;
“vendor” or PDNA Property Investments”	PDNA Property Investments Proprietary Limited (Registration number 2005/010034/07), a company duly registered and incorporated with limited liability under the company laws of the RSA and the vendor of the Naidoo Properties, majority owned by Mr PD Naidoo;
“VPAM”	Vunani Property Asset Management Proprietary Limited (Registration number 2007/028777/07), a company duly registered and incorporated with limited liability under the company laws of the RSA and formerly the asset manager of VPIF;
“VPIF” or “the Company” or “the Fund”	Vunani Property Investment Fund Limited, (Registration number 2005/019302/06), a company duly registered and incorporated with limited liability under the company 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;
“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; and
“VWAP”	volume weighted average price.



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## CIRCULAR TO SHAREHOLDERS

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### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

#### 1.1 Introduction

In an announcement dated 5 May 2014 released on SENS and published in the press on 6 May 2014 shareholders were advised that VPIF had concluded the Naidoo Acquisition Agreements in respect of the acquisition of the Naidoo Properties and that the Company proposed to change its name to Texton Property Fund Limited.

#### 1.2 Related party

The Transaction constitutes a category 2 related party transaction in terms of paragraph 10.1(b)(ii) of the JSE Listings Requirements as Mr PD Naidoo, who is currently the independent non-executive chairman of the Company, is a director and shareholder of the vendor. His status on the board will accordingly be changed to non-executive due to his loss of independence relative to the Transaction and the issue of VPIF shares to the vendor, of which he is a major shareholder. In terms of the JSE Listings Requirements, a lead independent director will be appointed. The purpose of the sale of the Naidoo Properties is in order for the vendor to extract value and convert it to tradeable form (i.e. shares in VPIF).

#### 1.3 Purpose of this circular

The purpose of this circular is to furnish shareholders with all the relevant information relating to the Transaction and the change of name, in accordance with the JSE Listings Requirements, and to convene a general meeting of shareholders in order for them to consider and, if deemed fit, approve, with or without modification, the ordinary and special resolutions to effect the Transaction and the change of name, in terms of the notice of general meeting attached to and forming part of this circular.

### 2. THE TRANSACTION

VPIF entered into the Naidoo Acquisition Agreements in terms of which it will acquire from the vendor (as detailed in paragraph 2.9 below) the Naidoo Properties (comprising 5 St George's Mall, Cape Town and 25 Scott Street in Waverley, Johannesburg); details of which are set out in paragraph 4 below.

#### 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 Transfer Date as defined.

### 2.3 Directors' opinion and recommendation

The independent directors, having regard to the independent valuation of the Naidoo Properties, are of the opinion that the Transaction is fair insofar as the shareholders are concerned and should be supported, and unanimously recommend that shareholders vote in favour of the relevant ordinary resolution at the general meeting. The director who holds VPIF shares intends to vote such shares in favour of the ordinary and special resolutions as set out in the notice of general meeting.

### 2.4 Valuation reports

An independent abridged valuation report on the Naidoo Properties is set out in Appendix 1 and, together with the detailed valuation report, is available for inspection as set out in paragraph 9.

The Naidoo Properties are being acquired for an aggregate purchase consideration of R128 935 329.

The independent valuer has valued the Naidoo Properties at R129,6 million. The difference between the purchase consideration and the valuation relates to the market related rental assumptions used by the independent valuer.

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 Naidoo Acquisition Agreements contain warranties normal for transactions of this nature.

### 2.6 Nature of business of the Naidoo Properties

The Naidoo Properties are commercial properties situated in Johannesburg and Cape Town.

### 2.7 Purchase consideration

The purchase price for the Naidoo Properties, which is payable on registration of transfer of ownership, is as follows:

- 5 St George's Mall, Cape Town – R21 130 434 which will be settled in cash from the Company's debt facilities; and
- 25 Scott Street, Waverley, Johannesburg – R107 804 895 which will be settled via the:
  - transfer of the 8 911 917 Treasury Shares at R9,65 (R86 million). VPIT will be entitled to the benefit of the Accrued VPIF Dividend on these shares; and
  - allotment and issue of the Consideration Shares to the value of R21 804 895 for the balance of the purchase price (refer Appendix 4). The consideration shares will be issued at a price equal to the VWAP as at the last trading day of the 30-day period ending on the day immediately prior to the Transfer Date less an amount equal to the Accrued VPIF Dividend and will rank *pari passu* with all the other VPIF shares in issue. Application will be made to the JSE at the appropriate time for the listing of the consideration shares.

No commission is payable.

### 2.8 Conditions precedent

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

- the approval by the Competition Authorities;
- the requisite approval of VPIF shareholders in general meeting of the Naidoo Acquisition Agreements; and
- the transfer of the Naidoo Properties.

### 2.9 Vendor and related party information

The vendor of the Naidoo Properties is PDNA Property Investments.

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

Neither the vendor nor the related party currently holds any interest in VPIF.

### 3. FINANCIAL INFORMATION RELATING TO THE NAIDOO PROPERTIES

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

#### 3.1 Forecast for the year ending 30 June 2015

The forecast consolidated statement of comprehensive income of the Naidoo Properties for the year ending 30 June 2015 ("the forecast") is set out below. Forecast financial information for the financial year ending 30 June 2014 has not been included as the Naidoo Properties are not expected to transfer until early July 2014. The independent reporting accountants' report on the forecast is set out in Appendix 2. The forecast has been prepared in compliance with IFRS.

