

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 7 of this Circular apply to this Circular in its entirety except where the context indicates a contrary intention.

Action required

1. This Circular is important and should be read in its entirety, with particular attention to the section entitled “*Action Required by Shareholders*”, which commences on page 4.
2. If you are in any doubt as to what action you should take in relation to this Circular, please consult your accountant, broker, banker, attorney, CSDP or other professional advisor immediately.
3. If you have disposed of all your Stefanutti Stocks shares, this Circular together with the accompanying notice convening the General Meeting and form of proxy should be handed to the purchaser of such Stefanutti Stocks shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Stefanutti Stocks does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failure on the part of the CSDP or broker of any beneficial owner of Stefanutti Stocks shares to notify such beneficial owner of the details set out in this Circular or to take any action on behalf of such beneficial owner.



STEFANUTTI STOCKS HOLDINGS LIMITED

(Registration number 1996/003767/06)

Share code: SSK

ISIN: ZAE000123766

(“**Stefanutti Stocks**” or the “**Company**” or the “**Group**”)

CIRCULAR TO SHAREHOLDERS:

Relating to the proposed disposal by Stefanutti Stocks Holdings Limited, of the Clayville Properties to the Purchaser, which transaction constitutes a Category 1 Transaction for Stefanutti Stocks in terms of the Listings Requirements;

and incorporating:

- **Notice of the General Meeting;**
- **Registration form to participate in the electronic General Meeting; and**
- **form of proxy (*blue*) in respect of the General Meeting (for use by certificated shareholders and “Own-Name” dematerialised shareholders only).**

Sponsor



Legal Advisor

WEBBER WENTZEL
in alliance with > Linklaters

Transaction Advisor



Reporting Accountant

mazars

Date of issue: Tuesday, 22 December 2020

This Circular is only available in English. Copies may be obtained from the registered office of the Company or at the Transfer Secretaries, during office hours on Business Days from Tuesday, 22 December 2020, at the addresses set out in the “Corporate Information” section until the date of the General Meeting. A copy of this Circular will also be available on Stefanutti Stocks website <https://www.stefanuttistocks.com>. Further information for obtaining a copy of this Circular is set out in paragraph (d) of the “Action Required by Shareholders” section.

FORWARD-LOOKING STATEMENT DISCLAIMER

The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, to this forward-looking statement disclaimer.

This Circular contains statements about Stefanutti Stocks that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and may generally be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and/or depend on circumstances that may or may not occur in the future. Stefanutti Stocks cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Stefanutti Stocks operates, may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Stefanutti Stocks, as communicated in publicly available documents by Stefanutti Stocks, all of which estimates and assumptions, although believed by Stefanutti Stocks to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Stefanutti Stocks or not currently considered material by Stefanutti Stocks.

Shareholders should keep in mind that any forward-looking statement(s) made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement(s) is made, being the Last Practicable Date. New factors that could cause the business of Stefanutti Stocks to not perform as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. Stefanutti Stocks has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law. Any forward-looking statements have not been reviewed or reported on by the external auditors of Stefanutti Stocks.

COVID-19

The COVID-19 global pandemic has resulted in significant global and local financial market volatility and uncertainty. Although uncertain and unquantified at this stage, continued or worsening levels of market disruption and volatility could have a significant impact on Stefanutti Stocks business operations as well as Stefanutti Stocks ability to access capital and conclude the various key initiatives. This could result in a material change in the financial or trading position of Stefanutti Stocks.

Stefanutti Stocks have put in place various risk mitigation strategies. Management and the Directors cannot accurately predict what the likely future impact of COVID-19 will be on the economy, or on Stefanutti Stocks and its operations.

CORPORATE INFORMATION

Registered Office

(Registration number 1996/003767/06)
No 9 Palala Street
Protec Park
Cnr. Zuurfontein Avenue and Oranjerivier Drive
Kempton Park
1619
(PO Box 12394, Aston Manor, 1630)

Date of incorporation: 27 March 1996

Place of incorporation: Republic of South Africa

Company Secretary

W.R. Somerville
2nd Floor
PPI House
9A Sturdee Avenue
Rosebank
Johannesburg
2196

Sponsor

Bridge Capital Advisors Proprietary Limited
(Registration number: 1998/016302/07)
50 Smits Street
Dunkeld
2196
(PO Box 651010, Benmore, 2010)

Independent Reporting Accountants and Auditors

Mazars
Mazars House
54 Glenhove Road
Melrose Estate
2196
(PO Box 6697, Johannesburg, 2000)

Legal Advisor

Webber Wentzel
90 Rivonia Road
Sandton
2196
(PO Box 61771, Marshalltown, 2107)

Transaction Advisor

Birkett Stewart McHendrie Proprietary Limited
Jindal Africa Building
22 Kildoon Road
Bryanston
Sandton
2191

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196
(Private Bag X9000, Saxonwold, 2132)

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ACTION REQUIRED BY SHAREHOLDERS

This Circular is important and requires your immediate attention. The action you need to take is set out below. The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, to this Action Required by Shareholders section.

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

If you have disposed of all your Stefanutti Stocks shares, please forward this Circular to the purchaser of such Stefanutti Stocks shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

As a result of the COVID-19 outbreak and its declaration as a “national disaster” in South Africa in terms of the Disaster Management Act, 2002, and the restrictions imposed thereby on public gatherings, it is currently not advisable to hold the General Meeting in person.

Accordingly, the General Meeting, convened in terms of, the Notice of General Meeting, will be held entirely by electronic communication, as permitted by the JSE, the provisions of the Companies Act and the MOI on Friday, 22 January 2021, commencing at 09:00.

In this respect, the Company has retained the services of Computershare Investor Services Proprietary Limited to host the General Meeting on an interactive electronic platform remotely, in order to facilitate remote participation and voting by shareholders. Computershare Investor Services Proprietary Limited will also act as scrutineer.

Shareholders or their proxies or representatives who wish to participate in the General Meeting via electronic communication (Participants), must register with the Company’s Transfer Secretaries, Computershare Investor Services Proprietary Limited, by delivering the completed and signed application form attached hereto (the application) via email to proxy@computershare.co.za as soon as possible. The application form may also be delivered (i) by hand, to Computershare Investor Services Proprietary Limited at Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank 2196, or (ii) by post to Private Bag X9000, Saxonwold, 2132 (at the risk of the Participant). Irrespective of the manner in which the application form is delivered, the application form must be delivered as soon as possible, but in any event, for administrative purposes only, by no later than 09:00 on Wednesday, 20 January 2021, together with proof of identification. Computershare Investor Services Proprietary Limited will first validate a Participant’s registration request pursuant to section 63(1) of the Companies Act.

Shareholders who have dematerialised their Shares, other than those shareholders who have dematerialised their Shares with ‘own name’ registration, should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement with their CSDP or Broker to furnish them with their voting instructions; and

in the event that they wish to participate in the meeting, to obtain the necessary authority to do so.

If you have dematerialised your Stefanutti Stocks shares other than with “Own-Name” registration:

- (a) Voting at the General Meeting
 - (i) Your CSDP/broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP/broker to ascertain how you wish to cast your vote at the General Meeting and thereafter to cast your vote in accordance with your instructions.
 - (ii) If you have not been contacted, it would be advisable for you to contact your CSDP/broker and furnish it with your voting instructions.
 - (iii) If your CSDP/broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP/broker.
 - (iv) You should NOT complete the attached form of proxy.

- (b) Attendance and representation at the General Meeting
- (i) If you wish to attend the General Meeting or if you wish to appoint a proxy to represent you, you must advise your CSDP/broker in accordance with the agreement concluded between you and your CSDP/broker, and your CSDP/broker will issue you with the necessary letter of representation for you or your proxy to attend the General Meeting.
 - (ii) Unless you advise your CSDP/broker, in accordance with the terms of the agreement concluded between you and your CSDP/broker, that you wish to attend the General Meeting, or to appoint a proxy to do so on your behalf, and have been provided with the necessary letter of representation from it or instructed it to send its proxy to represent you at the General Meeting, your CSDP/broker may assume that you do not wish to attend the General Meeting and act in accordance with the agreement between you and your CSDP/broker.

If you have not dematerialised your Stefanutti Stocks shares or you have dematerialised your Stefanutti Stocks shares with “Own-Name” registration:

- (c) Voting, attendance, and representation at the General Meeting
- (i) Shareholders are strongly encouraged to submit votes by proxy before the General Meeting.
 - (ii) You are, however, entitled to attend and vote at the General Meeting by electronic communication and may speak at and vote at the General Meeting.
 - (iii) If you are unable to attend the General Meeting, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*blue*) in accordance with the instructions it contains and returning it to the Transfer Secretaries to be received by email at proxy@computershare.co.za by no later than 09:00 on Wednesday, 20 January 2021, for administration purposes. Alternatively, such forms of proxy may be lodged with the Chairman of the General Meeting at any time before the meeting by email, care of Mr William Somerville at w.somerville@mweb.co.za.
 - (iv) Where there are joint holders of Stefanutti Stocks shares, any one of such persons may vote at the General Meeting in respect of such Stefanutti Stocks shares as if that person is solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, the person whose name appears first in the Register in respect of such Stefanutti Stocks shares or its/his/her proxy, as the case may be, shall alone be entitled to vote in respect of such Stefanutti Stocks shares.
- (d) Shareholders were advised on SENS to obtain a copy of the Circular as follows:
- (i) by accessing an electronic copy of the Circular on the Company’s website, available at <https://www.stefanuttistocks.com>;
 - (ii) by contacting the Transfer Secretaries on +27 11 370 7701 or at #ZACSJHBCClientService1@Computershare.co.za to request an electronic copy of the Circular;
 - (iii) by contacting their CSDP to request an electronic copy of the Circular; and
 - (iv) by contacting the Company Secretary, Mr William Somerville at w.somerville@mweb.co.za in order to request an electronic copy of the Circular or to make reasonable alternative arrangements to obtain a copy.

If you wish to dematerialise your Stefanutti Stocks shares, please contact your broker.

- (e) Identification of shareholders and proxies.

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate and vote at the General Meeting, either as a Stefanutti Stocks shareholder, or as a proxy or a representative for a Stefanutti Stocks shareholder, has been reasonably verified. Acceptable forms of identification include a valid green-bar coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver’s licence, or a valid passport. Only those shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the General Meeting with Computershare in accordance with what is set out above, will be allowed to participate in and/or vote by electronic means.

SALIENT DATES AND TIMES

Important dates and times in relation to the General Meeting are set out below.

2020/2021

Record Date for Stefanutti Stocks shareholders to receive the Circular and Notice of General Meeting	Friday, 11 December
Circular and Notice of General Meeting distributed and announced on SENS	Tuesday, 22 December
Last Date to Trade to be eligible to participate in and vote at the General Meeting	Tuesday, 12 January
General Meeting Record Date for Stefanutti Stocks shareholders to be entitled to participate in and vote at the General Meeting	Friday, 15 January
For administrative purposes only, last date to lodge forms of proxy with Computershare by 09:00	Wednesday, 20 January
Last date to lodge forms of proxy with the Chairman of the General Meeting via email by 09:00	Friday, 22 January
General Meeting to be held at 09:00	Friday, 22 January
Results of the General Meeting published on SENS	Friday, 22 January
Results of the General Meeting published in the press	Monday, 25 January

Notes

1. The dates and times provided for in this Circular are subject to amendment. Any material amendments will be published on SENS.
2. All times referred to in this Circular are local times in South Africa.
3. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting, unless the contrary is stated on such form of proxy.
4. The Register for certificated shareholders will be closed between the Last Date to Trade and the General Meeting Record Date.
5. No Stefanutti Stocks shares may be dematerialised or rematerialised from Wednesday, 13 January 2021, to Friday, 22 January 2021 (both days inclusive).
6. Shareholders should note that as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place 3 (three) Business Days after such trade. Therefore, persons who acquire Shares after close of trade on Tuesday, 12 January 2021 will not be eligible to attend, participate in and vote at the General Meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column, the singular includes the plural and *vice versa*, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and *vice versa*, and cognate expressions shall bear corresponding meanings.

