

VUNANI PROPERTY INVESTMENT FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2005/019302/06)

JSE code: VPF

ISIN: ZAE000157459

("VPIF" or "the company")

FINANCIAL INFORMATION RELATING TO THE ACQUISITION BY VPIF OF PROPERTIES IN GREENSTONE HILL IN GAUTENG, RIGHTS OFFER AND WITHDRAWAL OF THE CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Unitholders are referred to the announcement, dated 12 April 2013, which contained details of the inter-conditional agreements relating to the acquisition by VPIF of the:

- 1.1. shares and loan accounts in Greenstone Hill Office Park Proprietary Limited ("Greenstone"). Greenstone owns buildings 4, 5, 10 - 15 in the sectional title schemes known as Greenstone Hill Office Park SS1149/2008 and SS599/2009 with associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng ("Greenstone Properties"); and
- 1.2. rental enterprise conducted as a going concern of buildings 2 and 6 of the sectional title scheme known as Greenstone Hill Office Park SS 1149/2008 and associated exclusive use areas, situated at Erf 1841 Greenstone Hill Extension 22 Township, Gauteng ("Buildings 2 and 6"),

jointly referred to as "the transaction".

2. PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION

The table below sets out the unaudited and unreviewed pro forma net asset value and net tangible asset value effect per unit of the transaction on VPIF, for which the directors are responsible.

The unaudited and unreviewed pro forma effects on net asset value and net tangible asset value per unit:

- are presented for illustrative purposes only and, because of their nature, may not fairly present the company's financial position, changes in equity, results of operations and cash flows subsequent to the transaction;
- have been compiled, without adjustment, from the

unaudited consolidated financial results for the six months ended 31 December 2012;

- are presented in a manner consistent with the format and accounting policies adopted by VPIF; and
- are based on the assumption that the transaction took place on 31 December 2012.

	Unaudited before the transaction	Unaudited and unreviewed pro-forma after the transaction (Notes 1&2)	Change
Net asset value per linked unit (cents)	742.44	794.58	7.02%
Tangible net asset value less deferred tax per linked unit (cents)	811.92	865.59	6.61%
Number of units in issue ('000)	120 618	144 208	

Notes and assumptions:

1. The "Pro forma after the transaction" column represents net asset value per linked unit and net tangible asset value per linked unit after the transaction and includes the effect of the transaction and transfer of the Greenstone Properties and Buildings 2 and 6 for a total purchase consideration of R137.909 million, including a purchase price increase of 0.75% per month from 1 April 2013 to date of transfer on or about 31 July 2013 of approximately R7.770 million; all acquired as going concern assets. Debt of R121.018 million, owed by Greenstone to Investec Bank Limited has been assumed to have been settled in full.
2. It has been assumed that the transaction is entirely equity funded by the issue of 23.590 million linked units in terms of a proposed rights offer at an assumed price of R11.40 per linked unit (this pricing is for illustrative purposes only and final pricing will be determined before the finalisation date).
The estimated once-off transaction expenses of R2.229 million will be paid from the proceeds raised via the proposed rights issue and capitalised to the respective Greenstone Properties and Buildings 2 and 6.

3. FORECAST INFORMATION RELATING TO THE TRANSACTION

The forecast financial information relating to the transaction for the financial periods ending 30 June 2013 and 30 June 2014 is set out below. 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 solely the responsibility of the company's directors.

	Forecast for the 2 months ending 30 June 2013 R'000	Forecast for the 12 months ending 30 June 2014 R'000
Investment property Income	5 330	34 663
Straight-line rental adjustment	(1 215)	(8 797)
Revenue	4 115	25 866
Property expenses	(1 709)	(11 322)
Net property Income	2 406	14 544
Other operating expenses	(20)	(30)
Asset management fees	(216)	(1 295)
Operating profit	2 170	13 219
Finance costs	-	-
Debenture interest	(3 385)	(22 016)
Loss before income tax	(1 215)	(8 797)
Income tax	340	2 463
Loss for the period	(875)	(6 334)
Total comprehensive income for the period attributable to equity holders	(875)	(6 334)