#### Consolidated forecast statement of comprehensive income in respect of the Naidoo Properties

	Forecast Year ending 30 June 2015 R'000
Investment property income	16 885
Straight-line rental adjustment	1 187
Revenue	18 072
Property expenses	(4 444)
Net property income	13 628
Asset management fees	(645)
Operating profit	12 983
Finance costs	(8 088)
Profit before income tax	4 895
Income tax	–
Profit for the year	4 895
<b>Total comprehensive income for the period</b>	<b>4 895</b>
<b>Reconciliation of attributable income to distributable income</b>	
Total comprehensive income for the period attributable to shareholders	4 895
Straight-line rental adjustment	(1 187)
Income tax	–
Distributable income	3 708
Shares in issue before the Transaction ('000)	169 122
Shares issued as a result of the Transaction ('000) – refer Appendix 4	2 426
Shares in issue after the Transaction ('000)	171 548
Distributable income/dividend per share (cents)	2,16

#### Assumptions

The forecast is based on the following assumptions:

- **Rental income**

In the case of existing leases:

- There are no leases expiring in the forecast period and those in existence are fully repairing, maintaining and insuring triple net leases.
- All forecast revenue has been disclosed in the following table illustrating the spread between contracted and uncontracted rental:

	Forecast Year ending 30 June 2015
% GLA contracted	100%
% GLA vacant	–
% GLA leases expiring with rental guarantees	–

- **Rates**

Depending on the specific municipality, rates have been escalated by 11%. 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 Naidoo Acquisition Agreements allow for a re-adjustment in the event that the local authority revises its figures. The rates are fully recovered.

- **Municipal charges**

Municipal charges are fully recovered. Escalations therein have been estimated at between 8% and 10%. 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 related expenditure**

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

- **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. No tenant installation costs or agents' commission has been provided for.

- **Finance costs**

Finance costs, which are market-related for VPIF, are calculated at an "all-in" variable rate of 7,55% on R108 million of the purchase price as the balance will be settled by the issue of new shares.

- **Deferred tax**

No deferred tax is calculated as a result of REIT status.

- **Dividends**

Dividends payable in respect of VPIF shares are based on distributable earnings. The dividends are calculated with reference to distributable income (100%) and are in compliance with REIT requirements.

The costs relating to the Transaction have been capitalised to Investment property as at 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 Pro forma net asset value and net tangible asset value, less deferred tax, per share**

The table below sets out the *pro forma* net asset value and net tangible asset value, less deferred tax, per share of the Transaction on VPIF.

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

- 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 2013;
- 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 2013; and
- should be read in conjunction with the *pro forma* consolidated statement of financial position set out in Appendix 4 and the independent reporting accountants' reasonable assurance report set out in Appendix 5.

	<b>Unaudited before the Transaction</b>	<b>Pro forma after the Transaction</b>	<b>% change</b>
Net asset value per share (cents)	878,40	878,69	0,03
Net tangible asset value per share, less deferred tax (cents)	875,56	875,88	0,04
Number of shares in issue ('000)	169 122	171 548	1,43

The *pro forma* earnings and headline earnings per share effect of the Transaction on VPIF have not been presented as VPIF has, in terms of the JSE Listings Requirements, presented a forecast in respect of the Naidoo Properties.

### 3.3 *Pro forma* consolidated statement of financial position

The *pro forma* consolidated statement of financial position of VPIF, before and after the Transaction, is set out in Appendix 4 and the independent reporting accountants' reasonable assurance report in regard thereto is set out in Appendix 5.

## 4. INFORMATION RELATING TO THE NAIDOO PROPERTIES

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

	<b>5 St George's Mall, Cape Town</b>	<b>25 Scott Street, Waverley, Johannesburg</b>
Description	Comprises two sectional title units located on the first and second floors in the scheme known as 5 St George's Mall.	A four-storey building (two of which are basement parking) consisting of two rectangular office wings joined by a central atrium
Legal description	Sections 13, 50, Exclusive use areas 322, 323, 324, 325, 326, 327, 567, 568, 569, 576, 577 and 578 and an undivided share in the common property apportioned to the above sections and six single undercover parking bays and three tandem undercover parking bays in sectional title scheme numbered SS2134/2006 and SS267/2008 known as 5 St George's Mall, Cape Town	Portion 22 of Erf 13 Waverley, held by Title Deed T7904/2009
Location	5 St George's Mall, Cape Town	25 Scott Street, Waverley, Johannesburg
Region	Western Cape	Gauteng
Sector	Commercial	Commercial
Site area	Section 13 – 558m <sup>2</sup> Section 50 – 546m <sup>2</sup> Section 322 – 11m <sup>2</sup> Section 323 – 11m <sup>2</sup> Section 324 – 11m <sup>2</sup> Section 325 – 11m <sup>2</sup> Section 326 – 11m <sup>2</sup> Section 327 – 11m <sup>2</sup> Section 567 – 10m <sup>2</sup> Section 568 – 11m <sup>2</sup> Section 569 – 11m <sup>2</sup> Section 576 – 16m <sup>2</sup> Section 577 – 12m <sup>2</sup> Section 578 – 12m <sup>2</sup>	1,1776 hectares
GLA (m <sup>2</sup> )	1 242 m <sup>2</sup>	4 329 m <sup>2</sup>
Single or multi-tenanted	Single	Single
Tenant classification (refer table below) by GLA and gross revenue	A	A

	<b>5 St George's Mall, Cape Town</b>	<b>25 Scott Street, Waverley, Johannesburg</b>
Weighted average gross rental per month	R203 568	R921 474
Vacancy by GLA	–	–
Annualised property yield	10,5%	9,5%
Weighted average rental escalation by GLA	8%	8%
Date of valuation and market value	31 March 2014	31 March 2014
Rental guarantees	–	–

#### **Lease expiry by revenue and GLA**

<b>Tenants</b>	<b>Expiry date</b>	<b>Rentable area (m<sup>2</sup>)</b>	<b>Contractual rental at expiry (Rand per month)</b>
<b>5 St George's Mall, Cape Town</b>	30 Sep 2017	1 236	238 194
<b>25 Scott Street, Waverley, Johannesburg</b>	30 Sep 2017	4 329	1 063 691

#### **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 held in the initial portfolio prior to listing are held by VPIT in terms of the VPIT Trust Deed with all properties acquired at and subsequent to listing being held by VPIF. 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.

