

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 5 of this circular apply *mutatis mutandis* throughout this circular including this cover page.

If you are in any doubt as to the action you should take, please consult your CSDP, broker, attorney, accountant or other professional adviser.

Action required:

- This document is important and should be read with particular attention to page 2 entitled “Action required by Vunani shareholders”, which sets out the action required of them with regard to this circular.
- If you have disposed of all your shares in Vunani, then this circular should be forwarded to the purchaser to whom, or the broker, agent or CSDP through whom, you disposed of your shares.

Vunani does not accept any responsibility and will not be held liable for any failure on the part of CSDPs or brokers of dematerialised shareholders to notify such shareholders of the information set out in this circular.

VUNANI

LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1997/020641/06)
JSE code: VUN ISIN: ZAE000163382

CIRCULAR TO VUNANI SHAREHOLDERS

regarding the disposal of the business in Vunani Property Asset Management Proprietary Limited to Texton Property Investments Proprietary Limited for a total consideration of R117 million;

and incorporating:

- a notice of general meeting of Vunani shareholders; and
 - a form of proxy for use by certificated shareholders and “own-name” registered dematerialised ordinary shareholders only.
-

Corporate Adviser
VUNANI
CORPORATE FINANCE

Designated Adviser
GRINDROD
BANK

Independent reporting accountants
and auditors

KPMG
cutting through complexity

Legal Adviser

WERKSMANS
ATTORNEYS

Investment Bank

Investec

Bank Limited

Investec Bank Limited
(Registration number 1969/004763/06)

Date of issue: 9 December 2013

Copies of this circular are available in English only and may be obtained during normal business hours between Monday, 9 December 2013 and Monday, 13 January 2014 from the registered office of the company and the offices of the Designated Adviser, Corporate Adviser and the transfer secretaries, the addresses of which are set out in the “Corporate Information and Advisers” section hereof.

CORPORATE INFORMATION AND ADVISERS

Directors

EG Dube* (CEO)
A Judin* (CFO)
NM Anderson*
CE Chimombe-Munyoro*
BM Khoza*
WC Ross (Non-Executive Chairman) #
Dr XP Guma#
NS Mazwi#
JR Macey#
G Nzalo#

* Executive

Independent non-executive

Company secretary and registered office

A Judin, CA (SA)
Vunani House
Vunani Office Park
151 Katherine Street
Sandown, Sandton, 2196
(PO Box 652419, Benmore, 2010)

Website: <http://www.vunanilimited.co.za>

Date and place of incorporation

1 December 1997
Pretoria, South Africa

Corporate Adviser

Vunani Corporate Finance
(trading as a division of Vunani Capital Proprietary Limited)
(Registration number 1998/001469/07)
Vunani House
Vunani Office Park
151 Katherine Street
Sandown, Sandton, 2196
(PO Box 652419, Benmore, 2010)

Legal Adviser

Werksmans Inc.
(Registration number 1990/007215/21)
155 – 5th Street
Sandton, 2196
(Private Bag 10015, Sandton, 2146)

Independent reporting accountants and auditors

KPMG Inc.
(Registration number 1999/021543/21)
Registered Accountants and Auditors
KPMG Crescent
85 Empire Road
Parktown, 2193
(Private Bag 9, Parkview, 2122)

Designated Adviser

Grindrod Bank Limited
(Registration number 1994/007994/06)
4th Floor, Grindrod Tower
8a Protea Place
Sandton, 2196
(PO Box 78011, Sandton, 2146)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Investment Bank

Investec Bank Limited
(Registration number 1969/004763/06)
2nd Floor
100 Grayston Drive
Sandown, Sandton, 2196
(PO Box 785700, Sandton, 2146)

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Form of proxy (for completion by certificated and own-name dematerialised shareholders)	Attached

ACTION REQUIRED BY VUNANI SHAREHOLDERS

If you are in any doubt as to what action to take in regard to this circular, please consult your CSDP, broker, banker, accountant, attorney or other professional adviser immediately.

This circular contains information relating to the Transaction. You should read this circular carefully and decide how you wish to vote on the ordinary resolutions to be proposed at the general meeting.

The general meeting, convened in terms of the notice incorporated in this circular, will be held at Vunani House, Vunani Office Park, 151 Katherine Street, Sandown, Sandton on Monday, 13 January 2014 at 08:00.

ACTIONS REQUIRED BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS

If you are a certificated shareholder or an own-name dematerialised shareholder and are unable to attend the general meeting but wish to be represented thereat, you are requested to complete and return the form of proxy attached hereto in respect of the general meeting, in accordance with the instructions therein, and lodge it with, or post it to, so as to reach the transfer secretaries by no later than the Relevant Time. If you are a certificated shareholder or a dematerialised shareholder holding as an own-name shareholder and are unable to attend the general meeting but wish to be represented thereat, and you do not complete and return the form of proxy in respect of the general meeting on the basis of the previous provisions of this paragraph prior to the Relevant Time, you will nevertheless, at any time prior to the commencement of voting on the ordinary resolutions at the general meeting, be entitled to lodge the form of proxy in respect of the general meeting in accordance with the instructions therein, with the chairperson of the general meeting.

ACTIONS REQUIRED BY DEMATERIALISED SHAREHOLDERS OTHER THAN THOSE WITH OWN-NAME REGISTRATION

The CSDP or broker of dematerialised shareholders, other than those with own-name registration, should contact such dematerialised shareholders to ascertain how they wish their votes to be cast at the general meeting and thereafter cast their votes in accordance with these instructions. If such dematerialised shareholders have not been contacted, it is recommended that they contact their CSDP or broker to advise them as to how they wish their vote to be cast.

If you are a dematerialised shareholder other than with own-name registration and wish to attend the general meeting, you should timeously inform your CSDP or broker of your intention to attend and vote at the general meeting or to be represented by proxy thereat in order for your CSDP or broker to issue you with the necessary letter of representation to do so, or you should provide your CSDP or broker timeously with your voting instructions should you not wish to attend the general meeting in person, in order for your nominee to vote in accordance with your instructions at the general meeting.

Vunani does not accept any responsibility and will not be held liable for any failure on the part of the broker or CSDP of a dematerialised shareholder to notify such dematerialised shareholder of the details of this circular.

ELECTRONIC PARTICIPATION

In terms of the company's MOI, the directors have elected not to provide for electronic participation in respect of the general meeting.

IDENTIFICATION OF MEETING PARTICIPANTS

In terms of section 63(1) of the Act, before any person may attend or participate in a shareholders' meeting, that person must present reasonable satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy of a shareholder, has been reasonably verified.

SALIENT DATES AND TIMES

2013

Record date for the distribution of this circular	Friday, 29 November
Circular posted on	Monday, 9 December
Last day to trade in order to be eligible to participate and vote at the general meeting	Tuesday, 24 December

2014

Record Date (for voting purposes)	Friday, 3 January
Last day to lodge forms of proxy for the general meeting	By 08:00 on Thursday, 9 January 2014 to the Transfer Secretaries or they may be handed to the chairperson of the general meeting at any time prior to the commencement of voting on the resolutions tabled at the general meeting
General meeting to be held at 08:00 on	Monday, 13 January
Results of the general meeting released on SENS on	Monday, 13 January

Notes:

1. The above dates and times are subject to amendment and any amendment made will be released on SENS.
2. All times given are South African local times.
3. Shareholders are reminded that shares in companies listed on the JSE can no longer be bought or sold on that Exchange unless they have been dematerialised onto the Strate system. It is therefore suggested that certificated shareholders of Vunani in the Register should consider dematerialising their Vunani shares and replacing them with electronic records of ownership. In this regard, shareholders may contact either their own broker or a preferred CSDP, details of which are available from Strate at queries@strate.co.za or telephone +27 11 759 5300 or fax +27 11 759 5505.

SALIENT FEATURES

THE TRANSACTION

Background information

In terms of the Sale of Business Agreement, VPAM will dispose of the Business to the Purchaser for the disposal consideration.

Rationale

Vunani regularly reviews its portfolio of businesses with a view to enhancing the Group's strategy and growth prospects. Sometimes this translates into merger and acquisition transactions that complement existing activities. In the course of such discussions and engagements Vunani received a proposal from the Purchaser regarding the sale of VPAM. Having regard to the disposal consideration, the board considered it to be in the best interest of shareholders of the company to enter into the Transaction.

The Group is confident that, notwithstanding the Transaction, it has the experience and funds to continue to find and invest in value accretive opportunities in the property and other sectors and that the Transaction will significantly enhance its prospects in the future.

Application of the disposal consideration

Immediately following the receipt of the disposal consideration the directors of VPAM and, in turn, Vunani Properties, have agreed to declare and pay a dividend, net of taxation, of the disposal consideration (the "net disposal consideration"). Vunani will receive 78/90 of the net disposal consideration, an amount of approximately R86.5 million as a dividend from VPAM. It is Vunani's intention to initially hold these funds in cash and utilise them to grow and further the prospects of the Group.

Irrevocable undertaking

VG, which has a 72.4% shareholding in the Company, has provided an irrevocable undertaking to vote in favour of the Transaction.

JSE transaction categorisation

The Transaction is categorised as a Category 1 disposal in terms of the Listings Requirements and is accordingly subject to shareholders' approval.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL INFORMATION

The directors are responsible for the financial information set out in this circular.

FINANCIAL EFFECTS

The *pro forma* financial effects of the Transaction are set out in paragraph 7.2 and Appendix 1 to this circular.

GENERAL MEETING

A general meeting of shareholders will be held at Vunani House, Vunani Office Park, 151 Katherine Street, Sandown on Monday, 13 January 2014 at 08:00 for the purpose of considering and, if deemed fit, approving the ordinary resolutions to effect the Transaction.

COPIES OF THIS CIRCULAR

Copies of this circular, in English, may be obtained during business hours between Monday, 9 December 2013 and Monday, 13 January 2014 at the addresses set out in the "Corporate Information and Advisers" section of this circular from:

- the company;
- the Designated Adviser;
- the Corporate Adviser; and
- the transfer secretaries.

