

VUNANI PROPERTY INVESTMENT FUND LIMITED

Granted REIT status by the JSE

(Incorporated in the Republic of South Africa)

(Registration number 2005/019302/06)

JSE code: VPF

ISIN: ZAE000185872

("VPIF" or "the Company")

RELATED PARTY ACQUISITION BY VPIF OF 2 PROPERTIES FROM PDNA PROPERTY INVESTMENTS PROPRIETARY LIMITED, NOTICE OF A PROPOSED CHANGE OF NAME AND FEEDBACK ON RECENT ACQUISITIONS

RELATED PARTY ACQUISITION:

1. INTRODUCTION

Shareholders are advised that VPIF has entered into Sale of Rental Enterprise Agreements, dated 13 March 2014, and a re-instatement agreement dated 30 April 2014 which were subject to the completion of a due diligence investigation as follows:

- between PDNA Property Investments Proprietary Limited ("PDNA"), 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 ("Scott Street Property")
- between PDNA 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 ("St George's Mall Property"), collectively known as the "Naidoo Properties" or the "transaction".

The agreements contain warranties normal for acquisitions of this nature.

2. INFORMATION RELATING TO THE NAIDOO PROPERTY

	Scott Street Property	St George's Mall Property
Description of the property:	A 4-storey building (two of which are basement parking) consisting of two rectangular office wings joined by a central	Comprises 2 sectional title units located on the 1 st and 2 nd floors in the scheme known as 5 St George's Mall.

	atrium.	
Tenant:	Mott Macdonald PDNA triple net 4 year lease	Mott Macdonald PDNA triple net 4 year lease
Location:	Gauteng	Cape Town
GLA:	4 329 square metres	1 236 square metres
Weighted average rental per square metre (triple net):	R177.40	R148.80
Purchase price:	R107 804 895	R21 130 434
Independent valuation:	R107 800 000	R21 800 000

Valued by Mr. MRB Gibbons, an authorised Professional Valuer, registered without restriction in terms of section 19 of the Property Valuers Professional Act, 2000 (Act 17 of 2000), of Mills Fitchet Magnus Penny Proprietary Limited.

The expenses relating to the transaction are estimated to be R570 000. These expenses includes documentation and listing fees to the JSE, independent reporting accountant fees, valuer fees, legal fees, corporate advisor fees, sponsor fees, printing and publication fees and fees directly related to the transfer of the property of approximately R140 000.

No agent's commission is payable.

3. RATIONALE FOR THE TRANSACTION

VPIF was listed on the JSE Limited ("JSE") on 11 August 2011. The main purpose of the listing was to provide VPIF with a platform for acquisitive growth and this transaction is a step towards VPIF's stated intention to grow the portfolio by the acquisition of high quality properties. The acquisition will give an initial blended yield of 9.6%.

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. This purchase is in part fulfilment of our strategy to have approximately 25% of VPIF shares in black

ownership. On conclusion of the transaction, approximately 6.5% of VPIF's shares will be held by a BEE shareholder. A further BEE share transaction is at an advanced stage and will be implemented shortly after our year-end once all relevant details and investors have been identified and finalised.

4. PURCHASE CONSIDERATION

- Scott Street Property - 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.
- St George's Mall Property - R21 130 434 which will be settled in cash via the Company's debt facilities.

The above amounts include VAT levied at the rate of 0% in terms of section 11(1)(e) of the VAT Act. No commission is payable.

5. EFFECTIVE DATE

The effective date of the transaction will be the date of registration of transfer of ownership of the Naidoo properties, which is expected to be early in July 2014.

6. CONDITIONS PRECEDENT

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

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

7. PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION

The pro forma financial effects of the transaction on net asset value and net tangible asset value per linked unit are not significant (i.e. less than 3%) and have therefore not been disclosed.

8. FORECAST INFORMATION RELATING TO THE NAIDOO PROPERTIES

The forecast financial information relating to the Naidoo Properties for the financial year ending 30 June 2015 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 July 2014. The forecast financial information has not been reviewed or reported on by a reporting accountant in terms of section 8 of

the Listings Requirements of the JSE and is the responsibility of the Company's directors.

	Forecast for the 12 months 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 operating income	13 628
Asset management fees	(645)
Operating profit	12 983
Finance costs	(8 088)
Net profit before income tax	4 895
Income tax	-
Net profit for the year	4 895
Distributable earnings:	3 708

Notes:

1. Gross income includes rental income and all tenant recoveries while Property expenditure includes all consumption expenditure as well as property management fees.
2. Other operating expenditure consists of asset management fees.
3. VPIF will raise debt to fund the transaction and therefore 100% of the debt for the transaction has been attributed to this transaction.

9. CLASSIFICATION OF THE TRANSACTION

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, PDNA.

PROPOSED CHANGE OF NAME:

Consequent to the Sale of Business Agreement, dated 9 November 2013, entered into between Vunani Property Asset Management Proprietary Limited and Texton Property Investments Proprietary Limited ("Texton") in terms of which the Asset Management Agreement was ceded and assigned to Texton, the board has proposed to change the name

of the Company from Vunani Property Investment Fund Limited to Texton Property Fund Limited. The proposed name of Texton Property Fund Limited has been reserved with CIPC and approved by the JSE Limited. Further details relating to the proposed change of name will be provided in due course.

CIRCULAR TO SHAREHOLDERS:

A circular prepared in terms of the Listings Requirements of the JSE, containing a notice of general meeting of shareholders, will be dispatched to shareholders on or about 21 May 2014.

FEEDBACK ON RECENT ACQUISITIONS

On 17 March 2014 VPIF took transfer of a property situated at Wellington Road in Parktown at an initial purchase yield of 10.5% and the Bryanston Gate property on 1 April 2014 at an initial yield of 10.83%. Furthermore, the fund has concluded agreements and is awaiting the transfer of a property valued at R53m and situated in Selby, Gauteng with a 7 year triple net lease, tenanted by Toolquip.

SANDTON

5 May 2014

Corporate Adviser

Vunani Corporate Finance

Sponsor

Grindrod Bank Limited