The Company has been granted REIT status by the JSE as provided for in the Income Tax Act, No. 58 of 1962, as amended, and section 13 of the JSE Listings Requirements and has recently amended its capital structure (refer paragraph 5.4 below) in order to comply with the requirements thereof. The Company must, in terms of the REIT requirements, distribute at least 75% of its total distributable profits as a distribution to the holders of its listed securities by no later than six months after its financial year end, subject to the relevant solvency and liquidity test applied in terms of section 46 of the Companies Act. In terms of the JSE Listings Requirements, the Company is obliged to comply with certain criteria on a continuing basis in order to retain its REIT status.

The management and board of VPIF are committed to the transformation and empowerment objectives of South Africa and have expended considerable effort in addressing VPIF's objective of having a meaningful, sustainable and commercially driven black economic empowerment shareholding at the listed level. A sub-committee was appointed by the board to consider and propose a suitable BEE structure which has now been approved by the board. It is anticipated that this structure will be implemented in the second half of 2014 once all relevant details and investors have been identified and finalised. Further information relating to this matter will be released as and when required.

VPIF's investment strategy is focused on:

- providing shareholders with a competitive dividend yield together with a stable and consistent growth profile, which will increase the economic value attributable to shareholders;
- 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. Management believes there is value for the Fund in other sectors and will make appropriate acquisitions provided it is confident that it can manage them;
- 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 properties 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; and
- acquisitions that will take advantage of the current office market in which recent lease negotiations have depressed property values.

The Asset Management Agreement initially entered into between VPIF and VPAM was ceded and assigned, with no changes thereto, to Texton Property Investments in terms of a shareholders' resolution approved at a general meeting held on 16 January 2014. Accordingly, with effect from 1 March 2014 (i.e. the date that all the conditions precedent to the Sale of Business Agreement were fulfilled), VPIF has been managed by Texton Property Investments.

## 5.2 Asset Management Agreement

The Asset Management Agreement is for an initial period of seven years following the listing, renewable for subsequent five-year periods in accordance with the provisions thereof. In event of breach, the agreement may be terminated on the expiry of three 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 shareholders (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 shareholders, 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 shareholders (excluding any parties or their associates who are party to or have an interest in the contract).

Texton Property Investments has no direct or indirect beneficial interest in the VPIF Portfolio or in the Naidoo Properties and has not contracted to become a material tenant in any property in the VPIF Portfolio or the Naidoo Properties and has no conflict of interest in its duty to VPIF.

Vunani Properties Proprietary Limited was considered a related party in respect of the Greenstone Acquisition Agreement (refer "Definitions" – details of which were included in a circular to unitholders dated 25 June 2013) and although it held no interest in VPIF, its associate, Mr RF Kane via the Ludlow Trust, was precluded from voting at the general meeting to approve that transaction. In summary, the Company acquired the following in terms of the Greenstone Acquisition Agreement:

- The shares and loan accounts in Greenstone Hill Office Park for R86 260 281 for the equity, which was 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 had an existing loan of R121 018 328 with Investec Bank Limited which was to be settled from the proceeds from the Company's rights offer undertaken in terms of a circular dated 5 August 2013. The properties acquired incorporate buildings 4, 6 and 10-15 of the sectional title schemes known as Greenstone Hill Office Park SS 1149/2008 and SS599/2009.
- The Barrow Rental Enterprise conducted by Barrow Properties Proprietary Limited on each of Building 2 and 6, Greenstone Hill Office Park for R51 649 000.

The Asset Management Agreement is available for inspection as set out in paragraph 9.

### Information relating to Texton Property Investments:

Business address	54 Bompas Road, Dunkeld West, Johannesburg
Directors	AN de Rauville, JPG de Rauville, DJ Tew, RF Kane, M de Lange, JA Legh, MJ van Heerden
Shareholders	100% Cozifor Proprietary Limited Shareholders of Cozifor Proprietary Limited are as follows: 25% Handful of Keys Proprietary Limited 20% Investec Bank Limited 17% Ludlow Trust (RF Kane) 15% JA Legh 15% Nooitgedacht Familie Trust 5% N&G Trust 3% M de Lange

<b>Professional qualifications and relevant experience of the directors:</b>	<b>Appointments to other listed property entities</b>
<p><b>Angelique Norma Du Hecquet de Rauville, BSocSc</b></p> <p>Angelique's career in property commenced in 1998 when she founded Provest Limited (a listed property asset management company) where she was appointed managing director in May 2001. In March 2003, the Investec Group acquired Provest and Angelique assumed numerous responsibilities within that group, including:</p> <ul style="list-style-type: none"> <li>• head of Investec's Global Property Investments business;</li> <li>• advised on over R20 billion worth of private, corporate and parastatal real estate transactions;</li> <li>• chaired Investec's listed property investments committee;</li> <li>• executive director of Investec Property Limited.</li> </ul> <p>Her history in property investments includes fund manager of the top-performing South African Investec Property Equity Fund and during her management of this fund, she achieved the accolade of the best performing unit trust in South Africa over one year and the fund was awarded the "Raging Bull" award for the top performing domestic real estate fund over three years. She is currently founder and Managing Director of specialist property investments business Handful of Keys Proprietary Limited and continues to consult to the Investec Group.</p>	VPIF only
<p><b>Joseph Philippe Gerard Du Hecquet de Rauville (Gerard), CA(SA)</b></p> <p>Gerard is a qualified chartered accountant with over 40 years' experience and has held numerous board positions in South African and international listed and unlisted companies. His property experience includes the appointment as CEO of South African listed Grove Property Fund and then joint-CEO of Pangbourne Properties Limited post a merger with the company. He was vice-chairman of JHI, the Marshalls Group and was also CEO of Grovewalk Holdings Limited in the 1980s – a listed property and industrial services company. He currently serves on the board committees of Grindrod Bank Limited and Landlock Group Limited.</p>	None
<p><b>Robert Fletcher Kane, BSc (Civ) Eng, MBA</b></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.</p>	VPIF only
<p><b>Marelise de Lange, BCom (Law), BCom (Hon)(Acc), CA(SA)</b></p> <p>Marelise obtained BCom (Law) and BCom (Hon)(Acc) degrees and commenced her career at Absa Corporate and Merchant Bank in the Structured Finance division. She later worked at Absa Capital where she held the position of Business Manager – Structured Capital Market. In June 2008, Marelise joined International Housing Solutions, a property equity fund for affordable housing, as Financial Director where her duties included the implementation of IFRS accounting and reporting systems for the South Africa Workforce Housing Fund. Her finance and accounting experience extends over 18 years. Marelise joined Vunani Limited in June 2009 as Group Financial Manager and was appointed Financial Director of VPIF on 11 August 2011.</p>	VPIF only