“Act” or “Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended from time to time;
“Agreement” or “Transaction Agreement”	the agreement concluded between Stefanutti Stocks and the Purchaser on Monday, 19 October 2020, as amended from time to time;
“attend”, “present”, “participate” or similar wording	includes being able to attend, be present or participate by means of electronic participation;
“Board”, “Board of Directors” or “Directors”	the board of Directors of Stefanutti Stocks from time to time;
“Business Day”	any day other than a Saturday, Sunday or an official public holiday in South Africa;
“certificated shareholders”	shareholders who hold Stefanutti Stocks shares, represented by a share certificate, which Stefanutti Stocks shares have not been dematerialised in terms of the requirements of Strate;
“Circular”	this Circular, dated Tuesday, 22 December 2020, including the annexures and attachments thereto;
“Clayville Properties” or “the Properties”	Erf 447 Clayville Ext 4; Erf 955 Clayville Ext 4; Portion 1 of Erf 955 Clayville Ext 4 and Portion 1 of Erf 1621 Clayville Ext 4 known as 6 and 10 Industry Road Clayville Ext 4;
“CSDP”	Central Securities Depository Participant;
“dematerialise” or “dematerialisation”	the process by which securities held by certificated shareholders are converted or held in an electronic form as uncertificated securities and recorded in a sub-register of security holders maintained by a CSDP or broker;
“dematerialised shareholders”	shareholders who hold Stefanutti Stocks ordinary shares which have been dematerialised in terms of the requirements of Strate;
“Financial Markets Act”	Financial Markets Act, 2012 (Act 19 of 2012), as amended from time to time;
“form of proxy”	the form of proxy incorporated into this Circular for use by certificated shareholders and dematerialised shareholders with ‘Own-Name’ registration only, for purposes of appointing a proxy to represent such Stefanutti Stocks Shareholder at the General Meeting;
“General Meeting”	General Meeting of Stefanutti Stocks shareholders to be held at 09:00 on Friday, 22 January 2021, entirely by electronic communication on the platform hosted by Computershare (including any adjournment or postponement thereof);
“IFRS”	International Financial Reporting Standards;
“Income Tax Act”	the Income Tax Act No, 1962 (Act 58 of 1962), as amended from time to time;
“Independent Reporting Accountants”	Mazars, practice number 900222, Registered Auditors, acting as the Auditors and Independent Reporting Accountants to Stefanutti Stocks;

“JSE”	JSE Limited, a South African limited liability public company with registration number 2005/022939/06, and licensed as an exchange under the Financial Markets Act;
“Last Date to Trade”	Tuesday, 12 January 2021, being the last Business Day to trade Stefanutti Stocks shares in order to reflect in the Register so as to be eligible to vote at the General Meeting;
“Last Practicable Date”	Tuesday, 15 December 2020, being the last practicable date prior to the finalising of this Circular;
“Lender Group”	Primary lender group (lenders and guarantors) consisting of Nedbank Ltd, Credit Guarantee Insurance Corporation of Africa Ltd, Lombard Insurance Company Ltd and Santam Ltd;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“MOI”	the memorandum of incorporation of the Company;
“Notice of General Meeting”	the notice to Stefanutti Stocks shareholders convening the General Meeting of Shareholders for the purpose of considering and, if deemed fit, approving with or without modification, the resolutions set out in such Notice of General Meeting relating to the Transaction and which notice together with the electronic participation form and the form of proxy are attached to, and forms part of this Circular;
“Own-Name registration”	dematerialised shareholders who have instructed their CSDP to hold their Stefanutti Stocks shares in their own name on the uncertificated register of Stefanutti Stocks;
“Purchaser”	Clayville Nutritionals Proprietary Limited with registration number 2019/082860/07. Clayville Nutritionals is a subsidiary of the Lactalis Group, a French-based group operating in the global dairy industry;
“Purchase Consideration”	R30 000 000 (thirty million Rand) less R2 000 000 (two million Rand) commission which equals R28 000 000 (twenty-eight million Rand) excluding VAT;
“Rand” or “R” or “ZAR”	South African Rand;
“Register”	the Company’s securities register maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act;
“SENS”	the Stock Exchange News Service of the JSE;
“Shares”	The ordinary shares of Stefanutti Stocks of 0,00025 cents per share;
“South Africa”	the Republic of South Africa;
“Stefanutti Stocks” or “the Company” or “Group”	Stefanutti Stocks Holdings Limited a South African public company with registration number 1996/003767/06;
“Strate”	Strate Proprietary Limited, a South African limited liability private company with registration number 1998/022242/07, which is a registered central securities depository, and which is responsible for the electronic settlement system used by the JSE;
“Transaction”	The proposed disposal of the Clayville Properties to the Purchaser;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited, a South African limited liability private company with registration number 2004/003647/07 and the transfer secretaries of Stefanutti Stocks in South Africa; and
“VAT”	Value-Added Tax as levied in terms of the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended from time to time.



STEFANUTTI STOCKS HOLDINGS LIMITED

(Registration number 1996/003767/06)

Share code: SSK

ISIN: ZAE000123766

("Stefanutti Stocks" or the "Company" or the "Group")

Non-executive

ZJ Matlala* (*Chairman*)

HJ Craig*

B Harie*

BP Silwanyana*

JM Poluta* (alternate director)

DG Quinn*

*independent

Executive

RW Crawford (*Chief Executive Officer*)

AV Coccianti (*Chief Financial Officer*)

CIRCULAR TO STEFANUTTI STOCKS SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

Stefanutti Stocks shareholders are referred to the announcement released on SENS wherein shareholders were advised that the Company having placed the Properties on auction, has entered into the Agreement with the Purchaser to dispose of the Clayville Properties for a cash consideration to Stefanutti Stocks of R28 000 000 (excluding VAT) (Twenty-eight million Rand).

2. ABOUT THE PURCHASER

Clayville Nutritionals (Sanulac) is a pharmaceutical healthcare company, based in Woodmead, Sandton that manufactures food for infants in powder and liquid form. Clayville Nutritionals is a subsidiary of Group Lactalis which is a French-based dairy company.

3. BACKGROUND AND RATIONALE FOR THE TRANSACTION

As previously disclosed to shareholders in the "Funding plan update" announcement published on SENS on 21 November 2019, a strategic restructuring team has been appointed, including the appointment of a Chief Restructuring Officer, to advise on and assist with the development and implementation of a detailed turnaround programme for the Group, including the securing of requisite additional short-term funding from the Lender Group and the subsequent restructuring of all such short-term funding into appropriate longer-term funding (the "Restructuring Plan").

The Restructuring Plan envisages, *inter alia*:

- (i) the sale of non-core assets;
- (ii) the sale of underutilised plant and equipment;
- (iii) the sale of certain divisions/subsidiaries;

- (iv) internal restructuring initiatives required to restore optimal operational and financial performance;
- (v) the securing of additional short-term funding of R430 million, of which R270 million relates to the negative effects of the national lockdown due to the COVID-19;
- (vi) a favourable outcome from the processes, relating to the contractual claims and compensation events on the Kusile power project;
- (vii) the restructuring of the short-term funding received to date from the Lender Group into a term loan; and
- (viii) evaluation of an optimum business model and associated capital structure analysis including the potential of raising new equity.

The purpose of the Restructuring Plan is to put in place the optimal capital structure and access to liquidity to position the Group for long-term growth in this uncertain environment. To this end and in accordance with the Restructuring Plan, forming part of the disposal of non-core assets, the Clayville Properties, which have been owned by the Group since 24 December 2008, will be disposed of pursuant to the Transaction.

In accordance with the Restructuring Plan, the Lender Group has provided the requisite funding and has converted the short-term funding agreement into a term loan on 1 July 2020, which loan terminates on 28 February 2022. In addition, the Lender Group has agreed to provide continued guarantee support for current and future projects being undertaken by the Group. Management has made considerable progress in reconfiguring the Group's organisational structure to improve operational performance and decrease overhead costs, including the reduction of the Group's overall headcount. This is an ongoing process which continues as the fluctuating aspects of the Restructuring Plan are being implemented.

The Restructuring Plan is anticipated to be implemented over the financial years ending February 2021 and February 2022 and, to the extent required, shareholder approval will be sought for this. Stefanutti Stocks will continue to update shareholders on the progress of the various aspects of the Restructuring Plan.

The Clayville Properties formed part of the Stocks Limited acquisition and have been part of the Stefanutti Stocks Group since 24 December 2008. The Properties have recently been used as a storage yard. In accordance with the Restructuring Plan, the Clayville Properties will be disposed of pursuant to the Transaction.

4. **SALIENT TERMS OF THE TRANSACTION**

4.1 **Effective and closing dates**

The effective date will be the date on which the conditions precedent to the Transaction have been fulfilled and the Transaction becomes unconditional.

4.2 **Purchase consideration**

Clayville Nutritionals has agreed to pay Stefanutti Stocks 5% (five per centum) of the Purchase Consideration as a deposit. The balance of the Purchase Consideration including VAT is to be paid in cash and secured by a written and unconditional irrevocable guarantee from a registered South African financial institution, payable free of exchange, against registration of transfer of the Clayville Properties into the Purchaser's name.

4.3 **Conditions precedent**

The Agreement is subject to conditions precedent customary for a transaction of this nature including (i) any regulatory and/or corporate approvals required for purposes of implementing the Agreement being obtained, including any Stefanutti Stocks shareholders' approval required for purposes of the Listings Requirements and (ii) the written consent of the Lender Group being obtained for purposes of implementing the Agreement, as the Properties are bonded in favour of the Lender Group as security in terms of the funding facilities as disclosed in **Annexure 5**. These suspensive conditions must be fulfilled by no later than 26 February 2021 in order for the Agreement to be implemented in accordance with its terms.

4.4 Transaction categorisation and shareholder approval

At the time of the auction and signing the Agreement, the Purchase Consideration, measured against the market capitalisation of Stefanutti Stocks resulted in a categorisation ratio of more than 30%. Accordingly, the Transaction is classified as a Category 1 Transaction in terms of paragraph 9.5 of the Listings Requirements and requires approval per an ordinary resolution passed by Stefanutti Stocks shareholders at a General Meeting, in terms of paragraph 9.20 of the Listings Requirements. In order for this resolution to be adopted, it must be approved by more than 50% of the voting rights exercised on the resolution by shareholders, present in person or by proxy at the General Meeting. For the avoidance of doubt, the Transaction does not constitute the greater part of the assets or undertaking of Stefanutti Stocks, as contemplated in section 112 of the Companies Act.

The Transaction is not with a related party and there are accordingly no related party transaction implications in terms of the Listings Requirements.

Accordingly, Stefanutti Stocks would still qualify for listing after implementation of the Transaction with remaining total assets of approximately R6.2 billion and will continue with operations through its existing businesses and divisions.

4.5 Net assets and attributable profits

As set out in the Annual Financial Statements of the Group for the year ended 29 February 2020, based on most recent valuations, the Clayville Properties are valued at R45.5 million (including a Revaluation Reserve of R24.1 million). The Transaction will result in a recognition of an impairment loss of R4.1 million after incurring costs to sell the Clayville Properties of R2 million plus VAT at 15% (Fifteen per centum).

5. FINANCIAL INFORMATION REGARDING THE TRANSACTION

In terms of the Listings Requirements, a Category 1 Transaction requires the disclosure of historical financial information of the Clayville Properties and the *pro forma* financial information showing the effects of the Transaction on the Company's statement of financial position and consolidated statement of profit and loss.

The consolidated annual financial statements of Stefanutti Stocks for the years ended 28 February 2018, 28 February 2019 and 29 February 2020 and the interim period ended 31 August 2020 will be available for inspection as described in paragraph 15 of this Circular.

The Reporting Accountant's Report on the carve out of the historical information of the Clayville Properties for the years reported is annexed hereto as **Annexure 3**.

5.1 The *pro forma* financial information is set out in **Annexure 1** of this Circular and is presented in accordance with the provisions of the Listings Requirements and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants. The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Board.

The accounting policies used in the preparation of the *pro forma* financial effects are compliant with IFRS and are consistent with those applied in the financial statements of Stefanutti Stocks for the six months ended 31 August 2020. It has been assumed, for purposes of the *pro forma* financial effects, that the Transaction took place with effect from 1 March 2020 for the *pro forma* condensed consolidated statement of profit or loss and as at 31 August 2020 for the *pro forma* condensed consolidated statement of financial position.

The *pro forma* financial information has been prepared for illustrative purposes only, to provide information on how the Transaction may have affected the financial position of Stefanutti Stocks. Due to its nature, the *pro forma* financial information may not fairly represent Stefanutti Stocks financial position, comprehensive income, changes in equity or cash flows after the Transaction.

The table below is a summary of the detailed *pro forma* financial information as set out in **Annexure 1**.

	Published interim results Note 1	Pro forma results after the Transaction Note 2	Net Impact	Change (%)
Net asset value per ordinary share (cents) ³	274.38	275.35	0.97	0.35
Net tangible asset value per ordinary share (cents)³	32.46	33.44	0.98	3.02
Earnings per share (“EPS”)⁴				
Basic EPS (cents)	147.06	145.05	(2.01)	(1.37)
Diluted EPS (cents)	147.06	145.05	(2.01)	(1.37)
Headline earning per share (“HEPS”)⁴				
Basic HEPS (cents)	128.42	126.40	(2.02)	(1.57)
Diluted HEPS (cents)	128.42	126.40	(2.02)	(1.57)
Shares in issue				
Weighted average Shares in issue for basic EPS	167 243 684	167 243 684	–	–
Weighted average Shares in issue for diluted EPS	188 080 746	188 080 746	–	–
Weighted average Shares in issue for basic HEPS	167 243 684	167 243 684	–	–
Weighted average Shares in issue for diluted HEPS	188 080 746	188 080 746	–	–

Notes and assumptions:

1. The “Published interim results” column has been extracted, without adjustment, from the Company’s interim results for the six months ended 31 August 2020, which can be accessed on Stefanutti Stocks’ website at: www.stefanuttistocks.com and is available for inspection at the registered office of Stefanutti Stocks as set out in paragraph 14 of this Circular.
2. The “Pro forma results after the Transaction” column reflects the impact of the *pro forma* adjustments on Stefanutti Stocks as a consequence of the Transaction. The effects of the Transaction are calculated on the assumption that the Purchase Consideration will be utilised to reduce interest-bearing borrowings.
3. *Pro forma* net asset and net tangible asset value per share are based on the principal assumption that the Transaction was effective on 31 August 2020.
4. *Pro forma* earnings and headline earnings per share are based on the principal assumption that the Transaction was effective on 1 March 2020.
5. Details of the *pro forma* financial effects of the Transaction on Stefanutti Stocks consolidated statement of profit or loss and consolidated statement of financial position for the six months ended 31 August 2020 are contained in **Annexure 1** to this Circular. The assumptions used in the preparation of the *pro forma* financial effects as well as the detailed notes and descriptions to the *pro forma* financial information are set out in **Annexure 1**.

5.2 The Independent Reporting Accountant’s assurance report on the *pro forma* financial information is set out in **Annexure 2** of this Circular.

6. APPLICATION OF PROCEEDS

The Transaction proceeds shall be applied in execution of the Restructuring Plan implemented by the Board and Chief Restructuring Officer as announced on SENS on 29 May 2020. In terms therefore, the net proceeds shall be applied as partial repayment of the existing debt facilities owed to the Lender Group in terms of the Restructuring Plan being implemented.

7. OVERVIEW OF STEFANUTTI STOCKS

Stefanutti Stocks is one of South Africa’s largest multidisciplinary construction groups with over 7 000 employees. The Group has the capacity to deliver a range of infrastructure development projects to clients across diverse sectors. All South African operations are divisions of Stefanutti Stocks Proprietary Limited, a Level 1 B-BBEE contributor.