In addition, this circular is available in electronic form on the company's website (www.vunanilimited.co.za).

DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this circular is provided at the last practicable date.

DEFINITIONS

In this circular, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and *vice versa*. Words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders.

“Act”	the Companies Act, 2008 (Act 71 of 2008), as amended, and its Regulations;
“AltX”	Alternative Exchange of the JSE;
“Asset Management Agreement”	the Asset Management agreement entered into between VPAM and VPIF dated 20 June 2011 in terms of which VPAM provides property asset management services to VPIF and VPIT;
“broker”	any person registered as a “broking member (equities)” in terms of the Rules of the JSE made in accordance with the provisions of the Financial Markets Act;
“Business”	the business activities of VPAM, i.e. the provision of property asset management services to VPIF and VPIT in relation to the VPIF/VPIT property portfolio in terms of the Asset Management Agreement and including any business assets, the cession and assignment of the Asset Management Agreement and the transfer of the Employees;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“certificated shareholders”	shareholders who hold certificates shares;
“certificated shares”	shares represented by a share certificate or other physical document of title, which have not been surrendered for dematerialisation in terms of the requirements of Strate and which may no longer be traded on the JSE;
“circular”	this circular, dated 9 December 2013, including the notice of general meeting, the form of proxy and the appendices;
“Competition Act”	the Competition Act (Act 89 of 1998), as amended;
“CSDP”	Central Securities Depository Participant as defined in the Financial Markets Act appointed by an individual shareholder for the purposes of, and in regard to the dematerialisation of documents of title for the purposes of incorporation into Strate;
“dematerialisation”	process by which certificated shares and/or documents of title are converted to an electronic form and recorded in the sub-register of shareholders maintained by a CSDP;
“dematerialised shareholders”	holders of dematerialised shares;
“dematerialised shares”	shares which have been incorporated into Strate and which are no longer evidenced by physical documents of title, but the evidence of ownership of which is determined electronically and recorded in the sub-register maintained by a CSDP;
“directors” or “board”	the directors of Vunani, whose names are set out in the “Corporate information and Advisers” section of this circular;
“disposal consideration”	a total cash amount of R117 million to be paid by the Purchaser for the Business, further details of which is set out in paragraph 2.4;
“Eagle Trust”	The Eagle Trust, IT 5910/96, a trust duly established in accordance with the laws of South Africa, the trustees of which are Pieter Willem Mackenzie and Susan Penelope Mackenzie and the beneficiaries are their children;
“Effective Date”	the effective date of the Transaction will be the date that the Sale of Business Agreement takes effect and becomes operative;
“Employees”	the VPAM employees, being RF Kane, D Govender, M de Lange and P Bonga;
“Financial Markets Act”	the Financial Markets Act (Act 19 of 2012);

“general meeting”	the general meeting of shareholders convened, in terms of the notice included in this circular, to be held at Vunani House, Vunani Office Park, 151 Katherine Street, Sandown on Monday, 13 January 2014 at 08:00 for the purpose of considering and, if deemed fit, passing the ordinary resolutions, with or without amendment;
“Group”	collectively, Vunani, its subsidiaries and any other company which is controlled or jointly controlled by it;
“independent reporting accountants”	KPMG Inc. (Registration number 1999/021543/21), Registered Auditors; Chartered Accountants (SA);
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated and registered with limited liability under the company laws of South Africa and licensed as an exchange under the Financial Markets Act;
“last practicable date”	Thursday, 28 November 2013, the last practicable date prior to the finalisation of this circular;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“Ludlow Trust”	The Ludlow Trust, IT 1000/2004, a trust duly established in accordance with the laws of South Africa, the trustees of which are Robert Fletcher Kane and Lisa Adele Kane and the beneficiaries are the Kane family;
“MOI”	the company’s Memorandum of Incorporation;
“ordinary resolutions”	the ordinary resolutions set out in the notice of general meeting which forms part of this circular;
“own-name registration”	dematerialised shareholders who have registered their shares in their own name with a CSDP in terms of the Financial Markets Act;
“Purchaser”	Texton Property Investments Proprietary Limited (Registration number 2004/029298/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa (refer paragraph 2.3 for further details);
“Record Date”	the record date established by the board in terms of section 59 of the Act, by which a shareholder is required to be reflected as such in the Register in order to be able to attend, participate and vote at the general meeting;
“Register”	the register of certificated Vunani shareholders maintained by the company’s transfer secretaries and the sub-register of dematerialised shareholders maintained by the relevant CSDPs and the company’s register of disclosures in so far as it includes the names of persons who hold a beneficial interest in any securities and as such may vote in a matter at a meeting of shareholders, as permitted in terms of section 56(9) of the Act;
“Regulations”	the regulations in terms of the Act;
“Relevant Time”	means 48 hours before the time of commencement of the general meeting;
“SENS”	Stock Exchange News Service of the JSE;
“Sale of Business Agreement”	the Sale of Business Agreement, dated 9 November 2013, entered into between VPAM and the Purchaser in terms of which VPAM will sell the Business to the Purchaser;
“Share Incentive Scheme”	Vunani Limited Share Incentive Scheme;
“shares”	ordinary shares of no par value in the share capital of Vunani;
“South Africa” or “RSA”	the Republic of South Africa;
“Strate”	the settlement and clearing system used by the JSE, managed by Strate Limited (Registration number 1998/022242/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa and the CSDP registered in terms of the Financial Markets Act;
“Transaction”	the proposed disposal of the Business to the Purchaser for the disposal consideration, which is subject to shareholders’ approval;

“transfer secretaries”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107);
“VPAM”	Vunani Property Asset Management Proprietary Limited (Registration number 2007/028777/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa, wholly owned by Vunani Properties;
“VPIF”	Vunani Property Investment Fund Limited (Registration number 2005/019302/07), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa and whose units are listed on the JSE;
“VPIT”	Vunani Property Investment Trust, the trustees of which are Messrs RF Kane, PW Mackenzie and EG Dube and Ms M de Lange, and in whose favour the Master of the High Court has issued Letters of Authority under reference number IT6363/2006, and which is constituted in terms of and governed by the VPIT Trust Deed;
“VPIT Trust Deed”	the Deed of Trust registered on 3 July 2006 under Letters of Authority reference number IT6363/2006 and the Addendum thereto, dated 24 June 2011, which aligns the Deed to the Listings Requirements;
“Vunani” or “the company”	Vunani Limited (Registration number 1997/020641/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa and whose shares are listed on AltX;
“VC”	Vunani Capital Proprietary Limited (Registration number 1998/01469/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa and a wholly-owned subsidiary of Vunani;
“VG”	Vunani Group Proprietary Limited (Registration number 2004/006502/07), a private company, duly registered and incorporated with limited liability in accordance with the laws of South Africa and the majority shareholder (72.4%) of Vunani;
“Vunani Properties”	Vunani Properties Proprietary Limited (Registration number 2004/006730/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa and a wholly-owned subsidiary of Vunani; and
“Vunani shareholder” or “shareholder”	a holder of shares registered in the Register.

VUNANI

LIMITED

VUNANI LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/020641/06)

JSE code: VUN ISIN: ZAE000163382

CIRCULAR TO VUNANI SHAREHOLDERS

1. PURPOSE OF AND REASON FOR THE CIRCULAR

In a SENS announcement, dated 11 November 2013, shareholders were advised that VPAM had entered into an agreement with the Purchaser in terms of which the Purchaser would acquire the Business for the disposal consideration. The Transaction is categorised as a Category 1 disposal in terms of the Listings Requirements and, accordingly, requires approval by shareholders.

The purpose of this circular is, *inter alia*, to furnish shareholders with all the relevant information relating to the Transaction in accordance with the Listings Requirements and to convene a general meeting of ordinary shareholders in order for them to consider and, if deemed fit, approve, with or without amendment, the ordinary resolutions to effect the Transaction, in terms of the notice of general meeting attached to and forming part of this circular.

2. BACKGROUND INFORMATION AND THE DISPOSAL CONSIDERATION

In terms of the Sale of Business Agreement:

- VPAM will sell the Business to the Purchaser for a total cash consideration of R117 million.
- The Asset Management Agreement will be ceded and assigned to the Purchaser, subject to approval of such cession and assignment by the VPIF unitholders.
- The Employees' contracts of employment with VPAM will be transferred to the Purchaser.

The Sale of Business Agreement does not contain any warranties that are unusual in respect of a transaction of this nature.

2.1 VPAM

VPAM is a wholly-owned subsidiary of Vunani Properties and its sole business activity is the provision of property asset management services to VPIF and VPIT.

VPAM manages VPIF in accordance with the terms of the Asset Management Agreement.

The current directors of VPAM are EG Dube (Chairman), RF Kane (CEO), A Judin, B Khoza and PW Mackenzie.

Mr RF Kane holds shares in Cozifor Proprietary Limited (which owns 100% of the Purchaser – refer paragraph 2.3) through his family trust and has waived any direct or indirect rights to any dividend resulting from the disposal consideration. Mr Kane will remain as the CEO of VPIF.

In terms of the Transaction, the following full-time employees of VPAM will be transferred to the Purchaser: RF Kane, D Govender, M de Lange and P Bonga.

2.2 Vunani Properties

Information relating to Vunani Properties is set out below:

Directors	Address	Shareholders
NM Anderson EG Dube A Judin RF Kane BM Khoza PW Mackenzie	Vunani House 151 Katherine Street, Sandown	Vunani – 78% Ludlow Trust – 10% Eagle Trust – 12%

Vunani owns 78% of Vunani Properties. For the indirect interest of Vunani directors in Vunani Properties refer paragraph 10.3.