<b>Professional qualifications and relevant experience of the directors:</b>	<b>Appointments to other listed property entities</b>
<p><b>John Alastair Legh (Chick), BA (Wits)</b></p> <p>Chick has been operating in the South African property market since 1981, primarily as an owner/developer of commercial, industrial and retail properties. He is currently the Chairman of the Kuper Legh Property Group, which he started together with David Kuper in 1997. Prior to this, he was joint Managing Director and shareholder of BOE Properties Transvaal Limited and during this time Boardprop Limited was successfully listed in the property section of the JSE. In 2006 Kuper Legh merged its properties with Sanlam Properties to list the Vukile Property Fund Limited. Since 1980 John has also developed numerous up-market leisure properties which he currently owns and operates.</p>	VPIF only
<p><b>David John Tew, BCom, PGDA, CA (SA)</b></p> <p>David has over 12 years' investment banking experience, a significant amount of which has been focused in the property sector. After completing his degrees at the University of Cape Town, David joined Deloitte &amp; Touche where he completed his articles and thereafter spent three years as a manager focusing on auditing and learning and development. From Deloitte &amp; Touche, David joined the Investec Corporate Finance team where he developed his transaction and advisory skills and ultimately advised on numerous transactions in the listed sector for some of South Africa's top corporates. Key property related highlights include advising on the disposal of the V&amp;A Waterfront for Transnet and the various Transnet Retirement Funds and a couple of years later the joint acquisition of the V&amp;A Waterfront by Growthpoint and the Public Investment Corporation. David was also involved in various other transactions for Growthpoint, including its BEE transaction. He played a key role in the listing of the Investec Property Fund in 2011. Following the listing of the Investec Property Fund, David joined Investec Property, the asset manager of the Fund to develop its financial reporting function and to focus on the financing requirements of the Fund. Having completed the first annual report of the Fund for the year ended March 2012 and having completed the raising of bridging loan facilities and the successful registration and placement of a domestic medium-term note programme, David returned to a deal-making role as the Johannesburg head of Growth &amp; Acquisition Finance in the Investec Specialist Bank.</p>	None
<p><b>Mathys Johannes van Heerden (Thys), BCom (Hon) (Real Estate)</b></p> <p>Thys has been involved in the property industry for over 24 years serving in different capacities. He commenced his career at Barprop Limited, a listed fund, moved to PPS as Senior Property Manager and then returned to RMP/Barprop as Marketing Manager. He moved to Old Mutual as Senior Investment Analyst when Barprop was delisted and acquired by that company, and was eventually responsible for sales and acquisitions for Old Mutual Properties where he served them for more than 10 years. He is currently co-owner and CEO of Kuper Legh Property Group where he is involved with major acquisitions and transactions and where his vast experience in property management, sales and acquisitions, valuations, large developments, direct property investment and deal-making is invaluable.</p>	VPIF only

#### **Fees payable to Texton Property Investments**

The fees payable by VPIF to Texton Property Investments for all asset management and operational management services rendered by it in terms of the Asset Management Agreement are 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 shares 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 Texton.

The asset management fee includes all normal costs associated with such an activity but excludes 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 are payable to Texton Property Investments 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 two years' rental on the space let;
- b) 2,5% on the next three years' rental on the space let to new tenants;
- c) 1,5% on the next three 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).

### 5.3 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 14 January 2014. The effective date of the current agreement is 1 January 2014 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 N Radebe.

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 three 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 9.

#### **5.4 Recent change in capital structure**

At a general meeting held on 16 January 2014, the Company's previous capital structure, which consisted of linked units, was changed by the delinking of the linked units and the replacement of each linked unit with one VPIF ordinary share, effective from 17 February 2014. At the same time the ordinary shares with a par value of 0,0025 cents each were converted to ordinary shares with no par value, effective from 17 February 2014.

#### **5.5 Recent purchase of the Company's units**

Prior to the changes in the capital structure set out above, VPIT purchased 8 911 917 of the Company's units at an aggregate cost of R86 million which are held as treasury shares and will be used to settle a portion of the acquisition cost of 25 Scott Street, Waverley, Johannesburg as detailed in paragraph 2.7 above.

#### **5.6 Prospects**

Despite the difficult economic climate, the VPIF Portfolio has performed well over the past six months and is on track to deliver on the guidance previously provided to the market. The board will continue to focus on its strategy of growing the Fund with yield-enhancing assets without compromising on quality.

The Naidoo Properties will be acquired at a blended yield of 9,6%.

#### **5.7 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 2013 were published on 24 February 2014, other than the subsequent events set out in Appendix 4.

#### **5.8 Major shareholders**

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

<b>Name</b>	<b>Number of shares</b>	<b>% holding</b>
Coronation Asset Managers Proprietary Limited	19 545 516	11,6
Old Mutual Investment Group (SA) Proprietary Limited	18 884 695	11,2
Stanlib Asset Management Limited	17 962 369	10,6
Nedbank Group Limited	15 434 361	9,1
Government Employee Pension Fund	12 052 237	7,1
Investec Limited	10 935 905	6,5
Vunani Property Investment Trust	8 911 917	5,3

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

## 5.9 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 Naidoo Acquisition Agreements dealt with in this circular, or in the ordinary course of the business carried on by VPIF are as follows:

- the Sale of Rental Enterprise Agreement, dated 22 November 2013, entered into between VPIF and Magakabye Properties Services Proprietary Limited in terms of which VPIF acquired the property known as “Wellington Road”;
- the Sale of Rental Enterprise Agreement, dated 16 September 2013, entered into between VPIF and AH and MJ Proprietary Limited in terms of which VPIF acquired the property known as “Bryanston Gate”;
- the Sale of Business Agreement (as defined);
- the Greenstone Acquisition Agreement;
- the Asset Management Agreement;
- the Property Management Agreement; and
- the VPIT 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 abovementioned agreements are available for inspection as set out in paragraph 9 below.