The Company has a Grade 9 rating from the South African Construction Industry Development Board (CIDB), providing it with unlimited tender capability. Furthermore, its broad spectrum of expertise means that it has the capability and capacity to offer a single point responsibility on multidisciplinary (infrastructure development) projects, effectively removing the interface risk from the clients' domain.

The Stefanutti Stocks' range of capabilities covers multidisciplinary construction activities throughout the built environment. The business' offering extends across a wide scope including the construction of fixed infrastructure, municipal services, mining and industrial facilities and all structures and buildings essential for the continued development of the economies within which we operate. The Group's divisions and subsidiaries are specialists in a range of construction-related activities including building; civil engineering; electrical and instrumentation; geotechnical; marine; mechanical and piping; mining services; oil and gas; pipelines, roads and earthworks as well as general contracting.

Stefanutti Stocks operations offer a broad spectrum of capabilities to the following sectors:

- Building
- Bulk Earthworks and Geotechnical
- Energy Generation
- Industrial Plants, Oil and Gas
- Mining and Mining Infrastructure
- Transport Infrastructure (road, rail, marine and air)
- Water, Sanitation and Pipelines

8. STEFANUTTI STOCKS' PROSPECTS

The Group operations remain under pressure from a subdued market, notwithstanding the dire need for infrastructure investment as declared in terms of the South African Governments' Infrastructure Development Programme. The much-publicised issues with Eskom's non-payment of claims in terms of the SSBR JV at Kusile continue to place pressure on operational cash flows.

The Group's prospects in terms of the key management reporting areas are described below:

RESTRUCTURING PLAN

As previously disclosed to Shareholders through SENS, a strategic restructuring team has been appointed, including the appointment of a Chief Restructuring Officer, to advise on and assist with the development and implementation of a detailed turnaround programme for the Group.

The Restructuring Plan envisages, *inter alia*:

- the sale of non-core assets;
- the sale of under utilised plant and equipment;
- the sale of certain divisions/subsidiaries;
- internal restructuring initiatives required to restore optimal operational and financial performance;
- the securing of additional short-term funding of R430 million, of which R270 million relates to the negative effects of the national lockdown due to COVID-19;
- a favourable outcome from the processes relating to the contractual claims and compensation events on the Kusile power projects;
- the restructuring of the short-term funding received to date from the Lender Group into a term loan; and
- evaluation of an optimum business model and associated capital structure analysis including the potential of raising new equity.

The purpose of the Restructuring Plan is to put in place the optimal capital structure and access to liquidity to position the Group for long-term growth in this uncertain environment. In accordance with the Restructuring Plan the Lender Group has provided the requisite funding and converted the short-term funding agreement into a term loan on 1 July 2020, which loan terminates on 28 February 2022. In addition, the Lender Group has agreed to provide continued guarantee support for current and future projects being undertaken by the Group. Management has made considerable progress in reconfiguring the Group's organisational structure to improve operational performance and decrease overhead costs, including the reduction of the Group's overall headcount. This is an ongoing process which continues as the fluctuating aspects of the Restructuring Plan are being implemented.

The Restructuring Plan is anticipated to be implemented over the financial years ending February 2021 and February 2022 and, to the extent required, shareholder approval will be sought for this. Stefanutti Stocks will continue to update shareholders on the progress of the various aspects of the Restructuring Plan through SENS.

In accordance with the Restructuring Plan, the Clayville Properties, which have been owned by the Group since 24 December 2008, will be disposed of pursuant to the Transaction.

GOING CONCERN

The funding provided by the Lender Group has assisted in relieving the Group's liquidity pressures even though current liabilities exceed current assets at 31 August 2020.

In addition thereto, uncertainties surrounding the COVID-19 pandemic and contingent liabilities as noted in note 25 of the Group's Consolidated Annual Financial Statements for the year ended 29 February 2020, continue to indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern in the short term.

However, having converted the short-term funding agreement with the Lender Group to a term loan on 1 July 2020 and on the basis of successfully implementing the Restructuring Plan, the Directors consider it appropriate that the Group's results for the six months ended 31 August 2020 be prepared on the going-concern basis.

CONSTRUCTION AND MINING

Order book as at September 2020 – R4,5 billion

The Roads and Earthworks Division is still operating in a constrained market, where tender activity in the public sector has remained subdued. Despite the market conditions, the division has managed to secure a budgeted order book for the 2021 financial year and has a number of medium-term prospects which should secure the 2022 budget.

Initiatives implemented in the last financial year in respect of financial controls, focus on project selection and execution have started to pay dividends. The division has returned to profitability and while cash flow is constrained it is improving and manageable.

The Mining Services Division continues to face a number of challenges on various fronts. It was necessary to terminate two major loss making projects and while these terminations have reduced losses, they have put Contract Mining's order book under pressure, which is exacerbated by the fact that two long-term projects will be coming to an end in the short to medium term. Combined with the reduced order book, the plant fleet is aged and can only be renewed once long-term work is secured.

The Materials Handling and Tailing Divisions continue to deliver sound results, meeting both turnover and profit expectations.

The Coastal Division has produced satisfactory results against the backdrop of a constrained market. Anticipated projects such as the work on the N3 for SANRAL and the Port upgrade have been slow to award due to COVID-19 and other administrative challenges. However, Umgeni Water have put out a number of projects and the Coastal Division may be awarded some of this work. The Coastal Division has recently successfully completed projects for premier clients such as Vopak and Sasol.

The Civils Division continues to deliver satisfactory results, again against the backdrop of a constrained market and easing of COVID-19 restrictions. The division's order book is under pressure for the 2021 financial year but there are a number of opportunities presenting themselves in the Water, Renewable Energy and Transport space which may assist with this. Further, the work on the Kusile Power Station is progressing well, albeit at a reduced pace and is likely to continue until the end of 2021.

The Geotechnical Division continues to operate in a shrinking market which has seen a number of its historic competitors exit the industry. The division has seen a number of cross border opportunities and is currently working in Zambia on the new Livingstone Hotel. While local opportunities remain limited, we believe the upsurge in SANRAL road and bridge projects may present opportunities for the division.

The Eswatini (Swaziland) Division continues to perform well against budget and has a secured order book for the next two years which should put the division in a strong position for the short to medium term. The trading conditions in Eswatini are, however, becoming increasingly more competitive and political, our focus will be mostly on internationally funded projects and private clients as the Eswatini Government funded projects are almost certain to be awarded to the favoured local contractor. The division is on a

drive to execute its projects at better than tendered allowable thus improving its profitability as well as adding to its already strong cash position.

The Zambia Division has had a major turnaround in fortunes and is now looking very good for the next 24 months after going through a major restructuring due to lack of opportunities and substantial amounts of outstanding debtors. The award of the Livingstone Hotel project has provided a nice anchor project from which to rebuild a sustainable business turning over R250 million p/a with recent opportunities picking up and hopefully a longer-term upswing in the copper industry adding value to the construction sector. The Zambia Division continues to pursue its outstanding debtors with the Zambian Government and has seen a steady flow of payments since the beginning of the year.

The Botswana Division continues to perform well and remains on track with its budgets despite the effects of COVID-19 as well as being cash positive. The division could see major project opportunities coming to fruition from across the Botswana construction sector, however, these opportunities may take up to 18 months to materialise into project awards. With two of the division's projects reaching a conclusion at the end of the year it is imperative that the division secures another sizable project before the financial year-end. The current management team are working hard on building relationships which will support a sustainable business going forward with a balance of general construction works.

BUILDING

Order book as at September 2020 – R 2,7 billion

The building sector in South Africa experienced another challenging year in 2020, as weak infrastructure investment translated to a scarcity of large projects coming to market and greater pressure on margins.

The COVID-19 pandemic significantly contributed to the reduction of opportunities as well as a number of projects were also cancelled or delayed as a result.

Building reported mixed results across its operations, with reasonable performances from KwaZulu-Natal (KZN), Western Cape, Mozambique and the United Arab Emirates and a poor performance from Gauteng. To mitigate risk, the building business unit was more selective regarding the types of work being procured, which in itself put pressure on revenue and margin. In Gauteng, a new leadership team was appointed in September 2019 to turn the business around and create more opportunities in the Gauteng area.

Since August 2020, there has been a significant uptick in work opportunities and projects coming to market. This has been experienced across all three regions, some of these opportunities include: Western Cape – Data Centres valued at R1,2 billion, Commercial Buildings valued at R1,0 billion, Social Housing valued at R0,5 billion; KZN – Industrial Warehouses, R1,1 billion, Retail upgrades valued at R0,6 billion; Gauteng – Industrial Buildings valued at R2,0 billion, Hospital upgrades valued at R0,8 billion and production facility upgrades valued at R0,4 billion.

The Mozambique Division is tracking budget albeit a substantially reduced forecast primarily due to the delayed award of several potential prospects and still needs to secure R150 million of work to achieve its financial year-end results. The division has taken measures to reduce its holding cost in the interim and continues to pursue some of its projects. There are also expected short-term opportunities up north with the opening of borders and people able to travel regionally and soon internationally.

MECHANICAL AND ELECTRICAL

Order Book as at September 2020 – R200 million

A shortage of work in the surface mining infrastructure markets as well as the oil and gas sector continues to effect both South African as well as cross-border operations. The M & E Business Unit is critically short of work.

The oil and gas sector is restrained this year. Bidding activity has picked up the past quarter, which is encouraging, the engineering contractors and Sasol and Astron confirm that significant work will be executed from around April 2021. This is mainly related to clean fuels projects and the repair of the explosion damage at Astron.

ESKOM — KUSILE POWER PROJECT

SSBR JV – Package 16

Eskom continues with their adverse approach to certification. The expected cash inflows from Eskom on this project requires National Treasury approval, which to date has not been granted. Since 1 March 2020 only R13,8 million has been certified and paid.

All construction work will be completed within this financial year. With construction work coming to an end, we are in the process of agreeing the final account, all sectional final measurements for all structures have been submitted. All commissioning work will be completed by the end of the next calendar year.

As previously mentioned, the Group and Eskom have both committed to a claims resolution process which involves the appointment of independent experts to evaluate the causes of delays and the quantification thereof. The delay analysis process should be complete within the first quarter of next year, after which the quantum experts should be in a position to complete the quantification thereof. This claims resolution process remains on track to be substantially resolved by February 2022

Stefanutti Stocks Izazi JV – Package-28

As previously reported, Eskom terminated this contract due to their inability to provide access to complete the relevant works. Based on the works completed, as well as Eskom's termination of the contract, we contend that there are material amounts due to us.

We had already commenced an adjudication process in 2018. It has been agreed with Eskom to increase the matters under dispute to include the termination and final certification. For this reason, the adjudication ruling is only expected by August 2021.

AUDIT, GOVERNANCE AND RISK COMMITTEE – GENERAL RISK MANAGEMENT

The Board Risk Committee for the time being is focusing on the following aspects:

- › COVID-19 and the effect on the sustainability of the Group;
- › Going concern;
- › Solvency and liquidity;
- › Funding requirements and repayments;
- › Debtors recoverability;
- › Material contracts; and
- › Working capital requirements and movement.

9. ADDITIONAL INFORMATION ON STEFANUTTI STOCKS

9.1 Share capital of the Company

The table below shows the authorised and issued share capital of Stefanutti Stocks as at the Last Practicable Date:

	R'000
Authorised 400 000 000 ordinary shares of 0,00025 cents	
Total	1
Issued 188 080 746 ordinary shares of 0,00025 cents	–
Share premium	1 007 718
Total	1 007 718

9.2 Major Shareholders

Insofar as it is known to the Directors, shareholders who directly or indirectly beneficially held a 5% or greater shareholding in the issued ordinary share capital of Stefanutti Stocks, as at the Last Practicable Date were as follows:

Name of Shareholder	Number of Shares held	Direct Beneficial	Indirect Beneficial	% of issued share capital*
Stefanutti Stocks Investments Proprietary Limited	14 407 132	14 407 132	–	7,66
Ninety One	13 877 459	–	13 877 459	7,38
Welkom Investments	12 495 635	12 495 635	–	6,64
Sanlam Group	12 038 741	–	12 038 741	6,40
W Meyburgh	10 972 409	10 972 409	–	5,83
Total	63 791 376	37 875 176	25 916 200	33.91

*There is no controlling shareholder as at the Last Practicable Date.

9.3 Directors' remuneration and service contracts

The Directors' remuneration and benefits are set out below:

29 FEBRUARY 2020	Basic salary R'000	Other benefits (travel allowances) R'000	Total R'000	Post-employment benefits R'000	Total R'000
EXECUTIVE DIRECTORS					
RW Crawford – CEO (appointed 12 August 2019)	2 086	130	2 216	198	2 414
W Meyburgh – CEO (retired 12 August 2019)	2 679	333	3 012	189	3 201
AV Cocciantè – CFO	3 366	50	3 416	309	3 725

Contracts of employment with executive Directors of Stefanutti Stocks were concluded on terms and conditions that are standard for such appointments and contain normal terms of employment. The contracts of employment are available for inspection as described in paragraph 14 of this Circular.

There are no service contracts in place in respect of non executive Directors of Stefanutti Stocks.

9.4 Directors' interests in Stefanutti Stocks shares

The direct and indirect interests of the Directors, and their associates (including Directors who resigned in the last 18 months), in the ordinary share capital of Stefanutti Stocks, as at the Last Practicable Date, are set out below:

Director	Direct beneficial (number of shares)	Indirect beneficial (number of shares)	Percentage holding %
Non-executive			
DG Quinn	–	700 000	0.37
JM Poluta	–	150 612	0.08
Executive			
RW Crawford	7 693	–	–
W Meyburgh (resigned 12 August 2019)	10 972 409	–	5.83
AV Cocciantè	634 666	290 335	0.49
Total	11 614 768	1 140 947	6.77

There have been no dealings in Shares for the period beginning 1 September 2020 and ending on the Last Practicable Date by the Directors, including former Directors who have resigned during the 18 months prior to the Last Practicable Date.

