

VUKILE PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2002/027194/06)

JSE share code: VKE NSX share code: VKN

ISIN: ZAE000180865

(Granted REIT status with the JSE)

("Vukile" or "the company")



UPDATE ON EDCON RESTRUCTURE

Shareholders are advised that Vukile is participating in the proposed recapitalisation and restructuring of Edcon Limited ("Edcon"). Vukile has agreed to a R37 million capital investment in Edcon in exchange for equity in the retailer. The capital will be provided in four equal amounts at six-monthly intervals over 24 months, anticipated to start on 1 December 2019.

Edcon currently represents 2.5% of Vukile's group rental income, down from 3.2% as at 31 March 2018. Edcon's footprint in Vukile's shopping centres is expected to reduce further and negotiations to achieve this are already well progressed on the back of innovative asset management interventions by the Vukile team. Vukile expects the company's exposure to Edcon to account for only 2.0% of Vukile's group rental income by 1 August 2019. The impact of the decreased exposure has been factored into the overall capital investment amount.

The number of Edcon stores in Vukile's portfolio is set to decrease by 11 to 43 stores by 1 August 2019, which will also be smaller on average. The total Edcon footprint in Vukile's portfolio will decline from 56, 656 sqm to 40,086 sqm. Vukile has re-let or is in advance stages of negotiations to let around three-quarters of this 16,570 sqm.

Vukile's participation in the Edcon restructuring will not impact the company's distribution guidance for its full year ending 31 March 2019.

Laurence Rapp, CEO of Vukile, says, "Considering what is at stake, with potential large-scale job losses in the retail and textile sectors as well as the implications for the broader South African economy, we chose to be proactive in our negotiations with Edcon and play a constructive part in its restructuring. Our participation upholds our underlying rental streams for Vukile shareholders while mitigating risk."

5 March 2019

JSE sponsor



NSX sponsor