## 6. INFORMATION RELATING TO THE DIRECTORS

### 6.1 Director’s interest in the Company’s securities

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

Director	Beneficial Direct	Beneficial Indirect
RF Kane – held via the Ludlow Trust	–	623 839 (0,37%)

Since the Company’s year-end on 30 June 2013, there has been no trading in the Company’s shares by a director.

Effective 1 March 2014, the following changes to the board occurred:

#### **New appointments** – non-executive directors

AN de Rauville  
JA Legh  
MJ van Heerden

#### **Resignations** – non-executive directors

CE Chimombe-Munyoro  
EG Dube  
PW Mackenzie  
RR Emslie

### 6.2 Directors’ interests in transactions

Other than as disclosed in this circular (i.e. the related party), 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 in the employ of Texton Property Investments are not remunerated for their services as directors of VPIF. An annual fee, payable monthly, is charged by VPIF in terms of the Asset Management Agreement and such fee includes the remuneration to which the executive directors are entitled in respect of the services which they render to Texton Property Investments. However, new service contracts between Texton and the executive directors are in the process of being finalised.

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

The following is a breakdown of the directors' remuneration in respect of the year ended 30 June 2013:

	Director's fees R'000	Basic salary R'000	Bonus R'000	Medical aid and retirement fund contribu- tions R'000	Travel R'000	Total R'000
<b>Non-executives</b>						
PD Naidoo	230	–	–	–	–	230
RR Emslie	200	–	–	–	–	200
JR Macey	200	–	–	–	–	200
EG Dube	170	–	–	–	–	170
CE Chimombe– Munyoro	170	–	–	–	–	170
PM Tau–Sekati	52	–	–	–	–	52
KN Vundla	52	–	–	–	–	52
<b>Executives</b>						
RF Kane		1 256	1 515	244	–	3 015
PW Mackenzie		1 306	1 515	252	–	3 073
M de Lange		899	434	234	–	1 567
	1 074	3 461	3 464	730	–	8 729

## 7. PROPOSED CHANGE OF NAME

### 7.1 Introduction and consequences of the change of name

Consequent to the Sale of Business Agreement, the board proposes to change the name of the Company from Vunani Property Investment Fund Limited to Texton Property Fund Limited. A new JSE code "TEX" will apply and the abbreviated name will change to "TEX" and the ISIN will change to ZAE000190542 from the commencement of business on Monday, 4 August 2014 or such later date as may be applicable subject to the acceptance of the relevant special resolution by the CIPC. The proposed name of Texton Property Fund Limited has been reserved for the Fund with CIPC and approved by the JSE.

Subject to shareholders' approval and as a consequence of the change of name, the Company's listing on the JSE will be amended to reflect the new name and ISIN.

### 7.2 Surrender of documents of title

VPIF currently has no certificated shareholders and accordingly a Form of Surrender has not been attached to this circular. If any shares are certificated on or before Friday, 1 August 2014 (refer "Important dates and times" on page 3), a Form of Surrender may be obtained from the transfer secretaries.

Dematerialised shareholders' accounts with their CDSPs or brokers will be automatically updated to reflect the change of name.

## 8. ADDITIONAL INFORMATION

### 8.1 Expenses

Preliminary expenses amounting 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:

Expense	Payable to	Rand
Documentation fees	JSE	16 208
Listing fee (treasury/consideration shares)	JSE	78 866
Independent reporting accountants' fees	KPMG Inc	80 000
Independent valuer fees	Mills Fitchet Magnus Penny Proprietary Limited	25 000
Legal adviser	Cliffe Dekker Hofmeyr Inc	50 000
Printing and publication costs	Purple Frog	30 000
Corporate adviser fees	Vunani Corporate Finance	75 000
Sponsor fees	Grindrod Bank Limited	50 000
Transfer secretaries fees	Computershare Investor Services Proprietary Limited	27 562
Administrative costs (Strate, SARS, etc.)	Various, including transfer costs and the cost of the due diligence investigation	136 881
		569 517

### 8.2. Consents

Each of the independent reporting accountants and auditors, independent valuer, legal adviser, transfer secretaries, corporate adviser and sponsor 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.

### 8.3 Directors' responsibility statement

The directors, whose names are given in the "Corporate Information and Advisers" 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.

### 8.4 General meeting and voting

#### 8.4.1 General meeting

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

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

#### 8.4.2 Voting

The special resolution contained in the notice of general meeting must be supported by at least 75% of the voting rights exercised.

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

Neither the related party nor his associates hold any equity in the Company.

## **9. 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 and Advisers" section of this circular, during normal business hours from the date of issue hereof until the date of the general meeting:

- the Memorandum of Incorporation;
- the Memorandum and Articles of Association of Cedar Park, Pacific Eagle and Greenstone Hill Properties;
- the Naidoo Acquisition Agreements;
- the Asset Management Agreement;
- the Property Management Agreement;
- the VPIT Trust Deed;
- the agreements as detailed in paragraph 5.9 above;
- the audited financial statements of VPIF for the three financial periods ended 30 June 2013 and the unaudited interim results for the period ended 31 December 2013;
- the signed abridged valuation report of the independent valuer on the Naidoo Properties, the text of which is included in this circular as Appendix 1;
- the signed reports of the independent reporting accountants set out in Appendices 2, 3 and 5;
- the detailed valuation report in respect of the Naidoo Properties;
- the advisers' consent letters as detailed in paragraph 8.2 above;
- Non-executive directors' letters of appointment; and
- a signed copy of this circular.