9.5 Directors' interest in the Transaction

Other than as disclosed in this Circular, the Directors do not have any beneficial interest, whether direct or indirect, in the Transaction nor did they have any material interest in a transaction that was effected by Stefanutti Stocks during:

- the current or immediately preceding the financial year; or
- in an earlier financial year and remaining in any respect outstanding or unperformed.

9.6 Material loans and contracts of Stefanutti Stocks

Details relating to material loans made to Stefanutti Stocks are set out in **Annexure 5** of this Circular.

9.7 Material change

There have been no material changes in the financial or trading position of Stefanutti Stocks since the publication of the interim financial results for the six months ended 31 August 2020. At that date, the Stefanutti Stocks order book was R7,7 billion, and as of the most recent assessment being September 2020, the order book is R7,4 billion

9.8 Working capital statement

Having made due and careful enquiry as to the working capital requirements of Stefanutti Stocks for the 12 months following the date of issue of this Circular, the Board is of the opinion that the working capital facilities of Stefanutti Stocks and its subsidiaries are sufficient for the current requirements of Stefanutti Stocks and will be adequate for at least the next 12 months from the date of issue of this Circular. The Transaction will generate approximately R28 000 000 in freely available cash, which will be used by Stefanutti Stocks to strengthen its financial position and to reduce its overall existing debt, thereby contributing positively to the working capital requirements.

9.9 Litigation statement

Save as otherwise publicly disclosed, including in the Stefanutti Stocks Integrated Annual Report for the year ended 29 February 2020, there are no legal or arbitration proceedings, including proceedings that are pending or threatened, of which Stefanutti Stocks is aware, that may have or have had, in the 12-month period preceding the date of this Circular, a material effect on the Properties.

10. EXPENSES RELATING TO THE TRANSACTION

The estimated expenses that will be incurred by Stefanutti Stocks in respect of the Transaction are approximately ZAR769 000, excluding VAT and include the following:

Transaction costs		ZAR'000
Transaction Advisors	Metis/Birkett	100
Legal Advisors	Webber Wentzel	150
Transaction Sponsor	Bridge Capital Advisors Proprietary Limited	150
Independent Reporting Accountants	Mazars	188
JSE documentation fees	JSE Limited	53
Printing, publication, distribution and advertising expenses	Ince	78
Meeting scrutineers	Computershare	50
Total		769

11. **DIRECTORS' RESPONSIBILITY STATEMENT AND RECOMMENDATION**

The Directors, whose names are set out on page 9 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to Stefanutti Stocks and certify that, to the best of their knowledge and belief, no material facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information as required by the Listings Requirements.

The Transaction forms part of the disposal of certain non-core assets envisaged by the Restructuring Plan. Prior to accepting the offer in relation to the Transaction, the Group engaged in considerable effort marketing the Properties during the COVID-19 period and thereafter placed the Properties on auction. In considering the terms of the offer received and acknowledging the risks associated with this method of disposal, the predetermined reserve price was achieved. Accordingly, the Board is of the view that the Transaction is in the best interests of the Company and will allow it to access the proceeds being realised therefrom in accordance with the Restructuring Plan, and to this end the Board, recommends that shareholders vote in favour of the ordinary resolution necessary to effect the Transaction.

12. **CONSENTS**

All parties detailed in the "Corporate Information" section on the inside front cover page of this Circular have consented in writing to the inclusion of their names and reports in the Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular. The independent reporting accountant, being Mazars, has consented to references to its reports in the form and context in which they appear, and has not withdrawn its consents prior to the publication of the Circular.

13. **GENERAL MEETING AND VOTING RIGHTS**

A General Meeting of Stefanutti Stocks shareholders will be held entirely by electronic communication on Friday, 22 January 2021 at 09:00 in order to consider, and if deemed fit, pass, with or without modification, the resolutions set out in the Notice of General Meeting attached and forming part of this Circular.

Shareholders are referred to the Notice of General Meeting attached to this Circular for detail on the resolutions to be proposed at the General Meeting and to the "Action Required by shareholders" section of this Circular for information on the procedure to be followed by shareholders in order to participate and to exercise their votes at the General Meeting.

Every shareholder present or represented by proxy at the General Meeting shall have all votes determined in accordance with the voting rights associated with the Stefanutti Stocks shares held by that shareholder.

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three shareholders present in person. In addition:

- the General Meeting may not begin until sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting; and
- a matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

Every shareholder present or represented by proxy and entitled to exercise voting rights at the General Meeting shall be entitled to vote on a show of hands, irrespective of the number of the voting rights that shareholder would otherwise be entitled to exercise. On a poll, any person who is present at the General Meeting, whether as a shareholder or as proxy for a shareholder, has the number of votes determined in accordance with the voting rights associated with the Stefanutti Stocks shares held by that shareholder.

The General Meeting will be held entirely by electronic communication in accordance with the MOI and the Companies Act.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the registered offices of Stefanutti Stocks at 9 Palala Street, Protec Park, Cnr. Zuurfontein Avenue and Oranjerivier Drive, Kempton Park, 1619, and will also be electronically available by making an email request to the Company Secretary at w.somerville@mweb.co.za, from the date of publication of this Circular up to and including the date of the General Meeting:

- the MOI of Stefanutti Stocks and its major subsidiaries;
- the Agreement;
- the signed Independent reporting accountant's assurance report on the compilation of the *pro forma* financial information set out in **Annexure 2**;
- the signed Independent reporting accountant's report on the report of historical financial information set out in **Annexure 3** and **4**;
- Directors' service contracts;
- material contracts referenced in paragraph 9.6 and **Annexure 6** of this Circular;
- the signed independent valuer's report on the Clayville Properties set out in **Annexure 7**;
- the advisors' consents as per paragraph 12 of this Circular;
- carve out of the Clayville Properties annual financial statements for the three years ended 29 February 2020, 28 February 2019 and 28 February 2018;
- carve out of the Clayville Properties interim financial statements for the six months ended 31 August 2020; and
- a signed copy of this Circular.

On behalf of the Board

RW Crawford
Chief Executive Officer

14 December 2020

PRO FORMA FINANCIAL INFORMATION

PRO FORMA FINANCIAL INFORMATION ON THE TRANSACTION

Basis of preparation

The definitions and interpretations commencing on page 7 of the Circular have been used throughout this Annexure. The *pro forma* financial information should be read in conjunction with paragraph 5 of the Circular.

Set out below is the *pro forma* statement of financial position and statement of comprehensive income of Stefanutti Stocks, showing the *pro forma* effects of the transaction (the "*pro forma* financial information").

The *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the transaction may have affected the financial position of Stefanutti Stocks, assuming it was implemented on 1 March 2020 for purposes of the *pro forma* statement of comprehensive income and 31 August 2020 for purposes of the *pro forma* statement of financial position. Because of its nature, the *pro forma* financial information may not fairly represent Stefanutti Stocks financial position, changes in equity, results of operations or cash flows after the transaction.

The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Board of Directors. The *pro forma* financial information has been prepared in accordance with Stefanutti Stocks accounting policies and in compliance with IFRS.

The *pro forma* financial information should be read in conjunction with the independent reporting accountant's assurance report thereon, which is presented in **Annexure 2**.

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 AUGUST 2020

	Unaudited six months ended 31 August 2020	Adjustments resulting from disposal of Clayville Properties	Transaction costs	<i>Pro forma</i> after disposal
Continuing operations				
Contract revenue	1 662 230	–	–	1 662 230
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(44 952)	–	(769)	(45 721)
Depreciation and amortisation	(33 216)	–	–	(33 216)
Impairment of assets (assumption 4)	(22 982)	(18)	–	(23 000)
Operating loss before investment income	(101 150)	(18)	(769)	(101 937)
Investment income	18 627	–	–	18 627
Share of profits of equity-accounted investees	6 966	–	–	6 966
Operating loss before finance costs	(75 557)	(18)	(769)	(76 344)
Finance costs (assumption 6)	(56 943)	1 750	–	(55 193)
Loss before taxation	(132 500)	1 732	(769)	(131 537)
Taxation (assumption 7 & 9)	(36 658)	2 402	–	(34 256)
Loss for the period	(169 158)	4 134	(769)	(165 793)
Loss after tax for the period from discontinued operations	(80 123)	–	–	(80 123)
Loss for the period	(249 281)	4 134	(769)	(245 916)

	Unaudited six months ended 31 August 2020	Adjustments resulting from disposal of Clayville Properties	Transaction costs	Pro forma after disposal
Other comprehensive income:	(23 615)	–	–	(23 615)
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))	2 431	–	–	2 431
Impairment losses on revalued assets	(26 046)	–	–	(26 046)
Total comprehensive income	(272 896)	4 134	(769)	(269 531)
Loss attributable to:				
Equity holders of the company	(245 951)	4 134	(769)	(242 586)
Continuing operations	(165 828)	4 134	(769)	(162 463)
Discontinued operations	(80 123)	–	–	(80 123)
Non-controlling interest	(3 330)	–	–	(3 330)
Continuing operations	(3 330)	–	–	(3 330)
Discontinued operations	–	–	–	–
	(249 281)	4 134	(769)	(245 916)
Total comprehensive income attributable to:				
Equity holders of the company	(271 028)	4 134	(769)	(267 663)
Continuing operations	(169 725)	4 134	(769)	(166 360)
Discontinued operations	(101 303)	–	–	(101 303)
Non-controlling interest	(1 868)	–	–	(1 868)
Continuing operations	(1 868)	–	–	(1 868)
Discontinued operations	–	–	–	–
	(272 896)	4 134	(769)	(269 531)
Earnings per share (cents)				
Continuing operations	(99.15)	2.47	(0.46)	(97.14)
Discontinued operations	(47.91)	–	–	(47.91)
Total operations	(147.06)	2.47	(0.46)	(145.05)
Diluted earnings per share (cents)				
Continuing operations	(99.15)	2.47	(0.46)	(97.14)
Discontinued operations	(47.91)	–	–	(47.91)
Total operations	(147.06)	2.47	(0.46)	(145.05)
Number of weighted average Shares in issue	167 243 684	167 243 684	167 243 684	167 243 684
Number of diluted weighted average Shares in issue	188 080 746	188 080 746	188 080 746	188 080 746

	Unaudited six months ended 31 August 2020	Adjustments resulting from disposal of Clayville Properties	Transaction costs	<i>Pro forma</i> after disposal
Earnings per share (cents) – Continuing operations				
EPS	(99.15)	2.47	(0.46)	(97.14)
Diluted EPS	(99.15)	2.47	(0.46)	(97.14)
HEPS	(86.01)	2.48	(0.46)	(83.99)
Diluted HEPS	(86.01)	2.48	(0.46)	(83.99)
Earnings per share (cents) – Total operations				
EPS	(147.06)	2.47	(0.46)	(145.05)
Diluted EPS	(147.06)	2.47	(0.46)	(145.05)
HEPS	(128.42)	2.48	(0.46)	(126.40)
Diluted HEPS	(128.42)	2.48	(0.46)	(126.40)
Headline earnings reconciliation:				
Continuing operations				
Loss attributable to equity holders of the company	(165 828)	4 134	(769)	(162 463)
Profit on disposal of property, plant and equipment	(3 317)	–	–	(3 317)
Tax effect	928			928
Net loss on sale of subsidiaries	1 387	–	–	1 387
Impairment of assets/goodwill	22 982	18	–	23 000
Headline earnings	(143 848)	4 152	(769)	(140 465)
Total operations				
Loss attributable to equity holders of the company	(245 951)	4 134	(769)	(242 586)
Profit on disposal of property, plant and equipment	(10 781)	–	–	(10 781)
Tax effect	3 020			3 020
Net loss on sale of subsidiaries	1 387	–	–	1 387
Loss on re-measurement to fair value less costs to sell	12 953	–	–	12 953
Impairment of assets/goodwill (assumption 4)	24 603	18	–	24 621
Headline earnings	(214 769)	4 152	(769)	(211 386)

Notes and assumptions

1. The *pro forma* Statement of Comprehensive Income (“SOCl”) figures illustrate the possible financial effects if the transaction had taken place on 1 March 2020.
2. The *pro forma* SOCl (“Unaudited six months ended 31 August 2020” column) has been extracted from the published unaudited financial information of Stefanutti Stocks for the period ended 31 August 2020, as released on SENS on 26 November 2020.
3. Depreciation and expenses related to the property (expenses that would have had a continuing effect) have been reversed. The costs associated with the move (expenses that would not have a continuing effect) from the Clayville properties to the Group’s current offices have been brought into account, at an amount equal to the depreciation and property expenses reversed.
4. An additional impairment expense, that will not have a continuing effect, of R18 000 has been recognised in the income statement before reclassification to non-current assets held for sale.

