

VUN 201304120040A

Disposal of an asset by a subsidiary

VUNANI LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/020641/06)

JSE code: VUN

ISIN: ZAE000110359

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

DISPOSAL OF AN ASSET BY A SUBSIDIARY

INTRODUCTION

Shareholders are advised that a subsidiary of the Company, Vunani Properties Proprietary Limited ("Vunani Properties") has entered into an agreement with Greenstone Hill Office Park (Proprietary) Limited ("GHOP"), Barrow Properties Proprietary Limited, the Trustees of the Task Trust and Vunani Property Investment Fund Limited ("VPIF") in terms of which Vunani Properties will sell its 40% shareholding in GHOP to VPIF for a cash consideration of R34 504 112 ("the transaction"). VPIF intends to settle the purchase consideration via the proceeds raised from a rights offer. The proceeds of the transaction will be utilised to support the growth of the operations of the group.

BUSINESS CARRIED ON BY GREENSTONE

Greenstone owns and manages 8 commercial properties in the sectional title schemes known as Greenstone Hill Office Park SS1149/2008 and SS599/2009, and associated use areas, situated in the fast-growing node known as Greenstone Hill on the East Rand of Gauteng.

RATIONALE FOR THE TRANSACTION

GHOP was established in 2007 to develop a commercial office park. The development was completed and fully tenanted in 2012. On completion of the development, GHOP became an asset that could be made available for sale to interested buyers. All of the shareholders of GHOP have agreed to accept an offer to acquire their shares in GHOP.

FINANCIAL EFFECTS OF THE TRANSACTION

The unaudited 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 basic and diluted loss per share ("LPS") and headline and diluted headline loss per share ("HLPS") as if they had taken effect on 1 January 2012 and on net asset value per share ("NAVPS") and net tangible asset value per share (NTAVPS) as if they had taken effect on 31 December 2012. Because of their nature, the unaudited pro forma financial effects may not give a fair presentation of the Group's financial position and performance. The unaudited pro forma financial effects have been compiled from the reviewed condensed consolidated preliminary results of Vunani for the year ended 31 December 2012 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 below:

	Reviewed Before the transaction (Note 1)	Unaudited Pro forma After the transaction	% change
LPS (cents) (Note 2)	(0.2)	(7.2)	3 500%
HLPS (cents) (Note 2)	(11.2)	(12.6)	12.5%
NAVPS (cents) (Note 3)	191.2	195.3	2.1%
NTAVPS (cents) Note 3)	158.3	162.4	2.6%
Weighted average number of shares in issue ('000s)	100 622		
Actual shares in issue at end of period ('000s)	105 415		

Notes:

1. The "Reviewed 31 December 2012" column information has been extracted from the company's reviewed condensed consolidated preliminary results for the year ended 31 December 2012.
2. The effects relating to NAVPS and NTAVPS are based on the following assumptions and information:
 - The transaction was effected on 31 December 2012
 - The cash consideration of R34 504 112 is firstly applied to settle loans due to the Group from GHOP of R20 459 875. The balance of R14 044 237 is considered to be the proceeds for the disposal of the shares.
 - The consolidated profit on disposal of the shares amounts to R6 951 669 based on the equity accounted value of GHOP of R7 092 568 at 31 December 2012.
 - The tax charge on the profit of the disposal amounts to R2 618 969.
 - The net increase in the accumulated loss as a result of the disposal is R4 332 700.
 - The proceeds of R34 504 112 have increased cash and cash equivalents and will be used to enhance the Group's cash reserves.
3. The effects relating to the LPS and HLPS are based on the following assumptions and information:
 - The transaction was effective on 1 January 2012;
 - The consolidated profit on disposal of the shares amounts to R8 253 378 based on the equity accounted value of GHOP of R26 250 734 at 31 December 2011.
 - The tax charge on the profit of the disposal amounts to R6 434 327.
 - Equity accounted earnings for GHOP included in the reviewed condensed consolidated preliminary results of R10 841 834 have been eliminated.
 - The net effect on the statement of comprehensive income is a reduction of profit from continuing operations of R9 022 783. Of this amount, R7 037 770 is attributable to equity holders of the Group and R1 985 012 is attributable to non-controlling interest.
4. All adjustments will have a continuing effect.

CONDITIONS PRECEDENT

The transaction is conditional upon, inter alia, the following:

- the approval by the competition authorities in terms of the Competition Act;
- the requisite approval of VPIF unitholders in general meeting;
- VPIF raising the requisite funding; and
- the transfer of the properties and the shares in Greenstone.

EFFECTIVE DATE

The effective date of the transaction will be the date of registration of transfer of ownership of the shares in GHOP and the properties which is expected on or about 30 June 2013.

CATEGORISATION OF THE TRANSACTIONS

The transaction is categorised as a Category 2 transaction in terms of the JSE Limited Listings Requirements.

Sandton
12 April 2012

Designated Adviser
Grindrod Bank Limited

Corporate Adviser
Vunani Corporate Finance

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