**SIGNED AT JOHANNESBURG ON 12 MAY 2014 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 NAIDOO PROPERTIES

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

12 May 2014

Sirs,

Made on account of: VUNANI PROPERTY INVESTMENT FUND LIMITED

In relation to: THE NAIDOO 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 Naidoo Properties as at 1 April 2014 in order to determine their aggregate value on a discounted cash flow or capitalisation of net income basis.

Total Value of the Naidoo Properties **R129 600 000,00**

Set out below are particulars relating to the Naidoo Properties as detailed in the circular to VPIF shareholders to be dated on or about 19 May 2014, to which this report is attached and the value that I have attributed to them:

	<b>5 St George’s Mall, Cape Town  (“Property 1”)</b>	<b>25 Scott Street, Waverley, Johannesburg  (“Property 2”)</b>
<b>Registered description</b>	Sections 13, 50, 322; 323; 324; 325; 326; 327; 567; 568; 569; 576; 577 and 578 In the Sectional Title Schemes SS 2134/2006 and SS267/2008	Portion 22 of Erf 13 Waverley (JHB) Township
<b>Address</b>	5 St George’s Mall, Cape Town CBD	25 Scott Street, Waverley
<b>Date of physical inspection</b>	19 March 2014	19 March 2014
<b>Effective date of valuation</b>	1 April 2014	1 April 2014
<b>Market value</b>	R21 800 000	R107 800 000
<b>Nature of property</b>	Sectional title office suites and associated parking	Low rise office block
<b>Site area – m<sup>2</sup></b>	Section 13 – 558m <sup>2</sup> Section 50 – 546m <sup>2</sup> Section 322 – 11m <sup>2</sup> Section 323 – 11m <sup>2</sup> Section 324 – 11m <sup>2</sup> Section 325 – 11m <sup>2</sup> Section 326 – 11m <sup>2</sup> Section 327 – 11m <sup>2</sup> Section 567 – 10m <sup>2</sup> Section 568 – 11m <sup>2</sup> Section 569 – 11m <sup>2</sup> Section 576 – 16m <sup>2</sup> Section 577 – 12m <sup>2</sup> Section 578 – 12m <sup>2</sup>	1,776 hectares



	<b>5 St George’s Mall, Cape Town  (“Property 1”)</b>	<b>25 Scott Street, Waverley, Johannesburg  (“Property 2”)</b>
<b>Floor area – m<sup>2</sup></b>	As listed above	4 329m <sup>2</sup>
<b>Existing use</b>	Offices	Offices
<b>Age of buildings</b>	60 years +	Six years
<b>Tenure</b>	Sectional title	Freehold

## 2. METHOD OF VALUATION

The Naidoo 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 the 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 Naidoo Properties, which is based on the International Valuations Standards Authority definition of the same, are as follows:

- The Naidoo 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;
- 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 Naidoo 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 Naidoo Properties has been obtained and, where applicable, verified, from:

- Property Managers
- Our physical inspection of the Naidoo Properties confirming the nature of improvements and the tenancies reflected in the lease schedule
- A lease audit being undertaken by ourselves
- 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 Naidoo 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 the Naidoo 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 Naidoo Properties confirming the actual tenant leases supplied to us by the owners and managing agents.

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

In respect of all of the Naidoo Properties the expenses are paid by 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
1	PDNA Holdings Proprietary Limited	1 236	01/10/2012	30/09/2017	8,00%
2	PDNA Holdings Proprietary Limited	4 329	01/10/2012	30/09/2017	8,00%

## 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 Naidoo Properties or where there may be a benefit in option held;
2. there are no options held by any third parties to purchase the Naidoo Properties; and
3. there have been no material changes between the date of the valuation and the last practicable date in any circumstances relating to the Naidoo Properties, which would affect the valuation thereof.

I confirm that I have no pecuniary interest that would conflict with a proper valuation of the Naidoo Properties, other than normal professional fees. With 21 years' experience in property valuation, the undersigned is qualified to express an opinion on the value of the Naidoo 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 REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE FORECAST FINANCIAL INFORMATION IN RESPECT OF THE NAIDOO PROPERTIES

---

"The Directors  
Vunani Property Investment Fund Limited  
54 Bompas Road  
Dunkeld West  
Johannesburg, 2196

12 May 2014

Dear Sirs

### INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE FORECAST STATEMENT OF COMPREHENSIVE INCOME OF THE NAIDOO PROPERTIES ("THE ACQUISITION PROPERTIES")

In terms of the JSE Limited Listings Requirements, we have examined the forecast statement 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 year ending 30 June 2015, as set out in paragraph 3.1 of the circular to VPIF shareholders to be dated on or about 19 May 2014 ("circular"), and the related assumptions of VPIF for the year ending 30 June 2015, 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 ISAE3400 – 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 year ending 30 June 2015;
- Discussions with management regarding the forecast information;
- Discussions with management regarding the prevailing market and economic conditions;
- Discussions with management regarding the forecast expenses;
- Lease agreements for all the leases relating to the Naidoo Properties;
- Valuation reports prepared by the independent valuers on the Naidoo Properties;
- The acquisition agreements relating to the acquisition properties;
- The Property Management agreement; and
- Discussions with management regarding the historical information used in preparation of the forecast for the year ending 30 June 2015.

## **PROCEDURES**

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

- All leases relating to the Naidoo Properties were reviewed. 100% of the forecast contracted rental income for the year ending 30 June 2015 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.
- 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 were in terms of the lease agreements.
- Vacant space in properties, where no rental guarantees have been obtained from the vendors, amounts to 0% of GLA for the year ending 30 June 2015. No leases expire during the 1 month ending 30 June 2014. 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 96% of the total forecast expenses for the year ending 30 June 2015, 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.