5. The proceeds, as per the sale agreement of R28 million (also the value of the property included in non-current assets held for sale balance as at 31 August 2020) will be utilised for settlement of current debt.
6. The settlement of debt will result in a decrease of finance costs of R1,750 million (continuing effect on the income statement), which was calculated using an interest rate of 12.5%.
7. No provision for current tax was made on any of the above transactions as the Group is currently in a tax loss position

PRO FORMA STATEMENT OF FINANCIAL POSITION AT 31 AUGUST 2020

R'000

	Unaudited six months ended 31 August 2020	Adjustments resulting from disposal of Clayville Properties	Transaction costs	Pro forma after disposal
Assets				
Non-current assets	1 168 763	2 402	–	1 171 165
Property, plant and equipment	488 041	–	–	488 041
Equity-accounted investees	29 526	–	–	29 526
Goodwill and intangible assets	404 591	–	–	404 591
Deferred tax assets (assumption 9)	246 605	2 402	–	249 007
Current assets	3 341 073	–	(769)	3 340 304
Other current assets	2 481 975	–	–	2 481 975
Taxation	85 307	–	–	85 307
Bank balances	773 791	–	(769)	773 022
Non-current assets held for sale (assumption 10)	1 734 712	(28 000)	–	1 706 712
Total assets	6 244 548	(25 598)	(769)	6 218 181
Equity and liabilities				
Capital and reserves	438 770	2 402	(769)	440 403
Share capital and premium	1 007 718	–	–	1 007 718
Other reserves (assumption 9)	203 358	(8 323)	–	195 035
Retained earnings (assumption 9)	(752 200)	10 725	(769)	(742 244)
Equity holders of the company (assumption 9)	458 876	2 402	(769)	460 509
Non-controlling interests	(20 106)	–	–	(20 106)
Liabilities				
Non-current liabilities	480 740	–	–	480 740
Other financial liabilities	222 275	–	–	222 275
Excess billings over work done	171 010	–	–	171 010
Provisions	87 455	–	–	87 455

	Unaudited six months ended 31 August 2020	Adjustments resulting from disposal of Clayville Properties	Transaction costs	<i>Pro forma</i> after disposal
Current liabilities	4 512 094	(28 000)	–	4 484 094
Other current liabilities (assumption 10)	2 565 936	(28 000)	–	2 537 936
Excess billings over work done	1 108 561	–	–	1 108 561
Provisions	728 652	–	–	728 652
Taxation	90 760	–	–	90 760
Bank overdraft	18 185	–	–	18 185
Liabilities directly associated with discontinued operations	812 944	–	–	812 944
Total equity and liabilities	6 244 548	(25 598)	(769)	6 218 181

Notes and assumptions:

8. The *pro forma* SOFP (“Unaudited six months ended 31 August 2020” column) has been extracted from the published unaudited financial information of Stefanutti Stocks for the period ended 31 August 2020, as released on SENS on 26 November 2020.
9. The remaining net revaluation reserve of R8.3 million realises directly into retained earnings on disposal of the property, and the deferred tax liability of R2.4 million is recognised in the statement of profit or loss.
10. The proceeds, as per the sale agreement of R28 million (also the value of the property included in non-current assets held for sale balance as at 31 August 2020) will be utilised for settlement of current debt.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION

14 December 2020

The Directors of Stefanutti Stocks Holdings Limited
No. 9 Palala Street, Protec Park
Cnr Zuurfontein Avenue and Oranjerivier Drive
Chloorkop
Kempton Park
1619

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF THE GROUP

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Stefanutti Stocks Holdings Limited ("Stefanutti" or "the Group") by the Directors.

The *pro forma* financial information, as set out in **Annexure 1** of the Circular, consist of a Consolidated Statement of Comprehensive Income and a Consolidated *pro forma* Statement of Financial Position and related assumptions. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the corporate action or event, described in the Circular, on the Group's financial position as at 31 August 2020 for purposes of the Statement of Financial Position and 1 March 2020 for the Statement of Comprehensive Income. As part of this process, information about the Group's financial position and financial performance has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the period ended 31 August 2020.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements and described in **Annexure 1** of the Circular and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2014 ("Applicable Criteria").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code), which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Mazars applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

INDEPENDENT REPORTING ACCOUNTANT'S 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 on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements 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 which is applicable to an engagement of this nature. This standard requires that we

comply with the ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, 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 historical financial information used in the compiling of the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* Financial Information.

As the purpose of *pro forma* financial information included in a Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event has occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 29 February 2020 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria, involves performing procedure to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our 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 of opinion.

OPINION

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Limited (JSE) Listings Requirements and described in **Annexure 1**.

RESTRICTION OF USE

This report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.

MAZARS

Registered Auditors
Partner: Susan Truter
Registered Auditor
Chartered Accountants (SA)

14 December 2020

Mazars House, 54 Glenhove Road, Melrose Estate

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE SPECIAL PURPOSE CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE PROPERTY

14 December 2020

The Directors of Stefanutti Stocks Holdings Limited
No. 9 Palala Street,
Protec Park
Cnr Zuurfontein Avenue and Oranjerivier Drive
Chloorkop
Kempton Park
1619

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE SPECIAL PURPOSE CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE PROPERTY FOR THE PERIOD ENDED 31 AUGUST 2020 AND THE THREE YEARS ENDED 29 FEBRUARY 2020, 28 FEBRUARY 2019 AND 28 FEBRUARY 2018

The definitions and interpretations commencing on page 7 of the Circular to which this letter is attached apply, *mutatis mutandis*, to this report.

Introduction

At your request, and for the purposes of the Circular, we have audited the Historical Financial Information of the Property for period ended 29 February 2020 and reviewed the period ended 31 August 2020, 28 February 2019 and 28 February 2018. Presented in the report of historical financial information of the carve-out financial information on the Property in **Annexure 4** to the Circular (collectively "Special Purpose Carve-out historical Financial Information").

The Special Purpose Carve-Out Historical Financial Information includes the Historical Statement of net assets as at 31 August 2020, 29 February 2020, 28 February 2019 and 28 February 2018 and the Historical Statement of direct income and expenses for the period ended 31 August 2020 and years ended 29 February 2020, 28 February 2019 and 28 February 2018, and notes to the historical statements of direct income and expenses and net asset position of the property, including a summary of significant accounting policies as presented in **Annexure 4** to the Circular which is prepared in accordance with the basis of preparation paragraph included in **Annexure 4** to the Circular.

The Directors of Stefanutti Stocks are responsible for the preparation of the Special Purpose Carve-Out Historical Financial Information. The Directors are responsible for the compilation, contents and preparation of the Circular which includes the Special Purpose Carve-Out Historical Financial Information for the period ended 31 August 2020 and years ended 29 February 2020, 28 February 2019 and 28 February 2018 in accordance with the JSE Listings Requirements.

Mazars is the independent auditor to Stefanutti Stocks Holdings Limited Group.

Special Purpose Carve-Out Historical Financial Information for the year ended 29 February 2020

Independent Reporting Accountant's Audit report on the Special Purpose Carve-out Historical Financial Information

Opinion

We have audited the Special Purpose Carve-Out Historical Financial Information of the Property, which comprise the historical statement of financial position as 29 February 2020 and the historical statement of direct income and expenses for the periods/years then ended, and notes to the historical statements of direct income and expenses and financial position, including a summary of significant accounting policies, as presented in **Annexure 4** to the Circular.

In our opinion, the Special Purpose Carve-Out Historical Financial Information of the Properties for the year ended 29 February 2020 are prepared, in all material respects, in accordance with the basis of preparation paragraph included in **Annexure 4** to the Circular.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Independent Reporting Accountant’s Responsibilities for the Special Purpose Carve-out Historical Financial Information section of our report. We are independent of Stefanutti Stocks in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of preparation

We draw attention to the basis of preparation paragraph to the Special Purpose Carve-out Historical Financial Information of the Property included in **Annexure 4**, which describes the basis of preparation, including the approach to and the purpose for preparing the financial information. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors of Stefanutti Stocks for the Special Purpose Carve-out Historical Financial Information

The Directors are responsible for the preparation of the Special Purpose Carve-Out Historical Financial Information in accordance with the basis of preparation paragraph included in **Annexure 4** to the Circular and the Listings Requirements, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the Directors determine is necessary to enable the preparation of the Special Purpose Carve-Out Historical Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Carve-Out Historical Financial Information the Directors are responsible for assessing the ability of the Property to continue as a going concern as if the assets had operated as an independent entity, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless the Directors either intend to liquidate the Property or to cease operations, or have no realistic alternative but to do so.

Independent Reporting Accountant’s responsibilities for the Audit of the Special Purpose Carve-out Historical Financial Information for year ended 29 February 2020

Our objectives are to obtain reasonable assurance about whether the Special Purpose Carve-Out Historical Financial Information is free from material misstatement, whether due to fraud or error, and to issue an independent reporting accountant’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Special Purpose Carve-Out Historical Financial Information for the year ended 29 February 2020.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Carve-Out Historical Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Stefanutti Stocks internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of Stefanutti Stocks.

- Conclude on the appropriateness of the Directors' use of the going-concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Properties to continue as a going concern as if the assets had operated as an independent entity. If we conclude that a material uncertainty exists, we are required to draw attention in our independent reporting accountant's report to the related disclosures in the Special Purpose Carve-Out Historical Financial Information or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our independent reporting accountant's report. However, future events or conditions may cause the Properties to cease to continue as a going concern.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Historical consolidated financial information for the period ended 31 August 2020 and years ended 28 February 2019 and 28 February 2018

Independent Reporting Accountant's Review report on the Special Purpose Carve-out Historical Financial Information

We have reviewed the historical consolidated financial information of the Special Purpose Carve-Out Historical Financial Information of the Property, as presented in **Annexure 4** to the Circular, which comprise the consolidated statements of financial position as at 31 August 2020, 28 February 2019 and 28 February 2018 and the historical statement of direct income and expenses for the periods/years then ended, and notes to the historical statements of direct income and expenses and financial position, including a summary of significant accounting policies, as presented in **Annexure 4** to the Circular.

Directors' responsibility for the historical consolidated financial information

The Directors are responsible for the preparation and fair presentation of the historical consolidated financial information in accordance with the basis of preparation and the JSE Listings Requirements, and for such internal control as the Directors determine is necessary to enable the preparation of historical consolidated financial information that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the historical consolidated financial information for the period ended 31 August 2020 and the years ended 28 February 2019 and 28 February 2018

Our responsibility is to express a conclusion on the Special Purpose Carve-Out Historical Financial Information of the Property. We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2400, *Engagements to Review Financial Statements*. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the historical consolidated financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2400 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the historical consolidated financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Special Purpose Carve-Out Historical Financial Information of the Property for the period ended 31 August 2020 and the years ended 28 February 2019 and 28 February 2018 do not present fairly, in all material respects, the historical statements of financial position as at 31 August 2020, 28 February 2019 and 28 February 2018 and the historical statements of direct income and expenses for the periods/years then ended, and notes to the historical statements of direct income and expenses and financial position, including a summary of significant accounting policies, as presented in **Annexure 4** to the Circular in accordance with the basis of preparation in note 1 and the JSE Listings Requirements.

Purpose of the report

The purpose of our report is for the Circular of Stefanutti Stocks Holdings Limited and is not to be used for any other purpose.

MAZARS**Registered Auditors**

Per: Susan Truter

Partner

Registered Auditor

Chartered Accountant (SA)

Mazars House

Glenhove Road

Melrose Estate, 2196

EXTRACTS OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS RELATING TO THE CARVE OUT FOR THE YEARS ENDED 28 FEBRUARY 2018, 28 FEBRUARY 2019, 29 FEBRUARY 2020 AND 31 AUGUST 2020

Introduction and basis of preparation

As announced on SENS on 21 October 2020 Stefanutti Stocks Proprietary Limited has entered into an agreement dated 19 October 2020 with Clayville Nutritionals Proprietary Limited (“the Purchaser”) to dispose of four properties being Erf 447 Clayville Ext 4; Erf 955 Clayville Ext 4; Portion 1 of Erf 955 Clayville Ext 4 and Portion 1 of Erf 1621 Clayville Ext 4 known as 6 and 10 Industry Road Clayville Ext 4 (“the Clayville Properties”).

The Clayville Properties will be purchased by Clayville Nutritionals Proprietary Limited, registration number 2019/082860/07 (“Clayville Nutritionals”) for a purchase consideration of R30 million (Thirty Million Rand) excluding Value Added Tax (“VAT”), that is R34.5 million (Thirty four million and five hundred thousand Rand) with VAT (“the Purchase Consideration”), subject to the fulfilment of conditions typical to a transaction of this nature, including receiving the approval of the requisite majority of the shareholders of Stefanutti Stocks. Commission of R2 million will be deducted from the purchase consideration of R30 million.

As previously disclosed to shareholders, a strategic restructuring team has been appointed, including the appointment of a Chief Restructuring Officer, to advise on and assist with the development and implementation of a detailed turnaround programme for the Group, including the securing of requisite additional short-term funding from the company’s primary banker and guarantee providers (“Lenders”) and the subsequent restructuring of all such short-term funding into appropriate longer-term funding (the “Restructuring Plan”). The Restructuring Plan envisages, *inter alia*:

- (i) the sale of non-core assets;
- (ii) the sale of underutilised plant and equipment;
- (iii) the sale of certain divisions/subsidiaries;
- (iv) internal restructuring initiatives required to restore optimal operational and financial performance;
- (v) the securing of additional short-term funding of R430 million, of which R270 million relates to the negative effects of the national lockdown due to the COVID-19;
- (vi) a favourable outcome from the processes, relating to the contractual claims and compensation events on the Kusile power project;
- (vii) the restructuring of the short-term funding received to date from the Lenders into a term loan; and
- (viii) evaluation of an optimum business model and associated capital structure analysis including the potential of raising new equity.

The purpose of the Restructuring Plan is to put in place the optimal capital structure and access to liquidity to position the Group for long-term growth in this dynamic environment and to this end and in accordance with the Restructuring Plan, the Clayville Properties, which have been owned by the Group since 24 December 2008, will be disposed of pursuant to the Transaction.

This Special Purpose Carve-Out Historical Financial Information has been prepared in accordance with paragraph 8.2(e) of the JSE Listings Requirements which requires, *pro forma*, that the Special Purpose Carve-Out Historical Financial Information be presented in respect of the subject of the Category 1 transaction, namely, the Disposal Property.

Cash flow statements and statements of changes in equity have not been presented in this Special Purpose Carve-Out Historical Financial Information as this is not considered to be meaningful as the company is disposing of a single asset and not a revenue generating business unit or separate legal entity with separate equity and cash flows.

The Special Purpose Carve-Out Historical Financial Information has been extracted from the audited financial statements of the company for the years ended 28 February 2018, 28 February 2019 and 29 February 2020 as well as the unaudited results for the six-month period ending 31 August 2020. The Special Purpose Carve-

Out Historical Financial Information has been prepared in accordance with the accounting policies of the company in compliance with IFRS and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The Special Purpose Carve-Out Historical Financial Information has been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

Mazars, who is the Independent Reporting Accountant to the company, conducted the review of the Special Purpose Carve-Out Historical Financial Information for the period ended 31 August 2020 and years ended 28 February 2019 and 28 February 2018 and audit of the Special Purpose Carve-Out Historical Information for the year ended 29 February 2020 in accordance with International Standards on Auditing and reported without qualification on the Special Purpose Carve-Out Historical Financial Information.

