TRADEHOLD LTD

QUARTERLY NEWSLETTER: **DECEMBER 2017**

2017 an eventful year

The last quarter of 2017 has in many respects been an eventful one for the Tradehold Group. On the one side it has witnessed a number of highly promising developments while on the other the period was overshadowed by the virtual collapse of Steinhoff International which, by association, has negatively impacted Tradehold's share price.

This contagion is based purely on the fact that Dr Christo Wiese is a major shareholder of both Steinhoff International and Tradehold. This is, however, the only connection between the two companies. It must be stated categorically that Tradehold is not a member of Steinhoff International and never has been. It is led by a completely independent and also highly experienced board whose decisions are guided only by the interests of all its shareholders, whether big or small.

Restructuring the business

Since the start of the last quarter much of management's time has been devoted to restructuring Tradehold into two independent businesses to unlock the full potential of their individual portfolios. Announced earlier, this restructuring involves stripping out our non-property assets and housing it in a separately listed entity. We expect all the preparatory work to be completed by the end of February 2018, which is also the company's financial year-end.

The simplified group structure should make it easier for investors to evaluate the potential of the two now fully focussed businesses and hopefully help narrow the substantial discount that the current market capitalisation represents to its tangible net asset value.

Considerable upside for investors

Tradehold's South African industrial portfolio is housed in the Collins Group, a wholly-owned subsidiary. It consists of 152 mainly industrial properties offering a gross lettable area (GLA) of 1,6 million m^2. On a GLA basis, the total portfolio has a current high occupancy rate of 98,75% and a weighted average lease expiry profile of 8,2 years. It counts among its long-standing, long-term tenants some of the country's foremost corporates.

If one assumes that Collins Group Portfolio should trade at close to tangible net asset value (TNAV), as is the case with similar businesses listed on the JSE, then the discount to TNAV attributed to the balance of the portfolio, which is largely UK-based, is currently more than 70%. This is clearly excessive in the light of our strategy of only acquiring assets in the UK which offer the potential of enhancing capital value through active management and lend themselves to meeting the latest trends in accommodation requirements.

In the light of the above we believe that Tradehold's shares at present offer considerable upside potential for investors.

Refinancing debt

We are at present refinancing existing debt on more beneficial terms. As part of this process we will be issuing 4 year redeemable preference shares to the value of £63 million to Rand Merchant Bank. The money will be used to settle more expensive facilities with third-party banks used in the past to fund property acquisitions mainly in the UK.

Although the preference shares are issued in Rand, the money raised will be converted to pounds sterling through a cross-currency swap, resulting in Tradehold gaining access to the money at a floating rate of Libor plus 1.66% (currently an all-in rate of 2.18% per annum).

AFRICA OPERATIONS – OUTSIDE SOUTH AFRICA

COLLINS – Since 1904 –

NAMIBIA

Dunes Mall, Walvis Bay, now fully operational

More than 30 000 delighted shoppers streamed through the new Dunes Mall in Walvis Bay, Namibia, on opening day on 26 October. Developed at a cost of R600 million by Atterbury and Tradehold, the 27 500 m^2 mall houses a cross-section of more than 60 well-known local and international brands. A further 20 shops will open early in the new year. The mall is ideally located at a major intersection of the city's airport road and the one connecting Walvis Bay with the iconic tourism area of Swakopmund.

UNITED KINGDOM

Meeting the challenges of a changing property market

But I want to come back to our UK portfolio managed by the Moorgarth Group, another wholly-owned subsidiary, in a way that consistently meets the changing demands of tenants.

We have always believed in creating value through the strong trading performance of our tenants. This was confirmed again only days ago when our refurbished Market Place shopping centre in Bolton played a major role in Bolton winning the 2017 Revo (formerly the British Council of Shopping Centres) Gold Award as Regeneration Council of the year. The gross turnover of tenants in the centre increased by 21% over the year and footfall by more than 15% against the national average of -2,5%.

Our basic approach has always been that our properties must be tenant- and user-focused. We want to create a physical environment that encourages customers to leave their homes and enjoy the prospect of coming to work, to shop and to spend leisure time, creating for them a "life experience".

During the last quarter, Moorgarth secured a £33 million loan from Canada Life at an all-in fixed rate of 3,4% for 10 years. This, in an environment in which interest rates are expected to rise, in part because of the market volatility brought about by the ongoing Brexit negotiations.

The Boutique Workplace Company (TBWC)

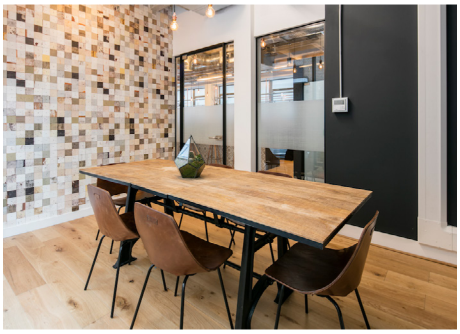
This exciting growth business, which tends to be overshadowed by our £248 million UK property portfolio, is a prime example of Moorgarth's ability to foresee and adapt to changing tenant requirements.

TBWC specialises in serviced office accommodation. Its leasehold property portfolio consists of 29 serviced offices in Central London. Located in key locations such as Covent Garden, Mayfair, Soho and Bank, these offices together offer 3 500 workstations – the equivalent of 20 440 m^2 of design-led office space in the capital.

A primary advantage of these properties is the access they offer to local and national transport – all of them are within a five-minute walk from a mainline train or underground connection while also offering an easy commute to Heathrow, Gatwick and London City Airport.

In addition to work stations, these offices include more than 30 meeting rooms all over London to choose from. The company has also created highly sought-after event spaces available for hire. Many of them rival those offered by some of London's finest clubs, bars and hotels.

In time, TBWC plans to expand its operations to include commercial hubs throughout the UK and Europe. But more about this highly promising venture in the next issue of this newsletter.



May we all enjoy a relaxing holiday season and a new year full of excitement!

Friedrich Esterhuyse, Tradehold, Joint CEO