2.3 **The Purchaser**

Information relating to the Purchaser is set out below:

Registered name:	Texton Property Investments Proprietary Limited
Legal form:	A private company (Registration number 2004/029298/07), duly registered and incorporated with limited liability in accordance with the laws of South Africa
Business address:	54 Bompas Road, Dunkeld West, Johannesburg
Directors:	AN de Rauville, JPG de Rauville, DJ Tew, RF Kane, M de Lange, JA Legh, MJ van Heerden
Shareholders:	100% Cozifor Proprietary Limited Shareholders of Cozifor Proprietary Limited are as follows: 25% Handful of Keys Proprietary Limited 20% Investec Bank Limited 17% Ludlow Trust (RF Kane) 15% JA Legh 15% Nooitgedacht Familie Trust 5% N&G Trust 3% M de Lange

The Purchaser represents a consortium of investors led by Angelique de Rauville, the Managing Director of Handful of Keys Proprietary Limited. Until April this year, she was employed by the Investec Group and headed up Investec's property investments business for 10 years for both the South African and United Kingdom operations.

2.4 **The disposal consideration**

The total cash consideration is R117 million which will be settled as follows:

- an initial payment of R102 million on the third business day following the Effective Date; and
- a deferred payment of R15 million on the first business day after the expiry of a 12 month period from the Effective Date, provided that any amount payable by VPAM to the Purchaser arising out of any breach of warranty or any other claim arising out of the Agreement shall be deducted from this amount, subject to the deduction of a maximum aggregate amount of R9 million. This deferred payment will not bear interest unless the Purchaser fails to settle the amount due on time.

3. **RATIONALE FOR THE TRANSACTION**

Vunani regularly reviews its portfolio of businesses with a view to enhancing the Group's strategy and growth prospects. Sometimes this translates into merger and acquisition transactions that complement existing activities. In the course of such discussions and engagements Vunani received a proposal from the Purchaser regarding the sale of VPAM. Having regard to the disposal consideration, the board considered it to be in the best interest of shareholders of the company to enter into the Transaction.

The Group is confident that, notwithstanding the Transaction, it has the experience and funds to continue to find and invest in value accretive opportunities in the property and other sectors and that the Transaction will significantly enhance its prospects in the future.

4. **APPLICATION OF THE DISPOSAL CONSIDERATION**

Immediately following the receipt of the disposal consideration the directors of VPAM and, in turn, Vunani Properties, have agreed to declare and pay a dividend, net of taxation, of the disposal consideration (the “net disposal consideration”). Vunani will receive 78/90 of the net disposal consideration, an amount of approximately R86.5 million as a dividend from VPAM. It is Vunani’s intention to initially hold these funds in cash and utilise them to grow and further the prospects of the Group.

5. **EFFECTIVE DATE**

The effective date of the Transaction will be the date that the Agreement takes effect and becomes operative.

6. **SUSPENSIVE CONDITIONS**

The Transaction is subject, *inter alia*, to the following suspensive conditions:

- shareholders of Vunani approving the Transaction in general meeting;
- that no material adverse change occurs between the signature date of the Sale of Business Agreement and the Effective Date and if required by the Purchaser, VPAM confirms this in writing on or before 28 February 2014;
- VPIF unitholders approving the cession and assignment of the Asset Management Agreement; and
- approval as required in terms of the Competition Act.

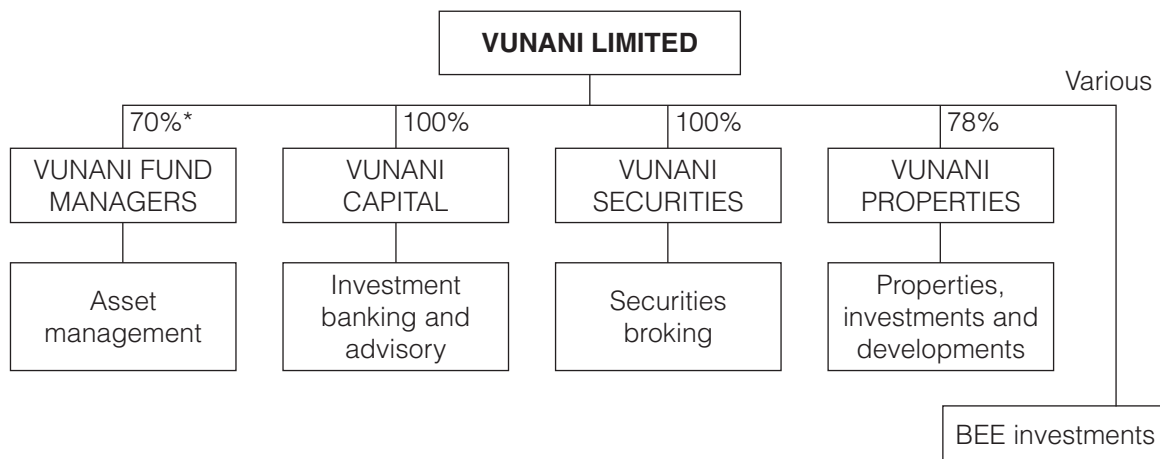
In terms of the Sale of Business Agreement, the suspensive conditions must be fulfilled or waived on or before 28 February 2014 or such later date as agreed on by all the parties.

7. **EFFECT OF THE TRANSACTION ON VUNANI**

7.1 **Overview**

The net effect of the Transaction on Vunani will be the sale of VPAM’s business.

Set out below is a diagram of the Group after the Transaction:



* 30% of the shareholding has been allocated to a trust for the participation of the employees of Vunani Fund Managers.

7.2 **Pro forma financial effects of the Transaction**

The *pro forma* financial effects of the Transaction, for which the directors are responsible, are provided for illustrative purposes only to show the effect thereof on the earnings per share (“EPS”), diluted earnings per share (“DEPS”), headline earnings per share (“HEPS”) and diluted headline earnings per share (“DHEPS”) as if it had taken effect on 1 January 2013 and on net asset value per share (“NAVPS”) and net tangible asset value per share (NTAVPS”) as if the Transaction had taken effect on 30 June 2013. Because of their nature, the *pro forma* financial effects may not give a fair presentation of the Group’s financial position subsequent to the Transaction. The *pro forma* financial effects have been compiled from the unaudited and unreviewed consolidated financial

statements of Vunani for the six months ended 30 June 2013 and are presented in a manner consistent with the format and accounting policies adopted by Vunani and have been adjusted as described in the notes set out in Appendix 1:

	Unaudited and unreviewed before the Transaction 30 June 2012	Pro forma after the Transaction	% change
EPS and DEPS (cents)	9.3	95.0	921.5
HEPS and DHEPS (cents)	7.2	6.8	(5.6)
NAVPS (cents)	201.8	283.5	40.5
NTAVPS (cents)	167.3	249.0	48.8
Number of ordinary shares in issue at period-end (net of treasury shares)(‘000)	105 415	105 415	–
Weighted average number of shares in issue at period-end (‘000)	100 407	100 407	–

The *pro forma* consolidated statements of financial position and comprehensive income, before and after the Transaction, together with notes regarding the adjustments, are set out in Appendix 1.

The independent reporting accountants’ reasonable assurance report on the *pro forma* consolidated financial information is set out in Appendix 2.

7.3 Historical financial information of the Business

The audited historical financial information of the Business for the financial year ended 31 December 2012 as well as the reviewed interim results for the six months ended 30 June 2013 is set out in Appendix 3 and should be read in conjunction with the reporting accountants’ report thereon as set out in Appendix 4.

The independent reporting accountants have provided confirmation to the JSE that they have reviewed this circular and that the content hereof is not contradictory to any information contained in their report on the historical financial information of the Business as set out in Appendix 4.

8. FINANCIAL INFORMATION RELATING TO VUNANI

8.1 Responsibility

The financial information set out in this circular is the responsibility of the directors.

8.2 Adequacy of capital

The directors are of the opinion that the working capital available to the company and the Group, after the Transaction, will be sufficient for the Group’s present requirements, i.e. for at least the next twelve months from the date of issue of this circular, and that the:

- company and the Group will be able, in the ordinary course of business, to pay their debts;
- assets of the company and the Group will be in excess of the liabilities of the company and the Group. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- share capital and reserves of the company and the Group will be adequate for ordinary business purposes;
- working capital of the company and the Group will be adequate for ordinary business purposes.

8.3 Material changes

Other than set out in this circular, no material changes in the financial or trading position of the Group and/or VPAM have taken place since the unaudited financial results for the six months ended 30 June 2013 were published.

8.4 Material borrowings

Details of the material borrowings by the Group at the last practicable date are set out in Appendix 5. The company has no loan capital. There are no loans receivable.

9. INFORMATION RELATING TO VUNANI

9.1 Nature of business

Vunani is a majority black-owned and managed diversified financial services group, which operates through the reportable segments as described below, which are the Group's strategic business segments. These businesses offer different products and services, are managed separately, requiring different skill, technology and marketing strategies:

- Asset management;
- Investment banking
- Advisory services;
- Investment holdings;
- Securities broking;
- Properties – investments and developments
- Properties – asset management; and
- Group.

9.2 History

Vunani was incorporated on 1 December 1997 under the name Azureco 9 Proprietary Limited. On 11 October 1999, it became a wholly-owned subsidiary of African Harvest Limited and changed its name to African Harvest Capital Proprietary Limited ("African Harvest Capital"), specialising in BEE-related investments, corporate advisory services, private equity transactions and trading activities.

Vunani was established following a management buyout on 21 October 2004 by the senior executives, Ethan Dube, Butana Khoza and Mark Anderson through Business Venture Investments 855 Proprietary Limited (which changed its name to VG on 16 February 2005), of the entire issued share capital of African Harvest Capital.

Following the management buy-out, African Harvest Capital changed its name to Vunani Capital Holdings Proprietary Limited on 16 February 2005 and again to Vunani Limited on 5 November 2007 on which date it was converted to a public company.

There has been no change in the trading objects or the controlling shareholder since the company's listing on the JSE.

9.3 Directors' opinion relating to prospects

Notwithstanding the significant strides made by the Group in its last three reporting periods, the state of global markets and their impact on domestic trading continue to create challenges. However, the board has confidence in management's ability to find opportunities that are value accretive to shareholders. Good progress had been made in building and strengthening the business platforms and the directors believe that these platforms are poised to make more meaningful contributions to the Group in the future.