The Directors are responsible for the preparation and presentation of the Special Purpose Carve-Out Historical Financial Information.

CARVE-OUT HISTORICAL INFORMATION AT 28 FEBRUARY 2018, 28 FEBRUARY 2019, 29 FEBRUARY 2020 AND 31 AUGUST 2020

	Reviewed six months ended 31 August 2020	Audited 29 February 2020	Reviewed 28 February 2019	Reviewed 28 February 2018
Continuing operations				
Contract revenue	–	–	–	–
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(1 344)	(2 281)	(3 703)	(1 849)
Depreciation and amortisation	(18)	(36)	(36)	(36)
Impairment of assets	(4 075)	–	–	–
Operating loss before investment income	(5 437)	(2 317)	(3 739)	(1 885)
Investment income	–	–	–	–
Share of profits of equity-accounted investees	–	–	–	–
Operating loss before finance costs	(5 437)	(2 317)	(3 739)	(1 885)
Finance costs	–	–	–	–
Loss before taxation	(5 437)	(2 317)	(3 739)	(1 885)
Taxation	–	–	–	–
Loss for the period	(5 437)	(2 317)	(3 739)	(1 885)
Loss after tax for the period from discontinued operations	–	–	–	–
Loss for the period	(5 437)	(2 317)	(3 739)	(1 885)
Other comprehensive income:	(10 397)	–	–	–
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))	–	–	–	–
Impairment losses on revalued assets	(10 397)	–	–	–
Total comprehensive income	(15 834)	(2 317)	(3 739)	(1 885)

	Reviewed six months ended 31 August 2020	Audited 29 February 2020	Reviewed 28 February 2019	Reviewed 28 February 2018
Loss attributable to:				
Equity holders of the company	(5 437)	(2 317)	(3 739)	(1 885)
Continuing operations	(5 437)	(2 317)	(3 739)	(1 885)
Discontinued operations	–	–	–	–
Non-controlling interest	–	–	–	–
Continuing operations	–	–	–	–
Discontinued operations	–	–	–	–
	(5 437)	(2 317)	(3 739)	(1 885)
Total comprehensive income attributable to:				
Equity holders of the company	(15 834)	(2 317)	(3 739)	(1 885)
Continuing operations	(15 834)	(2 317)	(3 739)	(1 885)
Discontinued operations	–	–	–	–
Non-controlling interest	–	–	–	–
Continuing operations	–	–	–	–
Discontinued operations	–	–	–	–
	(15 834)	(2 317)	(3 739)	(1 885)
Earnings per share (cents)				
Continuing operations	(3.25)	(1.39)	(2.23)	(1.10)
Discontinued operations	–	–	–	–
Total operations	(3.25)	(1.39)	(2.23)	(1.10)
Diluted earnings per share (cents)				
Continuing operations	(3.25)	(1.39)	(2.23)	(1.10)
Discontinued operations	–	–	–	–
Total operations	(3.25)	(1.39)	(2.23)	(1.10)
Number of weighted average Shares in issue				
Number of weighted average Shares in issue	167 243 684	167 243 684	167 836 344	170 748 789
Number of diluted weighted average Shares in issue				
Number of diluted weighted average Shares in issue	188 080 746	188 080 746	188 080 746	188 080 746
Earnings per share (cents) – Continuing and total operations				
EPS	(3.25)	(1.39)	(2.23)	(1.10)
Diluted EPS	(3.25)	(1.39)	(2.23)	(1.10)
HEPS	(0.81)	(1.39)	(2.23)	(1.10)
Diluted HEPS	(0.81)	(1.39)	(2.23)	(1.10)

Net asset statement

	Notes	Unaudited 31 August 2020 R'000	Audited 2020 R'000	Audited 2019 R'000	Audited 2018 R'000
ASSETS					
Non-current assets		–	45 492	45 528	45 564
Property, plant and equipment	2	–	45 492	45 528	45 564
Non-current assets held for sale		28 000	–	–	–
Assets		28 000	45 492	45 528	45 564
EQUITY AND LIABILITIES					
Capital and reserves		8 323	18 720	18 720	18 720
Other reserves – Revaluation reserve		8 323	18 720	18 720	18 720
Non-current liabilities		2 402	5 404	5 404	5 404
Deferred tax	3	2 402	5 404	5 404	5 404
Equity and liabilities		10 725	24 124	24 124	24 124
Total net assets		17 275	21 368	21 404	21 440

Notes to the carve-out financial statements:

1. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

PROPERTY, PLANT AND EQUIPMENT

Valuations

Valuations are performed generally every five years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A valuation was performed on 28 February 2017 by an accredited independent valuer. Properties were valued by either applying the Comparable Sales Method or Income Capitalisation Method. To determine which method would be the most appropriate for each property, cognisance was taken of the following relevant to each property: Each property's general uniqueness, durability, proximity of location, relatively "limited" supply, and the specific utility of a given site.

The Income Capitalisation Method of valuation entails the determination of the Net Annual Income for the property, which is then capitalised at an appropriate market related capitalisation rate. This method of valuation is best suited for income-producing properties.

The Comparable Sales Method approach entails the identification, analysis and application of recent comparable sales involving physically and legally similar units in the general proximity of the property to be valued. This method of valuation is best suited for non-income producing properties. This valuation included a review of title deed information, town planning conditions, property descriptions and improvements as well as locality. Market conditions and demand, comparable sales and vacant land values were also taken into consideration.

Useful lives

The useful life of an asset is the period over which the Group expects to utilise the benefits embodied in the assets, and not necessarily the asset's economic life. Useful lives of assets are reviewed annually. The Group uses the following indicators to determine useful life:

Expected usage of assets

Expected physical wear and tear

Technical and commercial obsolescence

The estimated useful lives assigned to the categories of Property, Plant and Equipment (owned and instalment sales) are as follows:

Buildings: 50 years

Plant and equipment: 5 – 10 years

Transport and motor vehicles: 3 – 10 years

Furniture, fittings, office and computer equipment: 3 – 8 years

Residual values

An estimate is made of the amount the Group would expect to receive currently for the asset, if the asset was already of the age and condition expected at the end of its useful life. These residual values of property, plant and equipment are reviewed annually, by comparing it to the disposal value of comparative assets in the market.

TAXATION

Use and sales rate

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate of 22,4% (2019:22,4%) is used for South African assets and foreign tax rates for foreign entities.

If the expected manner of recovery is through use, the normal tax rate of 28,00% (2019: 28,00%) is applied for South African assets and foreign tax rates for foreign entities.

If the manner of recovery is partly through use and partly through sale, a combination of capital gains tax rate and normal tax rate is used.

2. **PROPERTY, PLANT AND EQUIPMENT**

	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
August 2020	–	–	–
Land and buildings	–	–	–
February 2020	45 600	(108)	45 492
Land and buildings	45 600	(108)	45 492
February 2019	45 600	(72)	45 528
Land and buildings	45 600	(72)	45 528
February 2018	45 600	(36)	45 564
Land and buildings	45 600	(36)	45 564

Reconciliation of carrying value of land and buildings

	Land and buildings R'000
31 August 2020	
Carrying value at the beginning of the year	45 492
Depreciation	(18)
Impairment recognised in revaluation reserve	(13 399)
Impairment recognised in statement of profit or loss	(4 075)
Reclassified to non-current assets held for sale	(28 000)
Carrying value at the end of the period	–
29 February 2020	
Carrying value at the beginning of the year	45 528
Depreciation	(36)
Carrying value at the end of the year	45 492
28 February 2019	
Carrying value at the beginning of the year	45 564
Depreciation	(36)
Carrying value at the end of the year	45 528
28 February 2018	
Carrying value at the beginning of the year	45 600
Depreciation	(36)
Carrying value at the end of the year	45 564

3. **DEFERRED TAXATION**

Reconciliation of deferred tax movement:

	Land and buildings R'000
31 August 2020	
Carrying value at the beginning of the year	5 404
Movement during the period attributable to recognition of impairment against revaluation reserves	(3 002)
Carrying value at the end of the period	2 402
29 February 2020	
Carrying value at the end of the year	5 404
28 February 2019	
Carrying value at the end of the year	5 404
28 February 2018	
Carrying value at the end of the year	5 404

4. **FAIR VALUE – ASSETS**

MEASUREMENT OF FAIR VALUE

The fair value measurement for land and buildings has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

VALUATION TECHNIQUE AND SIGNIFICANT UNOBSERVABLE INPUTS

Property, plant and equipment

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Income Capitalisation Method	Market capitalisation rate 10,5 % Income/Expenditure ratio 22,1 %	<p>Market capitalisation rate:</p> <p>Increase with 1 % resulting in decrease in value of R3,6 million</p> <p>Decrease of 1 % resulting in increase in value of R4,5 million</p> <p>Income/Expenditure ratio:</p> <p>Increase with 1% resulting in decrease in value of R0,5 million</p> <p>Decrease with 1% resulting in increase in value of R0,6 million</p> <p>Market capitalisation rate and Income/Expenditure ratio:</p> <p>Both increase with 1% resulting in decrease in value of R4,1 million</p> <p>Both decrease with 1% resulting in increase in value of R5,1 million</p> <p>Income/Expenditure ratio increase with 1% and market capitalisation rate decrease with 1% resulting in increase of value of R3,9 million</p> <p>Income/Expenditure ratio decrease with 1% and market capitalisation rate increase with 1% resulting in decrease of value of R3,1 million</p>

5. **ACCOUNTING POLICIES**

Property, plant and equipment

Categories	Initial measurement	Subsequent measurement	Depreciation method and period	Impairment
Land and buildings	Initially recognised at cost, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located	Carried at the revaluation amount (fair value less depreciation and accumulated impairment losses).	Land is not depreciated. All other assets are depreciated on a straight-line basis over their useful life.	Assets are tested for impairment, when there is an indication that it may be impaired, by determining the recoverable amount of the assets either individually or at the cash generating unit level.

The revaluation of Land and Buildings are recognised in other comprehensive income and against a revaluation reserve in the statement of changes in equity. The revaluation reserve is recycled to retained earnings upon disposal (but not annual usage) of the Land and Buildings to which the revaluation reserve pertains.

MATERIAL LOANS

Description	Reason for the loan and lender	Effective date and amount outstanding (as at 31 August 2020)	Secured/ unsecured and security provided	Amount, repayment/ renewal terms and conditions	Interest rate	Borrowing period
Nutella Project	Capital funding Lender: The Lender Group	Effective date: Nov 2019 Amount outstanding: R1 176 083 774	Secured as follows: Continuous Covering Mortgage – Capital Value – R60 million Additional value – R12 million Special Notarial Bond – Capital Value – R1 billion Additional Value – R200 million General Notarial Bond for the following companies: Stefanutti Stocks Holdings Limited, K201116847 (South Africa) Proprietary Limited, Stefanutti Stocks International Holdings Proprietary Limited and Stefanutti Stocks Proprietary Limited amounting to Capital value of R1 billion each and Additional value of R200 million each	Original loan amount: R1 160 580 548 (amount fully drawn as at Jul 2020 from Nov 2019) Repayable in monthly instalments, starting Jul 2020, ending Jul 2025.	7.9%	Nov 2019 – Jul 2025
Keaton Mining	Capital funding Lender: Nedbank	Effective date: Jul 2019 Amount outstanding: R131 703 600	Secured by mortgage bonds of R224 million	Original loan amount: R131 703 600 (amount fully drawn as at Jul 2020 from Jul 2019) Repayable in monthly instalments, starting Jul 2020, ending Nov 2022.	7.3%	Jul 2019 – Nov 2022

Description	Reason for the loan and lender	Effective date and amount outstanding (as at 31 August 2020)	Secured/ unsecured and security provided	Amount, repayment/ renewal terms and conditions	Interest rate	Borrowing period
Tirisano Voluntary Rebuild Programme	Voluntary rebuild programme Stefanutti Stocks has voluntarily committed to make annual contributions to the South African Government's Tirisano Construction Fund.	Effective date: Jun 2016 Amount outstanding: R106 760 660	Unsecured	Original loan amount: R180 000 000 Repayable in annual instalments of R15 million over 12 years, starting in Jun 2016, ending Jun 2027.	7.5%	Jun 2016 – Jun 2027
Nedbank bonds X2	Mortgage loans Lender: Nedbank	Effective date: Jul/Mar 2012 Amount outstanding: R13 568 806	Secured by property with NBV R131 974 352	Original loan amount: R89 868 005 Repayable in monthly instalments, starting Mar/Jul 2012, ending Jun/Oct 2022.	5.75% – 6%	Mar/Jul 2012 – Jun/Oct 2022
Socgen loan	Funding for Chiango inhouse development Lender: Banco Soci�t� G�n�rale Mo�ambique	Effective date: Oct 2018 Amount outstanding: R6 762 608	Secured by bank guarantee of R7 040 795	Original loan: R46 475 737 (USD 3 200 000) Repayable in quarterly instalments starting Mar 2019, ending Sep 2020.	4%	Oct 2018 – Sep 2020
EIS Properties bond	Mortgage loans Lender: First National Bank	Effective date: Jul 2019 Amount outstanding: R1 734 310	Secured by property with NBV R6 075 928	Original loan: R1 849 489 Repayable in monthly instalments starting Jul 2019, ending Jan 2035	9%	Jul 2019 – Jan 2035
Instalment sale agreements	Purchase of various plant and equipment Lenders: Standard Bank, Nedbank, Wesbank, Absa	Effective dates of 2015-2019 Amount outstanding: R136 246 451	Secured by underlying plant & equipment	Original cost amounts: R564 million Payable monthly over periods of between 3 – 5 years, starting 2015, ending 2023	6% – 10%	2015 – 2023
Right-of-use liabilities	Rental of buildings (accommodation purposes), vehicles and various plant & equipment for construction sites Lenders: various suppliers	Effective dates of 2016-2020 Amount outstanding: R7 420 950	Secured by underlying buildings, vehicles, plant and equipment	Original cost amounts: R403 million Payable monthly over periods of 1 – 4 years, starting 2016, ending 2024	9.5% – 23.25%	2016 – 2024

