

Remgro Limited
(Incorporated in the Republic of South Africa)
(Registration number 1968/006415/06)
ISIN: ZAE000026480
Share code: REM
("Remgro" or "the Company")

PROPOSED DISPOSAL OF 25.75% SHAREHOLDING IN UNILEVER SA AND ACQUISITION OF SOUTHERN AFRICA SPREADS PORTFOLIO

1. Introduction

Remgro shareholders are advised that Remgro, through its wholly owned subsidiary, Robertsons Holdings Proprietary Limited, has entered into an agreement with certain entities within the Unilever PLC group of companies whereby Remgro's entire shareholding of 25.75% in Unilever South Africa Holdings Proprietary Limited ("**Unilever SA**") will be exchanged for full ownership of the Unilever spreads business in Southern Africa ("**Spreads Business**") plus ZAR 4.9 billion in cash (the "**Transaction**").

2. Transaction overview and rationale

Unilever SA manufactures and markets a range of food, home and personal care products. Brands include Ola, Robertsons, Rama, Flora, Lipton, Joko, Shield, Dove, Sunlight and Omo. Remgro obtained its holding in Unilever SA in 2007 through the merger of certain of its interests in the food space with those of Unilever.

While the investment has been a profitable one for Remgro, its inability to shape the strategic direction of the Unilever SA business has led Remgro to conclude that it will create more value through full ownership and control of the Spreads Business. As such, Remgro has agreed to dispose of its 25.75% interest in Unilever SA in exchange for the Spreads Business plus ZAR 4.9 billion in cash. The Spreads Business is an attractive business, with leading brands (including Rama, Stork, Flora and Rondo) and good growth prospects.

3. Key terms of the Transaction

3.1 Transaction consideration

The Transaction consideration of ZAR 11.9 billion will be settled as follows:

- ZAR 4.9 billion in cash; and
- The acquisition of 100% of the Spreads Business, valued at ZAR 7.0 billion.

The cash proceeds will be used by Remgro for investment and/or capital management purposes.

This Transaction values Unilever SA and the Spreads Business at enterprise values of ZAR 48.1 billion and ZAR 7.0 billion respectively.

3.2 Board representation

Remgro nominated director J J du Toit will resign from the Unilever SA board when the Transaction becomes effective.

3.3 Conditions precedent

The Transaction is subject to the relevant regulatory approvals including approval of the South African competition authorities.

3.4 Timeline

The expected closing date of the Transaction, subject to fulfilment of the conditions precedent set out in paragraph 3.3 above, is in the first quarter of 2018.

4. Value of the net assets and profits attributable to the net assets

Following implementation of the Transaction, Remgro will no longer equity account for or receive dividends from Unilever SA but will consolidate the Spreads Business. Prior to completion, Remgro will receive a final dividend from Unilever SA for the financial year ending 31 December 2017 and a proportional dividend in respect of the financial year ending 31 December 2018, to the extent that it remains a shareholder during that year.

Remgro carries its current interest in Unilever SA at an accounting book value of ZAR 3.7 billion. Remgro accounted for ZAR 446 million in equity accounted earnings from this investment for the 12 months ended 30 June 2017.

Unilever SA has warranted EBITDA from the Spreads Business of ZAR 522 million for the period ended 31 December 2016. The estimated profit attributable to the Spreads Business for the same period is ZAR 338 million, taking into account the depreciation and tax estimated to have been attributable on a debt free basis to the Spreads Business for that period.

5. Categorisation

The Transaction constitutes a Category 2 transaction in terms of the JSE Limited Listings Requirements. Accordingly, no shareholder approval is required.

Stellenbosch

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NOTES

Remgro Limited, is a South African investment holding company, listed on the Johannesburg Stock Exchange (JSE) with the share code 'REM'.

HSBC Bank plc ("HSBC"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting for Remgro and no one else in connection with the Transaction and will not be responsible to anyone other than Remgro for providing the protections afforded to clients of HSBC, or for giving advice in connection with the Transaction or any other matter referred to in this announcement.