9.4 Major shareholders

The company's major shareholder will not change as a result of the Transaction.

The controlling shareholder is VG. At the last practicable date, the only shareholder, other than directors, who is beneficially interested, directly in 5% or more of the company's shares and its holding is set out below:

Shareholder	Number of shares	% holding
VG	76 308 138	72.4

9.5 **Material contracts**

Other than the Sale of Business Agreement dealt with in this circular, the following material contracts have been entered into (either verbally or in writing) by the Group during the two years preceding the last practicable date:

- in December 2012, a refinancing of the Group's investment in Workforce Holdings Limited was concluded that enabled the Group to release R9 million in cash, which was utilised to settle outstanding debt;
- in December 2012, a settlement agreement was entered into with Investec Bank Limited that resulted in the full and final settlement of all amounts owing and guarantees provided to Investec Bank Limited by the Group, excluding the guarantee provided by Vunani Properties for a loan made by Investec Bank Limited to Greenstone Hill Office Park Proprietary Limited; and
- the terms and conditions relating to the debentures issued by the Group to the Development Bank of South Africa ("DBSA") were renegotiated. The Group redeemed a portion of the DBSA debentures and has agreed to a payment schedule which will result in the balance being redeemed by 30 September 2020.

No other material contracts have been entered into (either verbally or in writing) by the Group or VPAM, other than in the ordinary course of business, during the two years preceding the last practicable date.

The Sale of Business Agreement is available for inspection as set out in paragraph 14 below.

At the last practicable date, no other contracts had been entered into by the Group or VPAM at any time, which contain an obligation or settlement that is material to the Group.

At the last practicable date, the company had not entered into any agreements relating to the payment of technical, administration or secretarial fees nor is it a party to any material restraint of trade payments, or any agreements in terms of the payment of royalties.

There are no restrictive funding arrangements.

9.6 **Litigation**

There are no legal or arbitration proceedings, including proceedings that are pending or threatened, of which the company is aware, that may have or have had, in the 12-month period preceding the date of this circular, a material effect on the financial position of the Group or VPAM.

9.7 **Share trading history**

The company's share capital was consolidated on a 50:1 basis with effect from 5 March 2012 and accordingly the trading history of Vunani's ordinary shares on the JSE set out in Appendix 6 is with effect from March 2012.

10. **INFORMATION RELATING TO THE DIRECTORS**

10.1 **Details**

The names of the directors are set out in the "Corporate Information and Advisers" section. The directors will not change as a result of the Transaction. Dr XP Guma was appointed to the board with effect from 1 July 2013.

10.2 **Remuneration**

The remuneration and benefits paid to the directors by the company in respect of the year ended 31 December 2012 were as follows:

Executive	Director's fees R'000	Basic salary R'000	Provident fund and medical aid contributions R'000	Bonus R'000	Current year share-based payments expense* R'000	Total R'000
EG Dube	–	2 853	248	–	287	3 388
NM Anderson	–	1 821	158	–	183	2 162
CE Chimombe-Munyoro	–	1 287	175	–	140	1 602
BM Khoza	–	1 839	250	–	194	2 283
A Judin	–	1 049	140	–	160	1 349
Independent non-executive						
WC Ross (Chairman)	250	–	–	–	–	250
BA Khumalo	100	–	–	–	–	100
JR Macey	130	–	–	–	–	130
NS Mazwi	100	–	–	–	–	100
G Nzalo	130	–	–	–	–	130
	710	8 849	971	–	964	11 494

* This expense represents the IFRS 2 costs for the year for the Share Incentive Scheme.

There will be no variation in the remuneration receivable by any of the directors as a consequence of the Transaction.

There are no sums paid by way of expense allowances or any commissions, gain or profit-sharing arrangements payable to any of the directors of Vunani.

No management, consulting, technical or other fees, directly or indirectly, including payments to management companies have been paid to any of the Vunani directors.

On 29 June 2011 (prior to the consolidation of the company's shares), the following directors accepted offers of shares at 6 cents per share (equivalent to R3 per share post-consolidation) in terms of the Share Incentive Scheme:

Name of director	Number of shares	Total value
EG Dube	15 275 000	R916 500
BM Khoza	10 291 667	R617 500
NM Anderson	9 750 000	R585 000
CE Chimombe-Munyoro	7 475 000	R448 500
A Judin	8 500 000	R510 000

On 28 December 2012, the following directors accepted offers of shares at 148 cents per share in terms of the Share Incentive Scheme:

Name of director	Number of shares	Total value
EG Dube	344 680	R510 126
NM Anderson	220 009	R325 613
CE Chimombe-Munyoro	155 084	R229 524
BM Khoza	232 231	R343 702
A Judin	142 507	R210 910

In terms of the Share Incentive Scheme, once the shares are paid for, the directors will be entitled to the release thereof after the following expiry periods:

- 1 year after the acceptance date, in respect of 20% of the shares or part thereof;
- 2 years after the acceptance date, in respect of a further 25% of the shares or part thereof;
- 3 years after the acceptance date, in respect of a further 25% of the shares of part thereof; and
- 4 years after the acceptance date, in respect of a further 30% of the shares, or the balance thereof.

To date, none of these shares have been paid for and therefore none have been released to the directors.

At the last practicable date, there were no other rights given to any of the Vunani directors which have had the same or a similar effect in respect of providing a right to subscribe for shares.

10.3 Interests in the company's shares

The holding company of Vunani is VG. The executive directors of Vunani hold the majority of the ordinary shares in VG through their family trusts as follows:

Shareholder	%
End Trust (Dube family trust)	33
Mabone Trust (Khoza family trust)	21
Nicam Trust (Anderson family trust)	21

The directors' shareholdings in Vunani will not change as a result of the Transaction. The beneficial, direct and indirect, interests of the directors and their associates in the company's shares at year-end (31 December 2012) are set out below:

Name	Direct '000	Indirect '000	%
EG Dube and associates ⁽¹⁾	–	23 436	22.2
BM Khoza and associates ⁽²⁾	–	14 625	13.9
NM Anderson and associates ⁽³⁾	–	14 625	13.9
A Judin	86	–	*
	86	52 686	50.0

*Less than 1%

(1) Interest held through the END Trust.

(2) Interest held through the Mabone Trust.

(3) Interest held through the Nicam Trust.

The following trading by directors in the company's shares took place between 31 December 2012, the date of the company's last financial year-end, and the last practicable date:

Name of director	Date of trade	Nature of transaction	Number of shares	Price per share
EG Dube – purchases	22 May 2013	Direct beneficial	72 000	R1.75
	2 May 2013	Direct beneficial	1 000	R1.85
	2 May 2013	Direct beneficial	2 000	R1.78
	30 April 2013	Direct beneficial	1 000	R1.99
	30 April 2013	Direct beneficial	2 000	R1.85
	30 April 2013	Direct beneficial	59 363	R1.78
	23 April 2013	Direct beneficial	3 000	R1.80
	23 April 2013	Direct beneficial	2 648	R1.60
	19 April 2013	Direct beneficial	17 507	R1.80
	19 April 2013	Direct beneficial	1 100	R1.50
	18 April 2013	Direct beneficial	37 376	R1.80
	17 April 2013	Direct beneficial	23 658	R1.80
	16 April 2013	Direct beneficial	14 609	R1.90
	16 April 2013	Direct beneficial	30 750	R1.80
	11 April 2013	Direct beneficial	13 000	R1.79
	14 November 2013	Direct beneficial	2 600	R1.89
14 November 2013	Direct beneficial	1 700	R1.80	
CE Chimombe-Munyoro – sale	31 December 2012	Indirect beneficial	130 759	R2.25

10.4 **Interests in transactions**

Other than as set out in paragraph 2.2, the directors of the Group do not have any interest in any transaction, direct or indirect, which is material to the business of Vunani, which was effected during the current or immediately preceding financial year or during an earlier financial year that remains in any respect outstanding or unperformed.

10.5 **Service contracts**

There are no service contracts in respect of the non-executive directors. The executive directors have service contracts with the company terminable upon one month's written notice. The executive directors do not have fixed term contracts. The service contracts contain such terms as are usual for contracts of this nature and the terms relating to their remuneration and contain no restraint of trade conditions.

11. **GENERAL**

11.1 **Expenses**

No preliminary expenses were incurred during the past three years by Vunani or VPAM.

At the last practicable date, the following estimated expenses of R374 386 were provided for in respect of the Transaction:

	Rand
Corporate Adviser fees – Vunani Corporate Finance	100 000
Designated Adviser fees – Grindrod Bank Limited	60 000
Independent reporting accountants' fees – KPMG Inc.	85 000
Legal advice	50 000
Printing costs – Ince Proprietary Limited	55 000
Documentation inspection fees (JSE)	24 386
	374 386

11.2 **Consents**

Each of the company's advisers, namely Vunani Corporate Finance, KPMG Inc., Investec Bank Limited and Computershare Investor Services Proprietary Limited, have consented in writing to act in the capacities stated and to their names appearing in this circular and have undertaken not to withdraw such consent prior to the issue of this circular.

The independent reporting accountants have given and have not withdrawn their consent to the inclusion of their reports in the form and context in which they are included in this circular.

11.3 **Directors' responsibility**

The directors of Vunani, whose names appear in the "Corporate information and Advisers" section of this circular, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this circular contains all the information required by law and the Listings Requirements.

12. **OPINION AND RECOMMENDATION**

The board is of the opinion that the Transaction is fair insofar as the shareholders are concerned and should be supported, and unanimously recommends that shareholders vote in favour of the ordinary resolutions at the general meeting.

Each of the directors who holds Vunani shares and is permitted to vote intends to vote his Vunani shares in favour of the ordinary resolutions as set out in the notice of general meeting.