## 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 shareholders 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 DD 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 NAIDOO PROPERTIES

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"The Directors  
Vunani Property Investment Fund Limited  
54 Bompas Road  
Dunkeld West  
Johannesburg, 2196

12 May 2014

Dear Sirs

### INDEPENDENT REPORTING ACCOUNTANTS' REVIEW REPORT ON THE VALUE AND EXISTENCE OF THE NAIDOO PROPERTIES TO BE ACQUIRED BY VUNANI PROPERTY INVESTMENT FUND LIMITED ("THE ACQUISITION PROPERTY") AS REFLECTED IN THE *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 *pro forma* consolidated statement of financial position of VPIF set out in Appendix 4 of the circular to VPIF shareholders, to be dated on or about 19 May 2014 ("circular"), which is issued in connection with the Acquisition Property and the related party aspects thereof; 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 *pro forma* consolidated statement of financial position contained in Appendix 4 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 *pro forma* consolidated statement of financial position of VPIF set out in Appendix 4.

#### 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 *pro forma* consolidated statement of financial position of VPIF set out in Appendix 4.

#### 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 *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 *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 *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 *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 is reflected in the *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 DD Thompson

Chartered Accountant (SA)

Registered Auditor

Director

(Private Bag 9, Parkview, 2122)”

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## **PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

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### **INTRODUCTION**

This appendix presents the *pro forma* consolidated statement of financial position of VPIF at 31 December 2013. 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 2013.

The *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 *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 2013 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 share as if the Transaction had been effected on 31 December 2013.



**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013**

R'000	Unaudited actual before the Transaction Note 1	Re- purchase Note 2	Sub- total before capital conversion	capital structure conversion Note 3	Sub- total before The Naidoo Properties	The Naidoo Properties Note 4	After the Transaction
<b>ASSETS</b>							
<b>Non-current assets</b>	<b>1 856 056</b>	–	<b>1 856 056</b>	–	<b>1 856 056</b>	<b>129 505</b>	<b>1 985 561</b>
Investment property	1 838 450	–	1 838 450	–	1 838 450	129 505	1 967 955
Property, plant and equipment	6 381	–	6 381	–	6 381	–	6 381
Deferred tax	4 817	–	4 817	–	4 817	–	4 817
Other non-current asset	6 408	–	6 408	–	6 408	–	6 408
<b>Current assets</b>	<b>56 725</b>	–	<b>56 725</b>	–	<b>56 725</b>	–	<b>56 725</b>
Trade and other receivables	15 211	–	15 211	–	15 211	–	15 211
Income tax receivable	–	–	–	–	–	–	–
Cash and cash equivalents	41 514	–	41 514	–	41 514	–	41 514
<b>Total assets</b>	<b>1 912 781</b>	–	<b>1 912 781</b>	–	<b>1 912 781</b>	<b>129 505</b>	<b>2 042 286</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>	<b>454 317</b>	<b>(22)</b>	<b>454 295</b>	<b>945 279</b>	<b>1 399 574</b>	<b>107 805</b>	<b>1 507 379</b>
Ordinary share capital	423	(22)	401	945 279	945 680	107 805	1 053 485
Accumulated loss	(50 253)	–	(50 253)	–	(50 253)	–	(50 253)
Non-distributable reserve	504 147	–	504 147	–	504 147	–	504 147
Debentures	1 031 257	(85 978)	945 279	(945 279)	–	–	–
<b>Linked unitholders' interest</b>	<b>1 485 574</b>	<b>(86 000)</b>	<b>1 399 574</b>	–	<b>1 399 574</b>	<b>107 805</b>	<b>1 507 379</b>
<b>Liabilities</b>							
<b>Other non-current liabilities</b>	<b>319 459</b>	<b>86 000</b>	<b>405 459</b>	–	<b>405 459</b>	<b>21 130</b>	<b>426 589</b>
Other financial liabilities	319 459	86 000	405 459	–	405 459	21 130	426 589
Deferred tax	–	–	–	–	–	–	–
<b>Current liabilities</b>	<b>107 748</b>	–	<b>107 748</b>	–	<b>107 748</b>	<b>570</b>	<b>108 318</b>
Current portion of other financial liabilities	–	–	–	–	–	–	–
Current tax payable	56	–	56	–	56	–	56
Trade and other payables	40 043	–	40 043	–	40 043	570	40 613
Linked shareholders for distribution	67 649	–	67 649	–	67 649	–	67 649
<b>Total liabilities</b>	<b>427 207</b>	<b>86 000</b>	<b>513 207</b>	–	<b>513 207</b>	<b>21 700</b>	<b>534 907</b>
<b>Total equity and liabilities</b>	<b>1 912 781</b>	–	<b>1 912 781</b>	–	<b>1 912 781</b>	<b>129 505</b>	<b>2 042 286</b>

	<b>Unaudited Actual before the Transaction</b>	<b>The Naidoo Properties</b>	<b>After the Transaction</b>	<b>% change</b>
Number of shares in issue ('000)	169 122	2 426	171 548	1,43
Net asset value per share (cents)	878,40		878,69	0,03
Tangible net asset value, less deferred tax, per share (cents)	875,56		875,88	0,04

## Notes

1. The "Unaudited actual before the Transaction" column was extracted from the unaudited consolidated statement of financial position of VPIF at 31 December 2013 included in the unaudited condensed consolidated interim results for the six months ended 31 December 2013.
2. The "Repurchase" column takes account of the linked units that were repurchased (funded by external borrowings) by the Company's subsidiary Trust VPIT on 15 January 2014 and reflected as treasury units. 8 911 917 linked units were repurchased at a price of R9,65 per linked unit. The accrued dividends to the Transfer Date will be paid to the Company.
3. On 17 February 2014, the previous capital structure, which consisted of linked units, was changed, due to the REIT status of the Company, by the delinking of the linked units and the replacement of each linked unit with one VPIF ordinary share. At the same time the ordinary shares with a par value of 0,0025 cents each were converted to ordinary shares with no par value.
4. The "Naidoo Properties" column takes account of:
  - An increase in "Investment Property" of R129,505 million as a result of the acquisition of the Naidoo Properties for a total purchase consideration of R128,935 million and cost of R570 thousand relating to the Transaction;
  - An increase in other financial liabilities to the extent of R107,1 million as R86 million was used to repurchase VPIF shares in January 2014 which is applied to the acquisition of Scott Street and R21,1 million towards the purchase of St Georges Mall;
  - An increase in trade and other payables relating to costs of acquisition; and
  - An increase in the number of shares issued as a result of new shares being issued for the difference in the purchase price of R107,8 and the R86 million shares repurchased by VPIT allocated to the Scott Street property. It is assumed that the shares will be issued at a 30 day VWAP of 930 cents per share less the accrued dividends to the Transfer Date which will be paid to the Company.
5. 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 *PRO FORMA* FINANCIAL INFORMATION