MATERIAL CONTRACTS – STEFANUTTI STOCKS

Details of material contracts entered into by Stefanutti Stocks and its Subsidiaries during the two years preceding the date of this Circular, other than in the ordinary course of business, are set out below:

Contract	Parties to contract	Nature of contract	Date of signature of contract
Senior Bridging Facility Agreement, originally dated 4 November 2019, as amended and restated in the Amended and Restated Senior Bridging Facility Agreement on 30 June 2020.	Stefanutti Stocks (Pty) Ltd, Stefanutti Stocks Holdings Ltd, Stefanutti Stocks International Holdings (Pty) Ltd and K2011136847 (South Africa) (Pty) Ltd	Loan The original Senior Bridging Facility Agreement (SBFA) was signed on 4 November 2019. This was then amended and restated to consolidate certain supplemental addenda on 30 June 2020. There were a number of different utilisations made each of which attracted a separate JIBAR linked interest rate. The individual utilisations were then consolidated under one JIBAR linked interest rate loan under the A&R SBFA.	Senior Bridging Facility Agreement signed on 4 November 2019; Amended and Restated Senior Bridging Facility Agreement signed on 30 June 2020
Term Credit Facility Agreement	Stefanutti Stocks (Pty) Ltd	Loan SSPL and Keaton Mining (Pty) Ltd entered into a contract on 30 November 2018 ("the Contract"). SSPL subsequently signed a Sale and Cession Agreement with Nedbank on 22 July 2019, in terms of which the receivables due to SSPL in terms of the Contract, were ceded to Nedbank. The Contract was subsequently cancelled and SSPL and Nedbank therefore agreed to refinance the Sale and Cession Agreement in accordance with this agreement	30 July 2020

INDEPENDENT VALUER'S REPORT ON THE CLAYVILLE PROPERTIES

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14 December 2020

The Directors
Stefanutti Stocks Holdings Limited
No 9 Palala Street
Protec Park
Cnr Zuurfontein Avenue and Oranjerivier Drive
Kempton Park
1619

Dear Directors

RE: INDEPENDENT PROPERTY VALUERS' REPORT OF THE PROPERTIES FOR STEFANUTTI STOCKS HOLDINGS LIMITED ("STEFANUTTI STOCKS") AS DETAILED IN THE SUMMARY SCHEDULE ATTACHED AND FOR WHICH THERE ARE DETAILED VALUATION REPORTS HELD BY STEFANUTTI STOCKS

In accordance with your instruction of 7 December 2020, I confirm that we have visited and inspected the four Properties listed in the attached schedule ("the Properties") in March and December of 2020 and have received all necessary details required to perform a valuation in order to provide you with my opinion of the properties' market values as of 7 December 2020.

1. INTRODUCTION

The valuation of the Properties has been carried out by the valuer who has carefully considered all aspects of all the Properties. These Properties each have a detailed valuation report which has been given to the management of Stefanutti Stocks. The detailed reports include commentary on the current economy, nature of the Properties, locality, risk profile, forward rent and earning capability and exposure to future expenses and property risk. All these aspects have been considered in the individual valuation reports of the Properties. The detailed reports have further addressed the market related rental income capability and expenditure for each property. Historic expenditure profile as well as future expenditure increases have been considered. The value thus indicates the fair market value for each property which is detailed in the detailed report and which has been summarised on a summary schedule, attached hereto, for each property.

2. BASIS OF VALUATION

The valuation is based on market value.

Market value means the best price, at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

- 2.1 a willing seller and a willing buyer in a market;
- 2.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale; and

- 2.3 that the state of the market, level of values and other circumstances are, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

3. **VALUE CALCULATION**

The calculation of the market value of three of the Properties (with improvements) has been based on income capitalisation, while the vacant land property has been based on comparable sales. This is the fundamental basis on which commercial income producing Properties are traded on the market in South Africa. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by sales in the market.

Properties traded in the current market reflect a yield rate relationship between revenue and capital value. This rate is an accurate determinant of the capitalisation rate.

The considerations for the capitalised valuations are as follows:

- 3.1 calculating the forward cash flow of market related income and other income from the Properties;
- 3.2 the expenses have been calculated using actual expenditure such as rates and taxes payable and estimates where necessary, e.g. insurance and maintenance, as well as provisions for various expenses in order to provide for void or future capital expenditure to which the property may be exposed;
- 3.3 the area vacancy as of 7 December 2020 as a percentage of the property portfolio was approximately 3%. In order to apply a conservative approach, we have deducted approximately 7% of the gross income as a provision for rental that may not be collected as a consequence of vacancy, tenant failure or tenant refitting during the course of the coming year. The current vacancies are market related. The void provisions used in the valuations are therefore adequate;
- 3.4 potential future loss of rental due to refurbishments carried out for new tenants has been indirectly taken into account through the vacancy provision applied;
- 3.5 market related rental was used in the valuations. This has been determined by comparing similar buildings in comparable areas to the Properties valued, in terms of rental per square metre and/or per unit. The rental rates have also been checked against various published indices including the Rode Report. There are no Properties that are over-rented, or that cannot be re-rented at the same or higher rental rate should such property become vacant;
- 3.6 capitalising the net contractual income which can be derived from the Properties for a period of one year in advance, calculated from 7 December 2020; and
- 3.7 the valuation has considered published market statistics regarding rental rates and expenditure for the different types of properties.

4. **VACANT LAND**

Ptn 1 of Erf 1621 Clayville Ext 4, is zoned Business and Commercial. It forms part of a larger development totalling four stands and is a vacant stand. The erf has been valued on the comparable sales method at R525.03/m². The property is valued at R4 500 000 as of 7 December 2020. Disregarding the improvements which encroach from the neighbouring erf, Erf 955 ptn 1.

5. BRIEF DESCRIPTION

The Properties comprise of industrial buildings. Please refer to the summary of Properties below:

Building name	Address	Property extent (m²)	Property description
Erf 447 Clayville, Ext 4	6 Industry Road, Clayville	8 558	Factory unit with overhead crane forming part of a larger industrial development.
Ptn 1 of Erf 955 Clayville, Ext 4	10 Industry Road, Clayville	8 572	Largely undeveloped storage area with factory and internal offices to the rear.
RE of Erf 955 Clayville, Ext 4	10 Industry Road, Clayville	8 563	Industrial development with attached double storey offices as well as a freestanding double storey office block.
Ptn 1 of Erf 1621 Clayville, Ext 4	10 Industry Road, Clayville	8 571	Undeveloped industrial stand.
Total		34 264	

6. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of: leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettable of the building; contingent expropriations or servitudes that may be enforced; poor lease records whereby the lease may be disputed or rendered invalid.

We have, to the best of our knowledge, considered all of these aspects in the valuation of all the Properties. There are no properties that are prejudiced in value by the influence of the above factors.

The valuer is, however, not responsible for the competent daily management of these Properties that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

7. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

To my knowledge there are no contractual arrangements on the Properties other than the leases as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the Properties.

To the best of my knowledge, there are no options in favour of any parties for any purchase of any of the properties.

8. INTRA-GROUP OR RELATED PARTY LEASES

All the Properties are owner-occupied; therefore, market related rentals were taken into account in determining the monthly gross rental per square metre for each of the Properties.

9. CURRENT STATE OF DEVELOPMENT

Currently no Properties are under construction.

10. **RENTALS USED IN VALUATIONS**

All the Properties are owner-occupied; therefore, market related rentals were taken into account in determining the monthly gross rental per square metre for each of the Properties.

Changes in rentals and vacancy rates are strongly linked to the performance of the manufacturing and retail sectors, as well as business confidence levels. The manufacturing sector underpins the demand for industrial space for manufacturing production purposes, whereas the retail sector underpins the demand for warehouse space and manufacturing. The 2019: 4 Rode Report indicates a vacancy scale of 2,7 across all industrial extents in Clayville. On the scale, 1 to 3 indicates a low vacancy, with 4 to 6 medium vacancy and 7 to 9 being high vacancy. The subject property is in a good locality with good exposure and a low vacancy applies.

We have applied an average long-term vacancy provision of 7% to the three Properties with improvements to take into account the current negative market conditions.

11. **EXTERNAL PROPERTY**

None of the Properties are situated outside the Republic of South Africa.

12. **OTHER GENERAL MATTERS AND VALUATION SUMMARY**

A full valuation report is available on a property by property basis detailing tenancy, town planning, valuer's commentary, expenditure and other details. This has been given to the Directors of Stefanutti Stocks.

13. **ALTERNATIVE USE FOR A PROPERTY**

The Properties have been valued in accordance with their existing use which represents their market value. No alternative use for the Properties has been considered in determining their value.

14. **OTHER COMMENTS**

Our valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

15. **CAVEATS**

15.1 Source of information and verification

Information on the Properties regarding rental income, recoveries and other income detail has been provided to us by the current owners and their managing agents.

We have further compared certain expenditures given to us, to the market norms of similar properties. This has also been compared to historic expenditure levels of the Properties themselves. Historical contractual expenditures and municipal utility services were compared to the past performance of the Properties in order to assess potential expenditure going forward.

15.2 Full disclosure

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to me.

We have to the best of our ability researched the market.

15.3 Leases

The Properties are all owner occupied, therefore there were no leases to inspect. Market related rentals were taken into account in determining the monthly gross rental per square metre.

15.4 Mortgage bonds, loans, etc.

The Properties have been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the Properties.

15.5 Structural condition

The Properties have been valued in their existing state. We have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have we arranged for the testing of any electrical or other services.

15.6 Contamination

The valuation assumes that a formal environmental assessment is not required and further that none of the Properties are environmentally impaired or contaminated, unless otherwise stated in our report.

15.7 Town planning

Full town planning details and title deeds have been supplied in the detailed valuation reports including conditions and restrictions and the Properties have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the Properties other than that mentioned in the valuation reports.

The valuation has assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for these properties.

16. **MARKET VALUE**

I am of the opinion that the aggregate market value of the Properties as of 7 December 2020 is R47 500 000 (excluding VAT). A summary of the individual valuations and details of each of the Properties are attached.

To the best of our knowledge and belief there have been no material changes in circumstances between the date of the valuation and the date of the valuation report which would materially affect the valuation.

I have more than 23 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the Properties.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully,

Gerhardus Jacobus Van Zyl

Professional Associated Valuer

Registration No. 3509

National Diploma Property Valuation

Registered Professional Associated Valuer (No. 3206)

(Registered without restriction in terms of the Property Valuers Act, No. 47 of 2000)

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0	Property name	Physical address	Registered legal description (Erf number)	Property use	Valuers inspection date	Freehold/ Leasehold	Property extent (m ²)	Rent-able area (GLA) (m ²)	Approximate age of building	Zoning, town planning and statutory contraven-tion (if any)	Assumed perpetual vacancy and bad debt (%)	Income projection for the period 7 Dec 2020 to 6 Dec 2021 (R)	Valuation as at 7 Dec 2020 (R)
1	Erf 447 Clayville Ext 4	6 Industry Road, Clayville	Erf 447 Clayville Ext 4	Industrial	1 Dec 20	Freehold	8 558	3 960	> 20 Years	Industrial 1	7%	R1 483 114	R13 000 000
2	Ptn 1 of Erf 955 Clayville Ext 4	10 Industry Road, Clayville	Ptn 1 of Erf 955 Clayville Ext 4	Industrial/ Office	1 Dec 20	Freehold	8 572	1 255	> 20 Years	Business and Commercial	7%	R1 043 862	R9 000 000
3	RE of Erf 955 Clayville Ext 4	10 Industry Road, Clayville	RE of Erf 955 Clayville Ext 4	Industrial/ Office	1 Dec 20	Freehold	8 563	6 383	> 20 Years	Business and Commercial	7%	R2 459 717	R21 000 000
4	Ptn 1 of Erf 1621 Clayville Ext 4	10 Industry Road, Clayville	Ptn 1 of Erf 1621 Clayville Ext 4	Un-developed industrial stand.	1 Dec 20	Freehold	8 571	N/A	N/A	Business and Commercial	N/A	N/A	R4 500 000
Total							34 264	11 598			7%		R47 500 000



STEFANUTTI STOCKS HOLDINGS LIMITED

(Registration number 1996/003767/06)

Share code: SSK

ISIN: ZAE000123766

("Stefanutti Stocks" or the "Company")

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that a General Meeting of the shareholders will be held on Friday, 22 January 2021 at 09:00 entirely by electronic communication. Shareholders are referred to the "Action Required by Shareholders" section of this Circular for information on the procedure to be followed by shareholders in order to participate and to exercise their votes at the General Meeting.

The purpose of the meeting is to transact the following business and resolutions, with or without amendments approved at the meeting.

Terms defined in the Circular to which this Notice of General Meeting is attached, shall have the same meanings in this Notice of General Meeting.

Only shareholders who are registered in the Register on Friday, 15 January 2021 will be entitled to attend, speak and vote at the General Meeting. Therefore, the Last Date to Trade to be eligible to participate and vote at the General Meeting of Stefanutti Stocks shareholders is Tuesday, 12 January 2021.

In terms of section 62(3)(e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the General Meeting in the place of the shareholder; and
- a proxy need not be a shareholder of the Company.

Kindly note that, in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified. Accordingly, all shareholders recorded in the registers of the Company on the voting record date will be required to provide identification satisfactory to the chairman of the General Meeting in order to participate in and vote at the General Meeting. Forms of identification include valid identity documents, drivers' licences and passports.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE TRANSACTION

"RESOLVED THAT in accordance with the Companies Act, the MOI and the Listings Requirements, Stefanutti Stocks be and is hereby authorised to dispose of the Clayville Properties to the Purchaser on the terms and subject to the conditions set out in the Transaction Agreement."