13. GENERAL MEETING AND VOTING RIGHTS

13.1 General meeting

The general meeting is scheduled to be held at Vunani House, Vunani Office Park, 151 Katherine Street, Sandown, Sandton, at 08:00 on Monday, 13 January 2014 for the purposes of considering and if deemed fit, passing with or without modification, some or all of the ordinary resolutions.

A notice convening the general meeting to approve the Transaction and a form of proxy, for use by registered certificated shareholders and dematerialised shareholders with own-name registration who are unable to attend the general meeting, form part of this circular.

A resolution relating to the ratification of the appointment of Dr XP Guma as an independent non-executive director is also included in the notice of general meeting.

Shareholders are referred to the "Action required by Vunani shareholders" section of this circular, which contains information as to the action they need to take in regard to the general meeting.

13.2 Voting rights

In terms of the Listings Requirements, the votes of any shares held by the Share Incentive Scheme will not be taken into account in determining the results of voting on ordinary resolution number 1 tabled at the general meeting.

The relevant ordinary resolutions to be tabled at the general meeting relating to the Transaction are subject to a simple majority being cast in favour thereof, subject to the above.

13.3 Irrevocable undertaking

VG, which holds 76 308 138 (72.4%) shares in Vunani, has provided Vunani with an irrevocable undertaking to vote in favour of the Transaction at the general meeting.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the company's registered office, from the date of issue of this circular, up to and including the date of the general meeting:

- the MOI of Vunani and its subsidiaries;
- the Sale of Business Agreement;
- the audited financial statements of Vunani for the three financial years ended 31 December 2012 and the unaudited financial results for the six months ended 30 June 2013;
- the audited financial statements of VPAM for the year ended 31 December 2012 and the reviewed financial results for the six months ended 30 June 2013;
- the independent reporting accountants' reasonable assurance report on the *pro forma* financial information relating to the Transaction, the text of which is included in this circular as Appendix 2;
- directors' service contracts;
- the independent reporting accountants' report on the historical financial information of the Business, the text of which is included in this circular as Appendix 4;
- a signed copy of the irrevocable undertaking;
- the advisers' letters of consent; and
- a signed copy of this circular.

SIGNED AT SANDTON ON 28 NOVEMBER 2013 ON BEHALF OF THE DIRECTORS IN TERMS OF A DIRECTORS' ROUND ROBIN RESOLUTION BY:

A JUDIN

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION, BEFORE AND AFTER THE TRANSACTION

The *pro forma* consolidated statements of financial position and comprehensive income for the six months ended 30 June 2013, before and after the Transaction, and presented in a manner consistent with the format and accounting policies adopted by the company, are set out below. The *pro forma* consolidated financial information is the responsibility of the directors of Vunani and has been prepared for illustrative purposes only, in order to provide information about the financial position and results of Vunani assuming the Transaction had been implemented at 30 June 2013 for statement of financial position purposes and with effect from 1 January 2013 for statement of comprehensive income purposes. Due to its nature, the *pro forma* consolidated financial information may not give a fair reflection of the company's financial position subsequent to the Transaction.

Pro forma consolidated statement of financial position at 30 June 2012

Figures in R'000	Notes	Unaudited and unreviewed before the Transaction 30 June 2013 ("Column 1")	The Transaction ("Column 2")	Pro forma, after the Transaction
ASSETS				
Investment property		4 000	–	4 000
Property, plant and equipment		2 500	–	2 500
Goodwill		36 330	–	36 330
Investment in and loans to associates		28 484	–	28 484
Other investments		104 872	–	104 872
Deferred tax asset		40 982	–	40 982
Other non-current assets		19 946	–	19 946
Total non-current assets		237 114	–	237 114
Non-current asset held for sale		28 503	–	28 503
Other current assets		6 708	–	6 708
Taxation pre-paid		204	–	204
Trade and other receivables	2.2	36 219	15 000	51 219
Accounts receivable from trading activities		478 036	–	478 036
Trading securities		319	–	319
Cash and cash equivalents	2.3	20 216	75 011	95 227
Total current assets		570 205	90 011	660 216
TOTAL ASSETS		807 319	90 011	897 330

Figures in R'000	Notes	Unaudited and unreviewed before the Transaction 30 June 2013 ("Column 1")	The Transaction ("Column 2")	<i>Pro forma,</i> after the Transaction
EQUITY				
Share capital and share premium		595 189	–	595 189
Foreign currency translation reserve		(358)	–	(358)
Share-based payment reserve		8 427	–	8 427
Accumulated loss	2.4	(390 566)	86 180	(304 386)
Equity attributable to equity holders of the company		212 692	86 180	298 872
Non-controlling interest	2.4	5 061	1 623	6 684
Total equity	2.4	217 753	87 803	305 556
LIABILITIES				
Other financial liabilities		54 647	–	54 647
Deferred tax liabilities		5 814	–	5 814
Total non-current liabilities		60 461	–	60 461
Other financial liabilities		10 197	–	10 197
Current tax payable	2.5	13 825	2 208	16 033
Trade and other payables		29 405	–	29 405
Accounts payable from trading activities		475 646	–	475 646
Trading securities		29	–	29
Bank overdraft		3	–	3
Total current liabilities		529 105	2 208	531 313
Total liabilities		589 566	2 208	591 774
Total equity and liabilities		807 319	90 011	897 330
Shares in issue at year-end ('000)		105 415	105 415	105 415
NAVPS (cents)		201.8	81.7	283.5
NTAVPS (cents)		167.3	81.7	249.0

Notes:

1. Column 1 information has been extracted from the company's unaudited and unreviewed condensed consolidated results for the six months ended 30 June 2013.
2. The adjustments reflected in Column 2 are based on the following assumptions (all values reflected in R'000):
 - 2.1 That the disposal of the Business took place on 30 June 2013.
 - 2.2 The net increase in trade and other receivables is attributable to the following:
 - 2.2.1 an increase of R15 000 representing the deferred settlement of the disposal consideration, which is receivable by VPAM 12 months after the Effective Date.
 - 2.3 The net increase in cash and cash equivalents is attributable to the net proceeds on disposal being retained in the Group as follows:
 - 2.3.1 an increase of R102 000 from the proceeds on disposal of the business receivable immediately;
 - 2.3.2 a reduction of R15 017 relating to taxation payable on the proceeds of R102 000 (refer to 2.3.1);
 - 2.3.3 a reduction of R374 due to transaction costs; and
 - 2.3.4 a reduction of R11 598 is attributable to a dividend payable to the Eagle Trust on receipt of the disposal consideration referred to in 2.3.1, less the related taxation charge.
 - 2.4 The increase in total equity amounts to R87 803 as a result of the profit on disposal of the business. Of this amount, R86 180 is attributable to shareholders of Vunani and R1 623 is attributable to non-controlling interests. The costs for professional services referred to in paragraph 11.1 of this circular amounting to R374 have been taken into account in the accumulated loss.
 - 2.5 The increase of R2 208 in taxation payable is attributable to Capital Gains Tax on the deferred settlement on the disposal of the Business.
3. The Transaction will have a continuing effect as illustrated above, with the exception of the profit on the sale of the Business and Transaction costs.

Pro forma consolidated statement of comprehensive income for the six months ended 30 June 2013

Figures in R'000	Notes	Unaudited and unreviewed before the Transaction 30 June 2013 ("Column 1")	The Transaction ("Column 2")	<i>Pro forma,</i> after the Transaction
Revenue	2.2	51 191	(4 322)	46 869
Other income		5 369	–	5 369
Investment income		4 317	–	4 317
Interest received from investments		656	–	656
Profit on disposal of assets	2.3	1 297	117 000	118 297
Fair value adjustments and impairments		18 555	–	18 555
Operating expenses	2.4	(67 490)	1 755	(65 735)
Results from operating activities		13 895	114 433	128 328
Finance income	2.5	996	2 028	3 024
Finance costs		(4 600)	–	(4 600)
Net finance cost		(3 604)	2 028	(1 576)
Results from operating activities after net finance cost		10 291	116 461	126 752
Income from associates (net of income tax)		(2 037)	–	(2 037)
Net profit before taxation		8 254	116 461	124 715
Income tax expense	2.6	(1 380)	(17 179)	(18 559)
Profit for the period		6 874	99 282	106 156
Profit and total comprehensive income for the period		6 874	99 282	106 156
Profit and total comprehensive income for the period attributable to:				
Equity holders		9 339	86 088	95 427
Non-controlling interest		(2 465)	13 194	10 729
		6 874	99 282	106 156
Shares in issue at period-end ('000)		105 415	–	105 415
Weighted average number of shares in issue ('000)		100 407	–	100 407
EPS and DEPS (cents)		9.3	85.7	95.0
Reconciliation of headline earnings:				
Total comprehensive profit attributable to equity holders		9 339	86 088	95 427
Adjusted for:				
Reversal of investment and loans to associates		(1 240)	–	(1 240)
Taxation		231	–	231
Other impairments		(29)	–	(29)
Taxation		5	–	5
Profit on disposal of assets		(1 297)	(117 000)	(118 297)
Taxation		242	17 225	17 467
Non-controlling interest		–	13 303	13 303
		7 251	(384)	6 867
Headline earnings per share (cents)				
HEPS and DHEPS (cents)		7.2	(0.4)	6.8

Notes:

1. Column 1 information has been extracted from the company's unaudited and unreviewed condensed consolidated results for the six months ended 30 June 2013.
2. The adjustments reflected in Column 2 are based on the following assumptions (all amounts reflected in R'000):
 - 2.1 The Transaction took place on 1 January 2013.
 - 2.2 The revenue attributable to the Business has been eliminated with effect from 1 January 2013 based on the company's reviewed balances at 30 June 2013. The reduction in revenue is attributable to this.
 - 2.3 The profit on disposal of assets increased by an amount of R117 000, which is the profit on the disposal of the Business. This is calculated using the disposal consideration of R117 000 and a carrying value of zero at 1 January 2013.
 - 2.4 The reduction in operating expenses is attributable to the operating expenses of the Business amounting to R2 129 being eliminated (as discussed in 2.2 above) and costs for professional services of R374 referred to in paragraph 11.1 of this circular.
 - 2.5 It is assumed that the proceeds of R102 000, less dividends paid to minorities of R11 598, less costs of R374 will be placed on call for the period. The increase in finance income is attributable to the interest earned of R2 028 on the net proceeds received at a rate of 4.5% p.a., which is the current call rate at ABSA Bank Limited.
 - 2.6 The movement on taxation is attributable to:
 - 2.6.1 Capital Gains Tax of R17 225 that arises on the Transaction;
 - 2.6.2 the elimination of tax charges of R614 relating to the Business (as per 2.2); and
 - 2.6.3 taxation payable on interest earned that amounts to R568.
3. The Transaction will have a continuing effect as illustrated above, with the exception of profit on disposal of the business and transaction costs.

