

VUNANI PROPERTY INVESTMENT FUND LIMITED

Granted REIT status by the JSE

(Registration number: 2005/019302/06)

ISIN: ZAE000157459

JSE code: VPF

("VPIF" or "the Company")

ACQUISITION BY VPIF OF WELLINGTON ROAD

1. INTRODUCTION

Unitholders are advised that VPIF has entered into a Sale of Rental Enterprise Agreement with Magakabye Property Services Proprietary Limited ("the vendor"), in terms of which VPIF will acquire the rental enterprise conducted as a going concern on Erf 566, Portion 1 of Erf 567, Remainder Erf 567, Portion 1 of Erf 568 and Remainder of Erf 568 Parktown, Registration Division I.R., Province of Gauteng, measuring 12,140 square metres collectively ("the property" and "the transaction") known as Wellington Road.

The agreement contains warranties normal for an acquisition of this nature.

2. INFORMATION RELATING TO THE PROPERTY

Description of the property:	Erf 566, Parktown, Registration Division I.R., Province of Gauteng, measuring 4,064 square metres; Portion 1 of Erf 567, Parktown, Registration Division I.R., Province of Gauteng, measuring 243 square metres; Remainder Erf 567, Parktown, Registration Division I.R., Province of Gauteng, measuring 3,793 square metres; Portion 1 of Erf 568, Parktown, Registration Division I.R., Province of Gauteng, measuring 308 square metres; Remainder Erf 568, Parktown, Registration Division I.R., Province of Gauteng, measuring 3,732 square metres.
Location:	30-32 Wellington Road, Parktown, Gauteng

GLA:	10 018 square metres, comprises 100% offices and 334 parking days.
Leases:	The premises are occupied by Transnet Limited with 10,018 square metres expiring on 30 June 2015.
Weighted average rental:	R107.82 per square metre (net)
Purchase price and other costs:	The purchase price of the property is set out in paragraph 4 below. The following other expenditure will be incurred in respect of the property: Agent's commission is payable by the vendor. All costs incidental to the transfer of the property - approximately R400 000.
Independent valuation:	No independent valuation has been carried out and the board of VPIF is of the view that the purchase price of R 102 500 000 represents the fair value of the immovable property as at the effective date.

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 yield-enhancing properties. Following the acquisition, Wellington Road will be upgraded and will then give an anticipated yield of 10.5%.

4. PURCHASE CONSIDERATION

A cash purchase price of R102 500 000, which will be funded by debt, is payable by VPIF to the vendors, which amount includes VAT levied at the rate of 0% in terms of section 11(1)(e) of the VAT Act.

5. EFFECTIVE DATE

The effective date of the transaction will be the date of registration of transfer of ownership of the property which is expected to be 28 February 2014.

6. CONDITIONS PRECEDENT

The transaction is conditional upon Competition Commission approval and the transfer of the property.

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 and have therefore not been disclosed.

8. FORECAST INFORMATION RELATING TO THE TRANSACTION

The forecast financial information relating to the transaction for the financial periods ending 30 June 2014 and 30 June 2015 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 the responsibility of the company's directors.

	Forecast for the 4 months ending 30 June 2014 R'000	Forecast for the 12 months ending 30 June 2015 R'000
Investment property income	4 939	15 888
Straight-line rental adjustment	217	(205)
Revenue	5 156	15 683
Property expenditure	(1 705)	(4 129)
Net property income	3 451	11 554
Other operating expenditure	(171)	(513)
Operating profit	3 280	11 041
Finance costs	(2 347)	(7 021)
Debenture interest	(716)	(4 225)
Profit before income tax	217	(205)
Income tax	-	-
Profit for the year	217	(205)

	Forecast for the 4 months ending 30 June 2014 R'000	Forecast for the 12 months ending 30 June 2015 R'000
Reconciliation of profit for the year to distributable income:		
Profit for the year	217	(205)
Debenture interest	716	4 225
Straight-line rental adjustment	(217)	205
Income tax	-	-
Distributable income	716	4 225

Notes:

1. The forecast financial information has been provided from the expected date of transfer being 28 February 2014.
2. Gross income includes rental income and all tenant recoveries while Property expenditure includes all consumption expenditure as well as property management fees.
3. Other operating expenditure consists of asset management fees.
4. VPIF will raise debt to fund the transaction and therefore 100% of the debt for the transaction has been attributed to this transaction.
5. The debenture interest has been calculated in accordance with the provisions of the Debenture Trust Deed.

9. CLASSIFICATION OF THE TRANSACTION

The transaction is classified as a Category 2 transaction in terms of the Listing Requirements of the JSE.

Sandton

4 December 2013

Sponsor

Grindrod Bank Limited