Reconciliation of attributable income to distributable income

Total comprehensive income for the period attributable to equity holders	(875)	(6 334)
Debenture interest	3 385	22 016
Straight-line rental adjustment	1 215	8 797
Income tax	(340)	(2 463)
Distributable income	3 385	22 016

Notes:

1. Investment property income includes all tenant recoveries while Property expenses include all consumption expenditure including property management fees.
2. Other operating expenses include audit fees as 8 of the 10 buildings are housed in Greenstone.
3. Asset management fees are calculated as 0.5% of the enterprise value created by the Greenstone Properties and Buildings 2 and 6.
4. The debenture interest has been calculated in accordance with the provision of the Debenture Trust Deed. It is assumed that 100% of the distributable income will be distributed.
5. Income tax has been provided on the straight-line rental adjustment.

6. RIGHTS OFFER**5.1 Introduction**

Unitholders are advised that the directors have resolved to raise approximately R455 million by way of a renounceable rights offer of 39.912 million new linked units to its unitholders at a subscription price of R11.40 per rights unit ("rights offer price") (this pricing is for illustrative purposes only and final pricing will be determined before the finalisation date) in the ratio of 33.08980 rights units for every 100 linked units held ("rights offer"). The rights offer price is based on the volume weighted average traded price on the JSE Limited over the 10 business days ended 21 May 2013. The rights units, once issued, will rank pari passu in all respects with the existing issued VPIF units.

5.2 Purpose of the rights offer and use of the proceeds

The purpose of the rights offer is to raise capital to fund the purchase consideration of the transaction set out above as well as to settle debt utilised in respect of previously announced acquisitions.

5.3 Financial effects of the rights offer

The table below sets out the unaudited and unreviewed pro forma financial effects of the rights offer on net asset value and net tangible asset value per unit, for which the directors are responsible.

The unaudited and unreviewed pro forma financial effects per unit:

- are presented for illustrative purposes only and, because of their nature, may not fairly present the company's financial position, changes in equity, results of operations and cash flows subsequent to the rights offer;
- have been compiled, without adjustment, from the unaudited consolidated financial results for the six months ended 31 December 2012; and
- are presented in a manner consistent with the format and accounting policies adopted by VPIF.

	Unaudited before the rights offer	Unaudited and unreviewed pro-forma after the transaction as per 2 above	Unaudited and unreviewed pro-forma after the rights offer	Change
Net asset value per linked unit (cents) (notes 1 & 2)	742.44	794.58	828.22	11.55%
Tangible net asset value less deferred tax per linked unit (cents) (notes 1 & 2)	811.92	865.59	892.01	9.86%
Number of units in issue ('000)	120 618	144 208	160 530	

Notes:

1. The effects relating to the net asset value and tangible net asset value per linked unit are based on the following assumptions and information:

- the rights offer was effective 31 December 2012;
- R455 million was received pursuant to the subscription for the 39.912 million rights units;
- expenses of R2.409 million relating to the rights offer were written off against reserves;
- the rights offer proceeds, net of transaction costs, were utilised to settle the transaction described above and R183.662 million of floating debt.

2. The adjustments will have a continuing effect.

5.4 Further announcements and circular

Further announcements will be made in due course relating to the salient dates, pricing and any other matters pursuant to the rights offer.

A circular to unitholders, giving full details of the rights offer, will be mailed to unitholders in due course.

7. WITHDRAWAL OF THE CAUTIONARY ANNOUNCEMENT

Having regard to the information set out above, the cautionary announcement is hereby withdrawn.

Sandton
28 May 2013

Independent Lead Sponsor
Grindrod Bank Limited

Joint Corporate Adviser and Joint Sponsor
Vunani Corporate Finance

Legal Adviser
Cliffe Dekker Hofmeyr Inc.

Joint Corporate Adviser and Investment Bank
Investec Bank Limited

Competition Attorneys
Vani Chetty Competition Law (Pty) Limited