**INDEPENDENT REPORTING ACCOUNTANTS' REASONABLE ASSURANCE REPORT
ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

"The Directors
Vunani Limited
PO Box 652419
Benmore
2010

28 November 2013

Dear Sirs

REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The definitions commencing on page 5 of the circular apply *mutatis mutandis* to this report. We have completed our assurance engagement to report ("Report") on the compilation of the *pro forma* net asset value, net tangible asset value, earnings, diluted earnings, headline earnings and diluted headline earnings per share and the statements of financial position and comprehensive income and the related notes, including a reconciliation showing all of the *pro forma* adjustments to the share capital, reserves and other equity items relating to Vunani Limited ("Vunani") set out in paragraph 7.2 and Appendix 1 to the circular to be issued by Vunani on or about 5 December 2013 (collectively "*Pro forma* Financial Information").

The *Pro forma* Financial Information has been compiled by the directors of Vunani to illustrate the impact of the disposal of the business in Vunani Property Asset Management Proprietary Limited ("Transaction") on Vunani's financial position.

As part of this process, Vunani's statements of financial position and comprehensive income have been extracted by the directors of Vunani from its unaudited condensed interim financial results for the six months ended 30 June 2013 ("Published Financial Information").

In addition, the directors of Vunani have calculated the net asset value, net tangible asset value, earnings, diluted earnings, headline earnings and diluted headline earnings per share as at 30 June 2013 based on financial information extracted from the Published Financial Information.

Directors' Responsibility for the Pro forma Financial Information

The directors of Vunani are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements of the JSE Limited and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2012 ("Applicable Criteria").

Reporting Accountants' Responsibility

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the directors of Vunani on the basis of the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of Vunani have complied, in all material respects, with the *Pro forma* Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the *Pro forma* Financial Information.

The purpose of *Pro forma* Financial Information included in the circular is solely to illustrate the impact of the Transaction on the unadjusted Published Financial Information as if the Transaction had been undertaken on 30 June 2013 for purposes of the net asset value and net tangible asset value per share and the statement of financial position, and at 1 January 2013 for purposes of the earnings, diluted earnings, headline earnings and diluted headline earnings per share and the statement of comprehensive income. Accordingly, we do not provide any assurance that the actual outcome of the Transaction, subsequent to its implementation, will be as presented in the *Pro forma* Financial Information.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of Vunani in the compilation of the *Pro forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the Transaction and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- the *Pro forma* Financial Information reflects the proper application of those *pro forma* adjustments to the unadjusted Published Financial Information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants understanding of the nature of Vunani and the Transaction in respect of which the *Pro forma* Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

Consent

We consent to the inclusion of this Report and the references thereto, in the form and context in which they appear in the circular. Furthermore we confirm that we will not withdraw our consent prior to the issue of the circular.

Yours faithfully

KPMG Inc.

Registered Auditors

Per G PARKER

Chartered Accountant (SA)

Registered Auditor

Director

(Private Bag 9, Parkview, 2122)"

HISTORICAL FINANCIAL INFORMATION OF THE BUSINESS

BASIS OF PREPARATION

The statements of financial position, comprehensive income, changes in equity and cash flows and the accounting policies and notes for the year ended 31 December 2012 have been extracted, without adjustment, from the audited financial statements of VPAM. The statements of financial position, comprehensive income, changes in equity and cash flows and the accounting policies and notes for the six months ended 30 June 2013 have been extracted, without adjustment from the reviewed financial results of VPAM for the six months ended 30 June 2013. The financial statements of VPAM for the year ended 31 December 2012 were reported on, without qualification, by KPMG Inc.

The financial information presented within this report is a reflection of the legal entity. The business within this legal entity is being disposed of for R117 million. All the historical information will remain in the Vunani consolidated annual financial statements. The only effect on the *pro forma* consolidated financial information is on the statement of comprehensive income. This historical information has been reflected for information purposes only.

The audited historical financial information is the responsibility of the directors.

The historical information relating to VPAM has been prepared in accordance with IFRS and in terms of the company's current accounting policies.

COMMENTARY

Nature of business

VPAM is a property asset management company and there has been no change in the nature of its business or its assets or the use of its assets during the past financial year.

Subsequent financial information

No financial information relating to VPAM has been made available to any party subsequent to the latest interim accounting period ended 30 June 2013.

General review

The company is engaged in the rendering of property management services and operates principally in South Africa. The operating results and state of affairs of the company are fully set out in the annual financial statements for the year ended 31 December 2012 and the six months ended 30 June 2013 set out in this Appendix.

Subsequent events

No subsequent events have occurred.

Additional information

During the past financial year, VPAM had:

- not made any loans, which are outstanding, or furnished any security for the benefit of any director or manager or any associate of any director or manager;
- no material borrowings;
- no reporting segments;
- not issued any securities;
- no subsidiaries;
- not declared any dividends;
- not paid any directors emoluments.

VPAM does not have a share incentive scheme.

Information relating to loans receivable is set out in note 7 of this Appendix.

As the Business effectively does not have any share capital, no financial statistics (e.g. net asset value, net tangible asset value, earnings and headlines earnings per share) can be provided.

STATEMENT OF FINANCIAL POSITION

Rand	Notes	Reviewed six months ended 30 June 2013	Audited Year ended 31 December 2012
ASSETS			
Current assets		3 931 657	2 444 841
Loan to intermediate holding company	6	3 173 382	1 754 690
Trade and other receivables	7	740 462	627 505
Pre-paid taxation		12 616	62 646
Cash and cash equivalents	5	5 197	–
Total assets		3 931 657	2 444 841
EQUITY AND LIABILITIES			
Equity		3 920 389	2 417 053
Ordinary share capital	4	1 000	1 000
Share premium		35 603 704	35 603 704
Accumulated loss		(31 684 315)	(33 187 651)
Liabilities			
Current liabilities – trade and other payables	8	11 268	27 788
Total equity and liabilities		3 931 657	2 444 841

STATEMENT OF COMPREHENSIVE INCOME

Rand	Notes	Reviewed six months ended 30 June 2013	Audited Year ended 31 December 2012
Other income	9	4 321 869	6 978 491
Interest received on bank balances		7	–
Operating expenses		(2 234 252)	(3 656 674)
Profit before tax		2 087 624	3 321 817
Income tax expense	11	(584 288)	(920 092)
Total comprehensive income for the year attributable to equity holders of the company		1 503 336	2 401 725

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012 AND THE SIX MONTHS ENDED 30 JUNE 2013

Rand	Share capital	Share premium	Accumulated loss	Total
Balance at 31 December 2011	1 000	35 603 704	(35 589 376)	15 328
Total comprehensive income for the year	–	–	2 401 725	2 401 725
Balance at 31 December 2012	1 000	35 603 704	(33 187 651)	2 417 053
Total comprehensive income for the six months ended 30 June 2013	–	–	1 503 336	1 503 336
Balance at 30 June 2013	1 000	35 603 704	(31 684 315)	3 920 389

STATEMENT OF CASH FLOWS

Rand	Notes	Reviewed six months ended 30 June 2013	Audited Year ended 31 December 2012
Cash flows from operating activities			
Cash utilised by operations	12	1 958 140	3 078 915
Interest received		7	–
Taxation paid	13	(534 258)	(989 158)
Net cash inflow from operating activities		1 423 889	2 089 757
Cash flows from investing activities			
Loan advanced to intermediate holding company		(1 418 692)	(1 754 690)
Net cash outflow from investing activities		(1 418 692)	(1 754 690)
Cash flows from financing activities			
Loan repayments to Group companies		–	(335 067)
Net cash inflow from financing activities		–	(335 067)
Net movement in cash and cash equivalents		5 197	–
Cash and cash equivalents at the beginning of the period		–	–
Cash and cash equivalents at the end of the period		5 197	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. GENERAL INFORMATION

Vunani Property Asset Management Proprietary Limited (the “company”) is a company domiciled in the Republic of South Africa.

The company’s principal business activity is investment management.

The company’s business and postal address is as follows:

Business address:

Vunani House – Block C
Vunani Office Park
151 Katherine Street
Sandton
2196

Postal address:

PO Box 652419
Benmore
2010

2. BASIS OF PREPARATION

2.1 Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act of South Africa and Companies Regulation, 2011. In accordance with IAS 34, Interim Financial Reporting, the company is required to present comparative information in the interim financial statements. In the case of the statements of comprehensive income, cash flow and changes in equity, comparatives are required for the comparable period of the immediately preceding financial year. Interim financial statements were not prepared for the comparable period of the previous year as there was no requirement to prepare and present interim financial statements.

2.2 Basis of measurement

The annual financial statements are prepared on the historical cost basis and the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Functional currency

The financial statements are presented in South Africa Rand, which is the company’s functional currency.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. ACCOUNTING POLICIES

3.1 Financial Instruments

Non-derivative financial assets

The company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company's non-derivative financial assets comprise financial assets at fair value through profit and loss.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Non-derivative financial liabilities

The company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company has the following non-derivative financial liabilities: Loans from group companies.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.2 **Revenue**

Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

3.3 **Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at reporting date. Deferred tax is charged to the statement of comprehensive income except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the statement of comprehensive income, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.4 **Related party transactions**

Related party transactions are transactions which result in a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related parties refer to entities in which the company directly or indirectly through one or more intermediaries controls or is controlled by or is in common control with. These include the holding company, subsidiaries and fellow subsidiaries.

