

**VUNANI LIMITED - Restructuring Of The Groups Debt Partial Sale Of Assets By A Subsidiary And 16 Oct
Cautionary Announcement 2012**

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Restructuring Of The Group's Debt - Partial Sale Of Assets By A Subsidiary And
Cautionary Announcement

VUNANI LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/020641/06)

JSE code: VUN

ISIN: ZAE000163382

("Vunani" or "the Company" or "the Group")

RESTRUCTURING OF THE GROUP'S DEBT - PARTIAL SALE OF ASSETS BY A
SUBSIDIARY AND CAUTIONARY ANNOUNCEMENT

1. BACKGROUND INFORMATION

The SENS announcement released on 12 October 2012 ("the announcement") provided details regarding the background and rationale for the transaction.

2. EXECUTION OF THE TRANSACTION

The private placement conducted by Investec Bank Limited referred to in the announcement has resulted in a further 9 100 000 Vunani Property Investment Fund Limited ("VPIF") units being sold.

3. EFFECTIVE DATE

On 12 October 2012, 9 100 000 VPIF units were sold at a price of 880c per unit for a total value of R80 080 000.

4. FINANCIAL EFFECTS

Statement of comprehensive income:

The unaudited pro forma financial effects of the transaction, for which the directors are responsible, on earnings per share ("EPS"), diluted earnings per share ("DEPS"), headline earnings per share ("HEPS") and diluted headline earnings per share ("DHEPS") are provided for illustrative purposes only to show the effect of the transaction as if the transaction had taken effect on 1 January 2012.

Because of their nature, the unaudited pro forma financial effects may not give a fair presentation of the group's financial position and performance. The unaudited pro forma financial effects have been compiled from the unaudited condensed consolidated results of the Company for the six months ended 30 June 2012 and are presented in a manner consistent with the format and accounting policies adopted by the Company and have been adjusted as described in the notes set out below:

	Notes	Unaudited 30.6.2012 Before the disposals (Column 1)	Pro forma After the disposal of 2 812 903 VPIF units (Per announcement dated 12 October 2012) (Column 2)	% Change	Pro forma After the aggregated disposal of 11 912 903 VPIF units (Column 3)
Change EPS and DEPS (cents) 38.7%	1&2	14.2	16.3	12.8%	19.8
HEPS and DHEPS (cents) 36.0%	1&2	19.3	21.8	13.0%	26.2
Number of ordinary shares in issue at period end ('000) (net of treasury shares)		105 415	105 415	-	105 415
Weighted average number of shares in issue at period end ('000)		105 415	105 415	-	105 415

Notes:

1. The Column 1 information has been extracted from the company's unaudited condensed consolidated results for the six months ended 30 June 2012.
2. The Column 2 and Column 3 effects relating to the EPS, DEPS, HEPS and DHEPS are based on the following assumptions and information:
 - 2.1 the transaction was effective 1 January 2012 at the price determined in terms of the private placement as detailed in paragraph 3 above (the "proceeds"). The difference between the proceeds and the fair value on the disposed units at 1 January 2012 has been processed as a fair value adjustment. The fair value of the units at 1 January 2012 was 720 cents per unit. The result of this adjustment in respect of the disposal of 2 812 903 VPIF units as announced on 12 October 2012 (net of taxation and after non-controlling shareholders' interest) is an increase in profit attributable to equity holders of Vunani of R3.7 million and the result of this adjustment in respect of the aggregate disposal of 11 912 903 units (net of taxation and after non-controlling shareholders' interest) is an increase in profit attributable to equity holders of Vunani of R12.8 million;
 - 2.2 The fair value adjustment to 30 June 2012 and related deferred taxation on the disposed units has been eliminated. The result of this adjustment (net of taxation and after non-controlling shareholders' interest) is, after the disposal of 2 812 903 VPIF units as announced on 12 October 2012, a decrease in profit attributable to equity holders of Vunani of R1.9 million and is, after the disposal in aggregate of 11 912 903 units, a decrease in profit attributable to equity holders of Vunani of R7.9 million ;
 - 2.3 Distributions on the units of 27 cents per unit together with the tax effect thereon have been eliminated. The result of this adjustment (net of taxation and after non-

controlling shareholders' interest) is, after the disposal of 2 812 903 VPIF units as announced on 12 October 2012, a decrease in profit attributable to equity holders of Vunani of R0.4 million, and is, after the disposal in aggregate of 11 912 903 units, a decrease in profit attributable to equity holders of Vunani of R1.8 million;

2.4 It has been assumed that the proceeds have been utilised to fully reduce funding in Vunani Properties Proprietary Limited ("Vunani Properties") with an average interest rate of 9.2% over the six month period. Furthermore, it has been assumed that the balance of the proceeds over and above the value of the Vunani Properties loan are utilised to reduce borrowings in Vunani Capital Proprietary Limited with an average interest rate of 9% over the six month period. The result of this adjustment (net of taxation and after non-controlling shareholders' interest) is, after the disposal of 2 812 903 VPIF units as announced on 12 October 2012, an increase in profit attributable to equity holders of Vunani of R0.7 million and is, after the disposal in aggregate of 11 912 903 units, an increase in profit attributable to equity holders of Vunani of R2.8 million.

All adjustments will have a continuing effect.

Statement of financial position:

In terms of the Listings Requirements, financial effects on the statement of financial position are not presented as they are not significant, being below 3%.

5. CAUTIONARY ANNOUNCEMENT

The Company expects to dispose of further VPIF units as detailed in the announcement, and as such disposal may have a material affect on the price at which Vunani shares trade, shareholders are advised to exercise caution when dealing in Vunani shares until such time as a further announcement is made.

16 October 2012
Sandton

Independent Designated Adviser
Grindrod Bank Limited

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