

JOINT MEDIA RELEASE FROM VUKILE PROPERTY FUND, FLANAGAN & GERARD PROPERTY INVESTMENT AND DEVELOPMENT, AND THAVHANI PROPERTY INVESTMENTS

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***Vukile acquires significant stake in new R1 billion rand Thavhani Mall
in Thohoyandou, Limpopo***

Vukile Property Fund has secured a 33% R350 million stake in the 50,000sqm Thavhani Mall at Thavhani City in Thohoyandou, Limpopo, after signing a deal with the developers of the new regional shopping centre, Thavhani Property Investments (Pty) Ltd. The acquisition will extend Vukile's retail exposure.

Thavhani Property Investments is made up of pre-eminent shopping centre developers and investors, Flanagan & Gerard Property Investment and Development, together with local partners that make up the company Zevodox.

Thavhani Mall is now under construction and scheduled to be complete and open to the public in 2017. It is being developed on a prime site in Thohoyandou, at the intersection of the R524 road to Louis Trichardt (Makhado) and the new Giyani Road to Sibasa. Thavhani Mall is now more than 80% let with confirmed anchor tenants including Pick n Pay, Super Spar, Woolworths and Edgars, while a broad range of other national retailers will be part of the tenant mix.

Laurence Rapp, CEO of Vukile Property Fund comments: "This is a landmark acquisition for Vukile of a significant stake in the new Thavhani Mall regional shopping centre development. It is in line with Vukile's strategy of growing its quality portfolio of retail properties, thereby extending Vukile's exposure to the retail sector. Vukile will take transfer of its stake in Thavhani Mall upon completion in 2017 at a yield of 8% and with an income guarantee for the first year."

Rapp adds: "Vukile has already prefunded the acquisition through its highly successful capital raise conducted in April 2015. The money was raised at a lower yield than the purchase yield of 8% for the stake in Thavhani Mall, therefore the transaction will be yield accretive immediately. We have effectively de-risked the funding of the mall."

"Thavhani Mall is an exciting project and part of a bigger strategic nodal development in the local Thulamela Municipality in Limpopo. It is great for Vukile to be partnering with a developer of the calibre of Flanagan & Gerard Property Investment and Development, together with the local partners in Thavhani Property Investments."

Commenting on the deal, Patrick Flanagan, Executive Director of Flanagan & Gerard, says: "Vukile is a leading, predominantly retail focused, South African Real Estate Investment Trust (SA Reit). Flanagan & Gerard is proud to have secured the investment of Vukile into our landmark new Thavhani Mall region shopping centre development."

He adds: “Thavhani Mall will be a cornerstone of the Thulamela Municipality’s vision of a new Town Centre and expansion of the urban cityscape of Thohoyandou in a mixed-use precinct of some 85ha. The Mall will be the anchor development of an exciting surrounding nodal development, with future projects including drive-through restaurants, motor dealerships, an office park, big-box retail and other commercial developments.

“While the mall will open at 50,000sqm, there is capacity to expand the centre when demand warrants such expansion. Thavhani Mall is a catalytic development that is set to have a major positive socio economic impact on Thohoyandou and the greater Thulamela Municipality. The local community will not only benefit from job opportunities and transfer of skills through the mall’s development, but will see valuable spend being retained in the region. The iconic nature of the project and planned new Town Centre will attract further investment and galvanise excitement in the local community.”

Flanagan concludes: “Flanagan & Gerard, together with Vukile and our partners in Thavhani Property Investments, are looking forward to the opening of Thavhani Mall in 2017. The mall will be dominant regional centre and prime retail asset, offering a first-rate shopping destination to the community of Thohoyandou, and surrounding areas.”

JSE-listed Vukile is an internally managed, predominantly retail property SA REIT, that holds property assets valued at R15 billion. Retail centres currently account for 70% of its portfolio, in line with its stated strategy to become substantially weighted in favour of retail property as it grows.

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ISSUED JOINTLY ON BEHALF OF:

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