In order for Ordinary Resolution Number 1 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders, present in person or by proxy at the General Meeting, is required. Only shareholders reflected on the Register as such on the voting record date are entitled to vote on the Ordinary Resolution Number 1.

Reason and effect:

The reason for Ordinary Resolution Number 1 is that the value of the aggregate consideration price for the Clayville Properties exceeds 30% of Stefanutti Stocks' market capitalisation, resulting in the Transaction qualifying as a Category 1 Transaction in terms of section 9 of the Listings Requirements, requiring shareholder approval by ordinary resolution. The effect of Ordinary Resolution Number 1, if adopted by the requisite majority of shareholders, will be to grant the requisite approval for the implementation of the Transaction, as required under the JSE Listings Requirements.

ORDINARY RESOLUTION NUMBER 2 – AUTHORITY GRANTED TO DIRECTORS

“RESOLVED THAT, any Director be and is hereby authorised to sign all such documents and do all such things as may be necessary, desirable or incidental for or to the implementation of the Transaction and the resolutions contemplated herein and all such actions taken prior hereto be and hereby are ratified.”

In order for Ordinary Resolution Number 2 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders, present in person or by proxy at the General Meeting, is required. Only shareholders reflected on the Register as such on the voting record date are entitled to vote on the Ordinary Resolution 2.

Reason and effect:

The reason for Ordinary Resolution Number 2 is to authorise any Director to sign all such documents and do all such things as may be necessary, desirable or incidental to the implementation of the resolutions passed at the General Meeting. The effect of Ordinary Resolution Number 2, if adopted by the requisite majority of shareholders, will be to grant the requisite authority to any Director to sign all such documents and do all such things as may be necessary, desirable or incidental for or to the implementation of the resolutions passed at the General Meeting. The resolution also ratifies actions already taken by Directors in relation to the Transaction.

Electronic participation

The Company has made provision for shareholders or their proxies to participate electronically in the General Meeting by way of an electronic platform hosted by Computershare. Should you wish to participate in the General Meeting by electric communication as aforesaid, you, or your proxy, will be required to advise the Company thereof by no later than 09:00 on Friday, 15 January 2021, for administration purposes only, by submitting by email to proxy@computershare.co.za, with relevant contact details, including an email address, cellular number and landline as well as full details of the shareholder's title to securities issued by the Company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated Shares) and (in the case of dematerialised Shares) written confirmation from the Shareholder's Central Securities Depository Participant ("CSDP") confirming the shareholder's title to the dematerialised shares.

Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the General Meeting. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility.

Proxies and authority for representatives to act

A form of proxy is attached for the convenience of any shareholder holding certificated Shares and dematerialised shareholder with "Own-Name" registration, who cannot attend the General Meeting but wishes to be represented thereat.

The attached form of proxy is only to be completed by those shareholders who are:

- holding Shares in certificated form; or
- recorded on the Company's sub-register in dematerialised electronic form with "Own-Name" registration.

All other beneficial owners who have dematerialised their Shares through a CSDP or broker and wish to attend the General Meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy.

Forms of proxy must be deposited with Computershare by email at proxy@computershare.co.za to be received by no later than 09:00 on Wednesday, 20 January 2021, for administration purposes, or to the Chairman of the General Meeting at any time before the meeting commences by email, care of Mr W Somerville, at w.somerville@mweb.co.za. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the General Meeting should the shareholder decide to do so.

A company that is a shareholder, wishing to attend and participate at the General Meeting should ensure that a resolution authorising a representative to so attend and participate at the General Meeting on its behalf is passed by its Directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with Computershare prior to the General Meeting, for administration purposes, or to the Chairman of the General Meeting at any time before the meeting commences by email, care of Mr W Somerville, at w.somerville@mweb.co.za.

The Company does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the General Meeting of Stefanutti Stocks shareholders or any business to be conducted thereat.

By order of the Board

Stefanutti Stocks

22 December 2020

ELECTRONIC PARTICIPATION FORM

PARTICIPATION IN THE GENERAL MEETING VIA ELECTRONIC COMMUNICATION:

Capitalised terms used in this Electronic Participation Form shall bear the meanings ascribed thereto in the Circular to which the Notice of General Meeting is attached.

1. Stefanutti Stocks shareholders or their duly appointed proxy(ies) that wish to participate in the General Meeting via electronic communication (“Participants”) must apply to the Transfer Secretaries, by delivering this duly completed Electronic Participation Form to:

- 1.1 Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the Participant), or by email to proxy@computershare.co.za so as to be received by Computershare by no later than 09:00 on Wednesday, 20 January 2021, for administrative reasons, in order for the Transfer Secretaries to arrange such participation for the **Stefanutti Stocks** shareholder and for the Transfer Secretaries to provide the **Stefanutti Stocks** shareholder with the details as to how to access the General Meeting by means of electronic participation.
- 1.2 **Stefanutti Stocks** shareholders may still register/apply to participate in and/or vote electronically at the General Meeting after the aforementioned date, provided, however, that those **Stefanutti Stocks** shareholders are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the General Meeting.

2. Important notice

- 2.1 The Transfer Secretaries shall, by no later than Thursday, 21 January 2021, notify Participants that have delivered valid notices in the form of this Electronic Participation Form, by email of the relevant details through which Participants can participate electronically, subject to such **Stefanutti Stocks** shareholders delivering this Electronic Participation Form by 09:00 on Friday, 15 January 2021.
- 2.2 For administrative purposes only, the cut-off time to participate in the General Meeting via electronic communication will be 08:55 on Friday, 22 January 2021 provided that those **Stefanutti Stocks** shareholders wishing to participate are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the General Meeting.
- 2.3 Upon receiving a completed Electronic Participation Form, the Transfer Secretaries will follow a verification process to verify each applicant’s entitlement to participate in and/or vote at the General Meeting. The Transfer Secretaries will provide **Stefanutti Stocks** with the email address of each Participant or their duly appointed proxy to enable the Company to forward to such Participant a Zoom meeting invitation required to access the General Meeting. Alternatively, the Transfer Secretaries will forward to such Verified **Stefanutti Stocks** shareholders a Zoom meeting invitation required to access the General Meeting.
- 2.4 **Stefanutti Stocks** or the Transfer Secretaries will send each Participant a Zoom meeting invitation with a link to “Join the Zoom Meeting” on Thursday, 21 January 2021 to enable Participants to link up and participate electronically in the General Meeting. This link will be sent to the email address nominated by the Participant in this Electronic Participation Form.
- 2.5 **Stefanutti Stocks** shareholders connecting to the General Meeting electronically will be able to participate in the General Meeting. The electronic platform Zoom to be utilised for the General Meeting does not provide for electronic voting during the meeting. Accordingly, **Stefanutti Stocks** shareholders are strongly encouraged to submit votes by proxy in advance of the General Meeting, by completing the Form of Proxy and lodging the completed proxy form together with the Electronic Participation Form with Computershare. **Stefanutti Stocks** shareholders who indicate in this Electronic Participation Form that they wish to vote during the electronic meeting, will be contacted by Computershare to make the necessary arrangements.

Electronic Participation Form

Full name of Participant:

ID number:

Email address:

** Note: this email address will be used by the Company's Transfer Secretaries to share the Zoom meeting invitation required to access the General Meeting electronically*

Cell number:

Telephone number:

(code):

(number):

** Note: The electronic platform to be utilised for the General Meeting does not provide for electronic voting during the meeting. Accordingly, Stefanutti Stocks shareholders are strongly encouraged to submit votes by proxy in advance of the General Meeting, by completing the Form of Proxy.*

Indicate (by marking with an "X") whether:

- votes will be submitted by proxy (in which case, please enclose the duly completed Form of Proxy with this form) rather than seeking to vote during the General Meeting; or
- the Participant wishes to exercise votes during the General Meeting. If this option is selected, the Company's Transfer Secretaries will contact you to make the necessary arrangements.

Name of CSDP or broker (if Stefanutti Stocks shares are held in dematerialised format):

Contact number of CSDP/broker:

Contact person of CSDP/broker:

Number of share certificate (if applicable):

Signature:

Date:

Terms and conditions for participation in the General Meeting via electronic communication

1. Documentary evidence establishing the authority of the named person, including any person acting in a representative capacity, who is to participate in the General Meeting, must be attached to this application.
2. A certified copy of the valid identity document/passport of the person attending the General Meeting by electronic participation, including any person acting in a representative capacity, must be attached to this application.
3. The cost of electronic participation in the General Meeting is for the expense of the Participant and will be billed separately by the Participant's own service provider.
4. The Participant acknowledges that the electronic communication services are provided by a third parties and indemnifies Stefanutti Stocks and/or the Transfer Secretaries against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against **Stefanutti Stocks** and/or the Transfer Secretaries, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the General Meeting.
5. The application to participate in the General Meeting electronically will only be deemed successful if this Electronic Participation Form has been completed fully and signed by the Participant.



STEFANUTTI STOCKS HOLDINGS LIMITED

(Registration number 1996/003767/06)

Share code: SSK

ISIN: ZAE000123766

("Stefanutti Stocks" or the "Company")

FORM OF PROXY – (FOR USE BY CERTIFICATED SHAREHOLDERS AND "OWN-NAME" DEMATERIALISED SHAREHOLDERS ONLY)

For completion by the aforesaid registered Shareholders who are unable to attend the General Meeting of Shareholders of the Company to be held on Friday, 22 January 2021 by electronic communication ("the General Meeting of Stefanutti Stocks shareholders").

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed Central Securities Depository Participant ("CSDP") or broker in the form as stipulated in the agreement entered into between the Shareholder and the CSDP or broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE) of (ADDRESS)

Telephone number

Cell phone number

Email address

being a Shareholder (s) of the Company holding Shares in the Company do hereby appoint:

1. _____ or failing him,

2. _____ or failing him,

3. The Chairman of the General Meeting of Stefanutti Stocks shareholders

as my/our proxy to vote for me/our behalf at the General Meeting (and any adjournment thereof) for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolutions to be considered at the General Meeting of Stefanutti Stocks shareholders.

	Number of votes		
	*In favour of	*Against	*Abstain
Ordinary Resolution Number 1: Approval of the Transaction			
Ordinary Resolution Number 2: Authority granted to Directors			

Insert an X or the number of Shares in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each Shareholder entitled to attend, speak and vote and the meeting may appoint one or more proxies (who need not be a Shareholder of the Company) to attend, speak and vote in his/her stead.

Please read the notes on the reverse side hereof.

Signed at

on

2021

Signature

Assisted by me (where applicable)

Completed forms of proxy must, for administrative purposes, be lodged with the Transfer Secretaries by email at proxy@Computersharemeetings.co.za by no later than 09:00 (South African Standard Time) on Wednesday, 20 January 2021. Alternatively, such forms of proxy may be lodged with the Chairman of the General Meeting at any time before the meeting by email, care of Mr W Somerville, at w.somerville@mweb.co.za.

Notes to form of proxy:

1. This form of proxy should only be used by certificated shareholders or Shareholders who have dematerialised their Shares with own name registration.
2. All other shareholders who have dematerialised their Shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the General Meeting, must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A Shareholder may insert the name/s of one or more proxies, none of whom need be a member of the Company, in the space provided, with or without deleting "the chairman of the General Meeting". The person whose name appears 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. In the event that no names are indicated, the proxy shall be exercised by the chairman of the General Meeting.
4. A Shareholder's instructions on the form of proxy must be indicated by the insertion of an "X" or the number of Shares in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all of the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Shareholder or by his/her proxy.
5. In order to be effective, completed forms of proxy must reach the Transfer Secretaries by 09:00 on Wednesday, 20 January 2021, for administration purposes, or to the Chairman of the General Meeting by email to w.somerville@mweb.co.za at any time before the meeting commences.
6. The completion and lodging of this form of proxy shall in no way preclude the Shareholder from attending, speaking and voting in person at the General Meeting to the exclusion of any proxy appointed in terms hereof.
7. Should this form of proxy not be completed and/or received in accordance with these notes, the chairman may accept or reject it, provided that in the case of acceptance, the chairman is satisfied as to the manner in which the Shareholder wishes to vote.
8. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting.
9. The chairman shall be entitled to reject the authority of a person signing the form of proxy:
 - 9.1 under a power of attorney; or
 - 9.2 on behalf of a Company,unless that person's power of attorney or authority is deposited at the registered office of the Company or COMPUTERSHARE not less than forty-eight hours before the meeting.
10. Where Shares are held jointly, all joint holders are required to sign the form of proxy.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
12. Any alteration of or correction to this form of proxy must be initialled by the signatory/ies.
13. On a show of hands, every Shareholder present in person or represented by proxy shall have only one vote, irrespective of the number of Shares he/she holds or represents.
14. On a poll, every Shareholder present in person or represented by proxy shall have one vote for every share held by such Shareholder.

SUMMARY OF THE RIGHTS CONTEMPLATED IN SECTION 58 OF THE COMPANIES ACT

For purposes of this summary, the term “shareholder” shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders’ meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
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; and
 - 3.2 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:
 - 4.1 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; and
 - 4.2 should the instrument used to appoint a proxy be 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 relevant company.
5. 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:
 - 5.1 stated in the revocation instrument, if any; or
 - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies 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:
 - 6.1 the shareholder; or
 - 6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. 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 of the relevant company or the instrument appointing the proxy provides otherwise.
8. 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:
 - 8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
 - 8.2 the company must not require that the proxy appointment be made irrevocable; and
 - 8.3 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 Companies Act.

Registered office

(Registration number 1996/003767/06)
No 9 Palala Street
Protec Park
Cnr. Zuurfontein Avenue and Oranjerivier Drive
Kempton Park, 1619
(PO Box 12394, Aston Manor, 1630)

Computershare Investor Services Proprietary Limited

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