3.5 **Risk management**

The company has exposure to the following risks from its use of financial instruments:

- liquidity risk; and
- capital risk management

This note presents information about the company's exposure to the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Whilst the company manages liquidity risk by monitoring cash flows and ensuring that adequate cash is available or by maintaining or renewing borrowing facilities as appropriate.

The company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to company reputation.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes loans from group companies and trade and other payables disclosed in notes 5 and 7, respectively, and equity as disclosed in the statement of financial position. The company monitors capital on the basis of the gearing ratio.

Gearing ratio

	Reviewed 30 June 2013	Audited 31 December 2012
Total debt	11 268	27 788
Less: Cash and cash equivalents	(5 197)	–
Net debt	6 071	27 788
Equity	3 920 389	2 417 053
Debt to equity ratio	0%	1%

4. ORDINARY SHARE CAPITAL

Authorised

1 000 ordinary shares of R1 each

1 000

1 000

Issued

1 000 ordinary shares of R1 each

1 000

1 000

5. CASH AND CASH EQUIVALENTS

Bank balances

5 197

–

6. LOAN TO INTERMEDIATE HOLDING COMPANY

Vunani Properties Proprietary Limited

3 173 382

1 754 690

The loan is unsecured, interest free and has no fixed repayment terms.

7. TRADE AND OTHER RECEIVABLES

Trade debtors

740 462

627 505

8. TRADE AND OTHER PAYABLES

Expense accruals

11 268

27 788

9. REVENUE

Management fee

4 321 869

6 978 491

10. RESULTS FROM OPERATING ACTIVITIES

Results from operating activities are stated after accounting for the following:

Audit fee

11 630

16 854

Professional fees

26 809

9 960

11. INCOME TAX EXPENSE

Major component of the tax expense:

	Reviewed 30 June 2013	Audited 31 December 2012
Current tax	584 288	920 092
Deferred tax	–	–
	584 288	920 092

Reconciliation of tax expense and effective tax rate:

	Six months to June 2013	2012
Total comprehensive income	1 503 336	2 401 725
Total income tax expense	584 288	920 092
Profit before tax	2 087 624	3 321 817
At standard rate	28%	28%
Fair value adjustments	–	–
Disallowable expenditure	0%	–
	28% 584 288	28% 920 092

12. CASH UTILISED BY OPERATIONS

	Reviewed 30 June 2013	Audited 31 December 2012
Profit before tax	2 087 624	3 321 817
Interest received	(7)	–
Cash utilised before working capital changes	2 087 617	3 321 817
Changes in working capital:		
Increase in trade and other receivables	(112 957)	(249 310)
(Decrease)/increase in trade and other payables	(16 520)	6 408
Cash utilised by operations	1 958 140	3 078 915

13. TAX PAID

Balance at the beginning of the period	62 646	(6 420)
Current year tax charge	(584 288)	(920 092)
Balance at the end of the period	(12 616)	(62 646)
	(534 258)	(989 158)

14. RELATED PARTIES

Holding company: Vunani Properties Proprietary Limited
Ultimate holding company: Vunani Limited
Directors: EG Dube
BM Khoza
PW Mackenzie
RF Kane
A Judin

Related party balances

Loan to intermediate holding company: Vunani Properties Proprietary Limited	3 173 382	1 754 690
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15. **DIRECTORS' EMOLUMENTS**

No emoluments were paid to the directors during the year.

16. **RISK MANAGEMENT**

16.1 **Liquidity risk**

30 June 2013 – Reviewed

	Carrying amount	Contractual cash flows	Less than 1 year
Non-derivative financial assets			
Non-interest-bearing	3 913 845	3 913 845	3 913 845
Non-derivative financial liabilities			
Non-interest-bearing	(11 268)	(11 268)	(11 268)
Total mismatch	3 902 577	3 902 577	3 902 577
31 December 2012 – Audited			
Non-derivative financial assets	2 444 841	2 444 841	2 444 841
Non-interest-bearing			
Non-derivative financial liabilities	(27 788)	(27 788)	(27 788)
Non-interest-bearing			
Total mismatch	2 417 053	2 417 053	2 417 053

16.2 **Fair values**

30 June 2013 – Reviewed

	Carrying amount	Fair value
Financial assets		
Loans and receivables	3 913 845	3 913 845
Financial liabilities		
Amortised cost	11 268	11 268
31 December 2012 – Audited		
Financial assets		
Loans and receivables	2 444 841	2 444 841
Financial liabilities		
Amortised cost	–	–

At 30 June 2013 and 31 December 2012 the fair values of all the financial instruments are substantially identical to the carrying amount reflected in the balance sheet.

17. **STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE**

In terms of International Financial Reporting Standards, the company is required to include in its annual financial statements disclosure about the future impact of standards and interpretations issued but not yet effective at the issue date.

At the date of authorisation of the financial statements of Vunani Properties Asset Management Proprietary Limited for the period ended 30 June 2013, the following standards and interpretations were in issue but not yet effective:

	Standard/Interpretation	Date issued by IASB	Effective date on or after period beginning
IAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>	December 2011	1 January 2014
IAS 36	<i>Recoverable Amount Disclosures for Non-financial Assets</i>	May 2013	1 January 2014
IFRS 10, IFRS 12 and IAS 27 amendment	<i>Investment Entities</i>	October 2012	1 January 2014
IFRIC 21	<i>Levies</i>	May 2013	1 January 2014
IFRS 9 (2009)	<i>Financial Instruments</i>	November 2009	1 January 2015
IFRS 9 (2010)	<i>Financial Instruments</i>	October 2010	1 January 2015

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE BUSINESS FOR THE YEAR ENDED 31 DECEMBER 2012 AND THE SIX MONTHS ENDED 30 JUNE 2013

"The Directors
Vunani Limited
PO Box 652419
Benmore
2010

28 November 2013

Dear Sirs

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION OF THE BUSINESS CONDUCTED BY VUNANI PROPERTY ASSET MANAGEMENT PROPRIETARY LIMITED ("VPAM")

The definitions commencing on page 5 of this circular apply *mutatis mutandis* to this report.

Vunani Limited is issuing a circular to its shareholders ("Circular") regarding the proposed disposal by VPAM of its business.

At your request and for the purposes of the Circular, to be dated on or about 5 December 2013, we have:

- audited the historical financial information of VPAM for the year ended 31 December 2012; and
- reviewed the interim historical financial information of VPAM for the six months ended 30 June 2013, (Historical Financial Information").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements. The directors are also responsible for the fair presentation of the Historical Financial Information in accordance with International Financial Reporting Standards to which this Independent Reporting Accountants' Report relates.

AUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2012**Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information for the year ended 31 December 2012, which is included in the Circular, based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material mis-statement.

Scope of the audit

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material mis-statement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial information of VPAM as set out in Appendix 3 to the Circular, fairly presents, in all material respects, the financial position of VPAM at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa and JSE Listings Requirements.

REVIEWED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

Report on the financial statements

We have reviewed the interim financial statements, which comprise the statement of financial position of Vunani Properties Asset Management (“the Company”) at 30 June 2013, and the statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information (“the interim financial statements”) as set out in Appendix 3 to the Circular. The Company’s directors are responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company at 30 June 2013, and its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 2 in the interim financial statements which indicates that certain comparative information has not been reviewed.

CONSENT

We consent to the inclusion of this report and the references thereto, in the form and context in which they appear in the Circular. Furthermore we confirm that we will not withdraw our consent prior to the issue of the Circular.

Yours faithfully

KPMG Inc.
Registered Auditors

Per G Parker

Chartered Accountant (SA)
Registered Auditor
Director

(Private Bag 9, Parkview, 2122)”

SCHEDULE OF MATERIAL BORROWINGS

The consolidated schedule of material borrowings, carried at amortised cost, at the last practicable date is set out below:

	R'000
Force Holdings Limited	9 000
Cumulative redeemable participating preference shares in Verbicept Proprietary Limited. Capital is repayable from dividends from Workforce Holdings Limited as and when dividends are declared by that company. No dividends are expected from Workforce Holdings Limited in 2013 and the liability is therefore classified as non-current.	
Avram International LLC	1 833
This loan relates to the cost of the investment in Avram International LLC. This liability is unsecured, interest free and is to be repaid using dividends declared from Avram International LLC. No dividends are expected from Avram International LLC in 2013 and the liability is therefore classified as non-current.	
Vunani Solar Power Proprietary Limited	1 300
This loan relates to the cost of the investment in Vunani Solar Power Proprietary Limited. This liability is unsecured, interest free and is to be repaid using dividends declared from Vunani Solar Power Proprietary Limited. No dividends are expected from Vunani Solar Power Proprietary Limited in 2013 and the liability is therefore classified as non-current.	
Investec Bank Limited	13 022
This represents the value of the liability payable to Investec Bank Limited in respect of future proceeds from Gidani Proprietary Limited. The liability is repayable on 31 May 2015 and the proceeds from the investment in Gidani Proprietary Limited have been pledged to Investec Bank Limited.	
Development Bank of South Africa Limited	32 459
Seven-year redeemable, cumulative debentures in VC, with interest at 13.75% and secured by the investment in Lexshell 630 Proprietary Limited. The debentures were redeemable on 30 September 2012. New loan terms were agreed in October 2012 when the debenture agreement matured in terms of which interest is at a fixed rate of 9.09% and secured by the investment in Pacific Heights Investments 118 Proprietary Limited. The debentures are redeemable in tranches up to 30 September 2020.	
G Sherrat	1 449
The loan is unsecured, interest free and has no fixed terms of repayment.	
Vunani Properties Investment Fund Limited – Rental guarantee	1 426
The rental guarantee payable arose on the disposal of the Group's property assets in 2011. The rental guarantee is interest free. The liability is repayable on 30 November 2013.	
Pennystocks Proprietary Limited	1 493
The loan is unsecured, interest free and has no fixed terms of repayment.	
Growthpoint Securitisation Warehouse Trust	160
Operating lease obligation, secured by a guarantee to Standard Bank Limited. It bears no interest and is repayable on 31 December 2015.	
	62 142

Guarantees and sureties provided:

The Group has provided guarantees and sureties for Group companies (including investments in associates) in the amount of R48 million. The probability of the liability materialising in terms of these guarantees and sureties is dependent on the value of the underlying properties and equities that secure the underlying debt.

