

Tradehold Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1970/009054/06)  
JSE code: TDH  
ISIN: ZAE000152658  
("Tradehold" or the "Company")

## INVESTMENT INTO TRADEHOLD AND THE COLLINS GROUP AND CAUTIONARY ANNOUNCEMENT

### 1. INTRODUCTION

Shareholders are hereby advised that Tradehold has been approached by a private property investor ("**the Investor**") to invest R833 million directly into its portfolio of South African property assets and R200m into Tradehold ("**the Transaction**"). In order to facilitate the investment Tradehold will reorganise its South African subsidiaries by creating a South African holding company ("**the Collins Group**") that could in time be listed on the Johannesburg Stock Exchange ("**JSE**") as a real estate investment trust ("**REIT**").

### 2. RATIONALE FOR THE TRANSACTION

As at 31 December 2018 the properties that will be owned by the Collins Group post the reorganisation were valued at *circa* R8.5 billion. Industrial properties make up *circa* 91% by gross lettable area of the total portfolio that is 98.7% let with a weighted average lease expiry profile of 7.2 years.

The board of directors of Tradehold believes that this approach is opportune as it will enable the Company to reduce debt in its South African portfolio thereby improving cash flows, reducing the risk associated with high gearing levels and creating an opportunity to restructure the remaining debt more efficiently.

The longer term strategy, assuming that the listing of Collins Group on the JSE takes place, could be to unbundle the shares in Collins Group resulting in Tradehold becoming a United Kingdom ("**UK**") focused property investment company with a portfolio of retail and office properties, as well as a flexible workplace operating platform, in the UK.

### 3. TRANSACTION DETAILS

#### Collins Group subscription

Following the above creation of the Collins Group, the Investor will subscribe for ordinary shares equal to R833 million (*circa* 27% shareholding) in Collins Group at the tangible net asset value of Collins Group at the closing date of the Transaction ("**the Closing Date**") calculated post the subscription.

This subscription amount will comprise of R500 million of the Investors' cash and R333 million of cash lent to the Investor by Collins Group ("**the Collins Group Loan**"). The Collins Group Loan is on market related terms, with, interest at the prime lending rate (currently 10.25%) and must be repaid within 5 years of the Closing Date. Security for the repayment of the Collins Group Loan of R944 million comprises a pledge of all its Collins Group shares and a limited guarantee of R111 million.

#### TDH Option

The Investor will, once the Collins Group subscription has been completed, acquire an option to invest R200 million in Tradehold through a combination of the subscription for new Tradehold ordinary shares and the purchase of Tradehold's treasury shares from Tradehold's wholly-owned subsidiary, Imbali Props 21 Proprietary Limited ("**Imbali**"). This option must be exercised within 10 business days of the Closing Date ("**the Option Exercise Date**"). The option price is R16 per Tradehold ordinary share and must be paid within 3

months of the Option Exercise Date. The option price will increase at the prime lending rate from the Option Exercise Date until the date that the option price is paid.

#### **Transaction costs**

Collins Group will pay the Investor a debt restructure fee equal to 6% of the R500 million cash raised. In addition, a debt restructure fee calculated on a sliding scale of between 6% and 4% of the Collins Group Loan will be paid based on when the Collins Group Loan is settled in full.

If any party withdraws from the Transaction that party is liable to pay half of the other parties' direct costs incurred in giving effect to the terms of the Transaction, subject to a cap of R250,000.

#### **Listing and unbundling of Collins Group**

The proposed REIT listing and unbundling of Collins Group is expected to take place by no later than 28 February 2022, provided that market conditions at the time are conducive to such listing and all requisite approvals are obtained.

#### **4. CONDITIONS PRECEDENT**

The Transaction is subject to the following conditions precedent:

- the completion of a due diligence investigation to the satisfaction of the Investor by 29 March 2019;
- the signature of detailed agreements by 29 March 2019;
- the approval of the Tradehold board of directors and shareholder approval, in the event that the latter is required, within 8 weeks from the signature of detailed agreements; and
- the parties securing all regulatory approvals, if such are required, within 8 weeks from the signature of detailed agreements.

#### **5. CAUTIONARY ANNOUNCEMENT AND REPURCHASE OFFER**

The negotiations regarding the Transaction, if successfully concluded, may have a material effect on the price of Tradehold shares. Shareholders are therefore advised to exercise caution when dealing in their Tradehold shares until a full terms announcement has been made.

On Tuesday, 19 February 2019 Tradehold shareholders approved an odd-lot offer and specific buy back of Tradehold ordinary shares ("**the Repurchase Offer**") at the price of R11.33 per share. The Repurchase Offer opened on Monday, 25 February 2019 and closes at 12:00 on Friday, 15 March 2019. The process regarding the Repurchase Offer commenced prior to the negotiations that have culminated in the Transaction. Shareholders who have accepted the Repurchase Offer and who wish to reverse their acceptance in the light of the information set out in this announcement are advised to contact their broker, Central Securities Depository Participant or Computershare Investor Services Proprietary Limited.

27 February 2019

#### **JSE Sponsor to Tradehold**

Mettle Corporate Finance Proprietary Limited