

TRADEHOLD TO ACQUIRE SA PROPERTY PORTFOLIO VALUED AT R6.2bn

Tradehold is to acquire, subject to certain conditions precedent, the South African property portfolio, as well as the property development and management business of the Collins group of Kwa-Zulu-Natal for a net equity value of £82.4m (R1.8bn).

Although listed on the JSE, Tradehold reports in pound sterling as the bulk of its assets are in the UK.

In terms of the agreement reached between the parties, Tradehold will acquire all the issued ordinary shares in the operating companies of the Collins group, namely Collins Property Projects, Imbali and Saddle Path. The purchase price will be settled in cash (£2.45m) and Tradehold shares (£80m) and was calculated by valuing the portfolio at a net operating income yield of 9.45% or £288m (R6.2bn).

The transaction will see Tradehold's net asset value (NAV) increase by £82.4m to £242.3m, with the latest acquisition representing 34% of the total.

In March last year Tradehold acquired the Collins group's UK and African portfolio's for £28.2m. The present transaction involves the balance of the group's property interests so that once concluded, the Collins group will function as a wholly-owned subsidiary of Tradehold.

The diversified South African portfolio consists of 136 commercial, industrial and retail property assets with a combined gross lettable area of 1,2m square metres in 295 buildings. The largest component – 67% - consists of industrial buildings followed by distribution centres (20%). Its tenant profile is 70% national tenants while the vacancy rate is a low 5.3%. The portfolio has been independently valued at a yield of 8.9%.

Tradehold chairman Christo Wiese said the highly experienced senior staff of the fourth-generation, family-owned Collins group would continue to manage and grow the South African portfolio under the Collins name.

“We are delighted to have gained, through the transaction, access to the expertise and experience of the Collins group's senior management whose in-depth knowledge of the property industry is not restricted to South Africa but takes in much of Africa and the United Kingdom.”

“Apart from the quality of the portfolio, access to this expertise was an important factor in considering this transaction as Tradehold's main focus will continue to be the United Kingdom which is still the biggest component of our business on a net asset basis, while growing in Africa remains on our list of priorities.”

Friedrich Esterhuysen, joint CEO of Tradehold, said the expectation is that by September this year all conditions would have been met and the transaction finalised.

Ends

ISSUED BY	DKC (De Kock Communications)
ON BEHALF OF	Tradehold Ltd
DATE ISSUED	3 June 2016
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