

VUNANI LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/020641/06)

JSE code: VUN

ISIN: ZAE000163382

("Vunani" or "the Vunani Group")

SPECIFIC REPURCHASE OF 3 731 482 VUNANI SHARES FROM BATTERSHILL INVESTMENTS, POSTING OF CIRCULAR AND NOTICE OF GENERAL MEETING

1. INTRODUCTION

William Battershill ("**Battershill**") and Vunani entered into an agreement, dated 28 June 2011 in terms of which Vunani Capital Proprietary Limited, a wholly owned subsidiary of Vunani, acquired 20 000 000 ordinary shares ("**BSI Shares**") in the share capital of BSI Steel Limited ("**BSI**") from Battershill in exchange for ordinary shares of an equivalent value in the share capital of Vunani ("**the Original Share Swap Transaction**").

Battershill, via Battershill Investments Proprietary Limited ("**Battershill Investments**") and Vunani have since the Original Share Swap Transaction indicated their interest in disposing of their shareholding in their respective interests in BSI and Vunani to each other ("**the Share Swap**"). Vunani shall therefore dispose of the BSI Shares in exchange for 3 731 482 Vunani shares ("**Vunani Shares**") ("**Battershill Specific Repurchase**") currently being held by Battershill Investments.

The Battershill Specific Repurchase is considered to be a specific repurchase by Vunani from Battershill Investments of the Vunani Shares as it is not being executed through the order book operated by the JSE and there is a prior arrangement between the parties.

2. DETAILS OF THE BATTERSHILL SPECIFIC REPURCHASE

2.1 The Share Swap

Vunani shall sell the BSI Shares at R0.50 per BSI Share to Battershill Investments for a total consideration of R10 075 000 ("**BSI Shares Consideration**"). The R0.50 per BSI Share was set at the same price BSI offered its shareholders when it delisted from the JSE on Tuesday, 27 February 2018.

Battershill Investments shall settle the BSI Shares Consideration via the disposal of the Vunani Shares held by Battershill Investments at R2.70 per Vunani Share, this price representing a 10% discount to the 30 day VWAP on the day agreement between the parties was reached.

As per paragraph 17 of the Memorandum of Incorporation of Vunani, any decision by Vunani to acquire its own shares must satisfy the JSE Listings Requirements and must have been approved by a special resolution of Vunani shareholders and must comply with the provisions of the Companies Act, 2008 (No. 71 of 2008), as amended.

The Vunani Shares shall, upon their repurchase, be delisted and cancelled. The Battershill Specific Repurchase has no impact on the number of Vunani Shares held as treasury Shares, being 5 028 536 treasury Shares.

2.2 Rationale

Vunani and Battershill concluded the Original Share Swap Transaction almost 8 years ago and hence upon the delisting of BSI from the JSE from commencement of business on 27 February 2018, both parties believed that it was opportune to realise value from each party's investment.

2.3 Conditions Precedent

The Battershill Specific Repurchase is only subject to the passing of a special resolution approving the Battershill Specific Repurchase at a meeting of the shareholders of Vunani by 31 August 2018.

3. SOURCE OF FUNDS AND CATEGORISATION

The consideration payable by Vunani for the Vunani Shares shall be settled via the transfer of the BSI Shares.

The Battershill Specific Repurchase shall not have any effect on the cash or liability position of Vunani.

The Share Swap Transaction is below the threshold for a Category 2 transaction in terms of the Listings Requirements.

4. PRO FORMA FINANCIAL EFFECTS OF THE BATTERSHILL SPECIFIC REPURCHASE

The pro forma financial effects of the Battershill Specific Repurchase, for which the directors are responsible, are provided for illustrative purposes only to show the effect thereof on the basic earnings per share ("EPS"), diluted earnings per share ("DEPS"), headline earnings per share ("HLPS") and diluted headline earnings per share ("DHLPS") as if it had taken effect on 1 March 2017 and on net asset value per share ("NAVPS") and net tangible asset value per share ("NTAVPS") as if the Battershill Specific Repurchase had taken effect on 28 February 2018.

Because of their nature, the pro forma financial effects may not give a fair presentation of the Vunani Group's financial position, results of operations and changes in equity subsequent to the Battershill Specific Repurchase.

The pro forma financial effects have been compiled from the audited consolidated financial statements of Vunani for the year ended 28 February 2018 and are presented in a manner consistent with the format and accounting policies adopted by Vunani.

	Audited before the Battershill Specific Repurchase 28 February 2018 Column 1	Pro forma after the Battershill Specific Repurchase Column 2	% change
EPS and DEPS (cents) from continuing operations	26.8	26.1	-2.6%
EPS and DEPS (cents) from discontinued operations	-0.8	-0.8	0.0%
HLPS AND DHLPS (cents) from continuing operations	26.7	26.0	-2.6%
HLPS AND DHLPS (cents) from discontinued operations	-1.5	-1.5	0.0%
NAVPS (cents)	242.5	241.2	-0.5%
NTAVPS (cents)	104.8	100.3	-4.3%
Number of ordinary shares in issue at period end ('000)	164 897	161 165	-2.3%
Weighted average number of shares in issue at period end ('000)	157 976	154 245	-2.4%

Notes:

1. All values presented in R'000.
2. The information presented in column 1 has been extracted from Vunani's audited consolidated results for the year ended 28 February 2018.
3. The Vunani Shares shall be cancelled upon their repurchase
4. The BSI Specific Repurchase will have a continuing effect with the exception of the transaction costs.

5. NOTICE OF GENERAL MEETING AND POSTING OF CIRCULAR

Shareholders are advised that a circular, containing details of the Battershill Specific Repurchase, and which includes a notice that a general meeting of shareholders will be held in the board room, Vunani Limited, Vunani House, 151 Katherine Street, Sandton on Friday, 17 August 2018 at 12:00, will be posted on Tuesday, 17 July 2018.

The salient dates relating to the Battershill Specific Repurchase are as follows:

	2018
Record date to determine which Vunani shareholders are eligible to receive the Circular	Friday, 13 July
Circular posted to shareholders and announced on SENS on	Tuesday, 17 July
Last day to trade to be entitled to attend, participate and vote at the General Meeting	Monday, 6 August
Record date to be entitled to attend, participate and vote at the General Meeting	Friday, 10 August
Forms of proxy to be received by 12:00 on	Wednesday, 15 August
General Meeting to be held at 12:00 on	Friday, 17 August
Results of General Meeting to be released on SENS on	Friday, 17 August
Cancellation and delisting of 3 731 482 Vunani Shares	Tuesday, 28 August

Notes:

1. All times indicated above are South African times.
2. These dates and times are subject to amendment. Any such amendment will be released on SENS.
3. The circular is available in English only. Copies may be obtained from the registered office of Vunani or from Grindrod Bank Limited at the address set out in the "Corporate information and advisors" section of the circular to be sent to shareholders, or on the Company's website, www.vunanilimited.co.za, from Tuesday, 17 July 2018 until the date of the general meeting.
4. Forms of proxy may be handed to the Chairman of the meeting at any time prior to the commencement of voting on the resolutions tabled at the general meeting.

Sandton
11 July 2018

Corporate Adviser
Vunani Corporate Finance

Designated Adviser
Grindrod Bank Limited

Independent reporting accountants and auditors
KPMG Inc