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"The Directors  
Vunani Property Investment Fund Limited  
54 Bompas Road  
Dunkeld West  
Johannesburg, 2196

12 May 2014

Dear Sirs

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

We have completed our assurance engagement to report ("Report") on the compilation of *pro forma*, net asset value and net tangible asset value less deferred tax per share 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 debentures relating to VPIF (collectively "*Pro Forma* Financial Information"). The *Pro Forma* Financial Information is set out in paragraph 3.2 and Appendix 4 of the circular to be issued by the VPIF on or about 19 May 2014

The *Pro Forma* Financial Information has been compiled by the directors of VPIF to illustrate the impact of the acquisition of the Naidoo Properties ("Transaction") as detailed in the circular on VPIF's financial position and changes in equity as at 31 December 2013.

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 2013 ("Published Financial Information").

In addition, the directors of VPIF have calculated the net asset value and net tangible asset value less deferred tax per share as at 31 December 2013 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 compiled the *Pro forma* Financial Information on the basis of the Applicable Criteria, in all material respects.

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 2013 for purposes of the net asset value and net tangible asset value less deferred tax per share 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' judgement, 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 DD Thompson**

*Chartered Accountant (SA)*

*Registered Auditor*

*Director*

(Private Bag 9, Parkview, 2122)"

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## **NOTICE OF GENERAL MEETING OF SHAREHOLDERS**

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Notice is hereby given that a general meeting of the shareholders of the Company will be held at the Company's new office, 54 Bompas Road, Dunkeld West, Johannesburg on Thursday, 3 July 2014 at 11:00, for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions set out below, in the manner required by the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act").

The record date in terms of section 59 of the Companies Act for shareholders to be recorded in the Register in order to be able to attend, participate and vote at the general meeting is Friday, 27 June 2014.

### **ORDINARY RESOLUTION NUMBER 1**

"RESOLVED, as an ordinary resolution, that the following inter-linked agreements:

- Sale of Rental Enterprise Agreement, dated 13 March 2014, the Reinstatement Agreement, dated 29 April 2014, and the First Addendum to the Sale of Rental Enterprise Agreement, dated 23 May 2014, entered into between PDNA Property Investments Proprietary Limited, the Company and the trustees of Vunani Property Investment Trust in terms of which the Company will acquire the rental enterprise conducted on the property known as 25 Scott Street, Waverley, Johannesburg for R107 804 895 which will be settled via the issue of 8 911 917 treasury shares at R9,65 (R86 million) and the allotment and issue of new shares in the Company to the value of R21 804 895 ("the consideration shares") for the balance of the purchase price. The consideration shares will be issued at a price equal to the VWAP as at the last trading day of the 30-day period ending on the day immediately prior to the transfer date of the property; and
- Sale of Rental Enterprise Agreement, dated 13 March 2014, entered into between PDNA Property Investment Proprietary Limited and the Company in terms of which the Company will acquire the rental enterprise conducted on the property known as 5 St George's Mall, Cape Town for R21 130 434 which will be settled in cash via the Company's debt facilities,

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

### **SPECIAL RESOLUTION NUMBER 1**

"RESOLVED, as a special resolution, that the name of the Company be changed from "Vunani Property Investment Fund Limited" to "Texton Property Fund Limited" with effect from the commencement of business on Monday, 4 August 2014 or such later date as may be applicable subject to the acceptance of this special resolution by the Companies and Intellectual Property Commission."

### **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 and special resolution number 1 passed at this meeting."

## THRESHOLD FOR RESOLUTION APPROVAL

Special resolution number 1 must be supported by at least 75% of the voting rights exercised.

Ordinary resolutions number 1 and 2 are subject to a simple majority being cast in favour thereof.

## RECORD DATE

The circular of which this notice of general meeting forms part has been distributed to those dematerialised beneficial holders of VPIF shares registered as such on Friday, 23 May 2014, who have elected to receive the aforesaid circular.

## VOTING, PROXIES AND ELECTRONIC PARTICIPATION

Shareholders who have not dematerialised their shares or who have dematerialised their shares 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 shareholder 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 shareholders who have not dematerialised their shares or who have dematerialised their shares 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 shareholders will nevertheless at any time prior to the commencement of the voting on the ordinary and special 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 shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such member holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every share held or represented by that shareholder. On a poll taken at any such meeting a shareholder 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 shares, other than those shareholders who have dematerialised their shares 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 shareholders' 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 shareholder, or as a proxy of an shareholder, 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

2 June 2014

### 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)

## FORM OF PROXY

### To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only

For use in respect of the general meeting to be held at the Company's new office, 54 Bompas Road, Dunkeld West, Johannesburg on Thursday, 3 July 2014 at 11:00.

Shareholders who have dematerialised their shares 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 shareholders 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 shareholder 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  shares 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 and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the VPIF shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one vote per share)		
	For	Against	Abstain
Ordinary resolution number 1 – approval of the acquisition of the Naidoo Properties			
Special resolution number 1 – change of name of the Company to Texton Property Fund Limited			
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 shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak, and on a poll, vote in place of that shareholder at the general meeting.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2014

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 shares than he owns in the Company, he should insert the number of VPIF shares 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. Shareholders who have dematerialised their shares 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 shareholders 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 shareholder 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 shares:
  - any one shareholder 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 a 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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