Facilities available to the Group:

ABSA Bank Limited

	R000's
A working capital facility has been provided to VC	R5 000 000
A daylight facility has been provided to Vunani Securities	R50 000 000

Group debts repayable within twelve months of the last practicable date will be financed in cash.

SHARE PRICE HISTORY ON THE JSE

	High (cents)	Low (cents)	Volume	Value Rand
Quarterly				
June 2012	279	165	143 549	296 984
Monthly				
November 2012	189	160	423 793	690 556
December 2012	225	148	302 755	599 943
January 2013	225	171	122 850	226 381
February 2013	190	171	161 066	286 432
March 2013	190	150	42 920	72 772
April 2013	199	150	603 049	1 080 993
May 2013	185	140	232 562	409 573
June 2013	180	165	1 113 255	1 951 755
July 2013	185	170	74 498	131 681
August 2013	180	119	1 188 802	1 704 972
September 2013	175	131	104 590	179 644
October 2013	189	126	22 724	35 977
Daily 2013				
28 October	–	–	–	–
29 October	–	–	–	–
30 October	–	–	–	–
31 October	–	–	–	–
1 November	–	–	–	–
4 November	–	–	–	–
5 November	–	–	–	–
6 November	–	–	–	–
7 November	–	–	–	–
8 November	–	–	–	–
11 November	165	165	34 000	56 100
12 November	175	175	15 000	26 250
13 November	–	–	–	–
14 November	189	180	4 300	7 974
15 November	190	190	1 600	3 040
18 November	190	190	20	38
19 November	–	–	–	–
20 November	–	–	–	–
21 November	180	180	200 000	360 000
22 November	180	180	21 707	39 073
25 November	–	–	–	–
26 November	–	–	–	–
27 November	–	–	–	–
28 November*	–	–	–	–

* last practicable date.

VUNANI

LIMITED

VUNANI LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/020641/06)

JSE code: VUN ISIN: ZAE000163382

("Vunani" or "the company")

NOTICE OF GENERAL MEETING

DETAILS OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of the company will be held at the company's offices, Vunani House, Vunani Office Park, 151 Katherine Street, Sandown, Sandton at 08:00 on Monday, 13 January 2014, for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions set out below, in the manner required by the Companies Act, 2008 (Act 71 of 2008), as amended (the "Act").

The record date in terms of section 59 of the Act for shareholders to be recorded in the Register in order to be able to attend, participate and vote at the general meeting is Friday, 3 January 2014.

ORDINARY RESOLUTION NUMBER 1

"RESOLVED as an ordinary resolution that the Sale of Business Agreement, dated 9 November 2013, between Vunani Property Asset Management Proprietary Limited ("VPAM") and Texton Property Investments Proprietary Limited ("the Purchaser") in terms of which VPAM will dispose of its business to the Purchaser, including the cession and assignment of the Asset Management Agreement between Vunani Property Investment Fund Limited and VPAM and the transfer of the employment contracts, for a total cash consideration of R117 million, as more fully described in the circular to shareholders containing this notice of general meeting of which this ordinary resolution number 1 forms part, a signed copy of which agreement, initialled by the chairperson of this meeting for identification purposes, and tabled at this meeting, be and is hereby ratified and approved."

ORDINARY RESOLUTION NUMBER 2

"RESOLVED as an ordinary resolution that the appointment of Dr XP Guma as an independent non-executive director of the company, with effect from 1 July 2013, be and is hereby ratified."

ORDINARY RESOLUTION NUMBER 3

"RESOLVED as an ordinary resolution that any director of the company be, and hereby is authorised, on behalf of the company, to do or cause to be done, all such things, and to sign all such documentation as may be necessary or requisite so as to give effect to and implement the ordinary resolutions to be considered at the general meeting at which this ordinary resolution will be proposed and considered."

THRESHOLD FOR RESOLUTION APPROVAL

For the ordinary resolutions set out above to be approved by shareholders, each resolution must be supported by more than 50% of the voting rights exercised on the resolution concerned.

RECORD DATE

The circular of which this notice of general meeting forms part has been distributed to all certificated holders registered as such on Friday, 29 November 2013, and to those dematerialised beneficial holders of Vunani shares registered as such at the aforementioned date, who have elected to receive the aforesaid circular, and all other beneficial shareholders of Vunani as at the aforementioned date who have elected to receive the aforesaid circular.

VOTING AND PROXIES

In terms of the Listings Requirements of the JSE, the votes relating to any shares held by the Vunani Limited Share Incentive Scheme will not be taken into account in determining the results of voting on ordinary resolution number 1 tabled at this general meeting.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with “own-name” registration, and who are entitled to attend and vote at the general meeting, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder of the company and shall be entitled to vote on a show of hands or poll. It is requested that forms of proxy be forwarded so as to reach the transfer secretaries no later than the Relevant Time. If shareholders who have not dematerialised their shares or who have dematerialised their shares with “own-name” registration, and who are entitled to attend and vote at the general meeting do not deliver forms of proxy to the transfer secretaries by the Relevant Time, such shareholders will nevertheless at any time prior to the commencement of the voting on the ordinary resolutions at the general meeting be entitled to lodge the form of proxy in respect of the general meeting, in accordance with the instructions therein with the chairperson of the general meeting. Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with “own-name” registration.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such member holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every share held or represented by that shareholder. On a poll taken at any such meeting a shareholder entitled to more than one vote need not, if he votes, use all of his votes, or cast all the votes he uses in the same way.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own-name registration, should contact their CSDP or broker in the manner and time stipulated in the agreement entered into between them and their CSDP or broker:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the general meeting, to obtain the necessary letter of representation to do so.

FURTHER INFORMATION

A person attending the general meeting in person must present reasonably satisfactory identification. The chairperson of the general meeting must be reasonably satisfied that the right of a person to participate and vote at the general meeting, either as a shareholder, beneficial shareholder or as a proxy for a shareholder, has been verified.

By order of the board

EG DUBE

Chief Executive Officer

9 December 2013

Registered office

Vunani House
Vunani Office Park
151 Katherine Street
Sandown, Sandton, 2196
(PO Box 652419, Benmore, 2010)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

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VUNANI

LIMITED

VUNANI LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/020641/06)

JSE code: VUN ISIN: ZAE000163382

("the company")

FORM OF PROXY

To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only.

For use in respect of the general meeting to be held at the company's offices, Vunani House, Vunani Office Park, 151 Katherine Street, Sandown, Sandton on Monday, 13 January 2014 at 08:00.

Ordinary shareholders who have dematerialised their shares with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (full name in BLOCK LETTERS)

of (address)

Telephone (work) ()

Telephone (home) ()

Mobile ()

being the holder(s) of ordinary shares in the company, appoint (see note 1):

_____ or failing him/her,

_____ or failing him/her,

the chairperson of the general meeting,

as my/our proxy to act on my/our behalf at the general meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary resolutions or to abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
Ordinary resolution number 1 – approval of the disposal of the VPAM business			
Ordinary resolution number 2 – ratification of the appointment of Dr XP Guma as an independent non-executive director			
Ordinary resolution number 3 – directors' authority			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable).

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak, and on a poll, vote in place of that shareholder at the general meeting.

Signed at

on

2013/2014

Signature(s)

Capacity

Please read the notes on the reverse side hereof.

Notes:

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the chairperson of the general meeting". The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
 2. A member should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of ordinary shares than he owns in the company, he should insert the number of ordinary shares held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he deems fit in respect of all of the member's votes exercisable at the general meeting. A member is not obliged to exercise all of his votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.
 3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
 4. The chairperson of the general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
 5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.
 6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
 7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or waived by the chairperson of the general meeting.
 8. A minor must be assisted by his parent or guardian, unless the relevant documents establishing his capacity are produced or have been recorded by the company.
 9. Where there are joint holders of shares:
 - any one holder may sign this form of proxy; and
 - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the company's register of members, will be accepted.
 10. To be valid, the completed forms of proxy must either: (a) be lodged so as to reach the transfer secretaries by no later than the Relevant Time or (b) be lodged with the chairperson of the general meeting prior to the general meeting so as to reach the chairperson by no later than immediately prior to the commencement of voting on the ordinary resolutions to be tabled at the general meeting.
 11. The proxy appointment is revocable by the shareholders giving written notice of the cancellation to the company prior to the general meeting or any adjournment thereof. The revocation of the proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholders as of the later of: (i) the date stated in the written notice, if any or (ii) the date on which the written notice was delivered as aforesaid.
 12. If the instrument appointing a proxy or proxies has been delivered to the company, any notice that is required by the Act or the articles to be delivered by the company to shareholders must (as long as the proxy appointment remains in effect) be delivered by the company to: (i) the shareholder or (ii) the proxy or proxies of the shareholder has directed the company to do so, in writing and pay it any reasonable fee charged by the company for doing so.
- shareholders' meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to an decision contemplated in section 60 of the Act.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Act or expires earlier as contemplated in section 58(8)(d) of the Act.
 3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
 - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
 - 3.2 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - 3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
 4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
 5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
 6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
 7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
 8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.
 9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
 - 9.1 such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
 - 9.2 the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
 - 9.3 the company must not require that the proxy appointment be made irrevocable; and
 - 9.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.

Summary of the rights established in terms of section 58 of the Companies Act, 71 of 2008 ("iAct")

For purposes of this summary, "shareholder" shall have the meaning ascribed thereto in the Act.

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a

