



MEDIA RELEASE FROM VUKILE PROPERTY FUND

05 November 2014

**Vukile increases its strategic stake in Synergy,
and will offer to acquire Synergy's full capital in issue**

Vukile Property Fund today announced that it has acquired a further stake in Synergy Income Fund, bringing Vukile's holding in Synergy to a total 39.965%.

With its latest investment in Synergy increasing its interest beyond 35%, Vukile is obliged to make a mandatory offer to acquire all the remaining linked units in Synergy.

Laurence Rapp, CEO of Vukile, remarks: "Vukile has been patient and prudent with its strategic stake in Synergy. The time is now ripe to move this opportunity forward."

In December 2013, Vukile acquired around 34% of Synergy B linked units. Vukile then entered discussions to deepen its position in Synergy with a view to Vukile ultimately acquiring control of Synergy or its underlying assets. However, Vukile withdrew from these discussions in early September 2014, after the two parties were unable to find common ground on price.

Now Vukile has triggered a mandatory offer by acquiring and taking transfer of 3,543,839 Synergy B linked units from Stanlib Asset Management and 5,584,586 Synergy B linked units from Liberty Group, both at a swap ratio of one Vukile linked unit for every 2.67 Synergy B linked units.

Rapp comments: "Any deal we do is about creating value for Vukile unitholders. Doing the right deal always comes down to price and strategy. Synergy's assets have a strong strategic fit for Vukile's portfolio. But that alone isn't enough. While we are eager to add the right assets to our portfolio, we simply won't chase growth at any cost. We've been patient and waited for the price to be right for our investors before we act. Today, the pricing makes more sense for us to pursue this opportunity."

Rapp confirmed that Vukile will offer to acquire the remaining Synergy B linked units at a swap ratio of one Vukile linked unit for every 2.67 Synergy B linked units. It will also extend a comparable offer to Synergy A linked unitholders at a swap ration of one Vukile linked unit for every 1.65 Synergy A linked units.

The only condition precedent to the deal is securing Competition Authorities approval and thereafter the offer will be open for acceptance for 30 business days. Vukile already has sufficient authorised and unissued units to settle the offers.



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JSE-listed REIT Vukile holds a diversified portfolio of 79 property assets valued at R10.3 billion. Vukile was an early entrant into the lower-income retail market and has built a very attractive portfolio of 28 retail assets, mostly serving lower-income consumers. Synergy is also a JSE-listed REIT, with a specialised portfolio of 15 retail properties valued at approximately R2.4 billion. Synergy's investment focus is also concentrated on the high growth, lower-income market.

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