

Collins Property Group Limited

(previously Tradehold Limited)

(Registration number: 1970/009054/06)

Incorporated in the Republic of South Africa

JSE Share code: CPP ISIN: ZAE000152658

("Collins" or "the Company" or "the Group")

ACQUISITION OF REMAINING INTEREST IN COLLINS PROPERTY PROJECTS PROPRIETARY LIMITED

1. INTRODUCTION

Shareholders are advised that the Company has entered into a series of inter-conditional agreements with U Reit Collins Proprietary Limited ("**U Reit**"), a wholly-owned subsidiary of Castlevue Property Fund Limited, in terms of which, if implemented, Collins will acquire the 25.7% of the issued shares of Collins Property Projects Proprietary Limited ("**CPP**") ("**CPP Sale Shares**") that it does not own in exchange for the issue to U Reit of in aggregate 72 751 197 new Collins ordinary shares (the "**Consideration Shares**") (the "**Proposed Transaction**"), resulting in CPP becoming a wholly-owned subsidiary of Collins and U Reit holding 21.78% of the issued ordinary shares of Collins.

2. RATIONALE FOR THE PROPOSED TRANSACTION

Collins has previously alluded to its intention to make application to the JSE to be granted status as a Real Estate Investment Trust ("**REIT**"). The disposal by Collins in 2022 of Moorgarth Holdings (Luxembourg) S.à.r.l., through which Collins held its UK property portfolio, has resulted in the simplification of Collins' group structure, the reduction of associated overheads and the refocusing of its property portfolio such that its 74.3% interest in CPP comprises Collins' main investment vehicle through which it holds a portfolio of predominantly industrial properties.

As part of U Reit's original investment in CPP, CPP undertook to apply for REIT status. The Proposed Transaction will result in U Reit effectively swapping its 25.7% interest in CPP for a 21.78% interest in Collins in anticipation of Collins being granted REIT status. The Proposed Transaction will result in Collins having full ownership of CPP, which is its principal operating subsidiary.

The values attributable to the CPP Sale Shares and the Consideration Shares for purposes of the Proposed Transaction have been determined with reference to the board of directors' assessment of net asset value of CPP and other assets of Collins outside CPP. Accordingly, the Consideration Shares (representing 21.78% of Collins ordinary shares in issue after the implementation of the Proposed Transaction) will be issued at an effective price of R13.64 per Collins ordinary share.

3. ADDITIONAL TERMS OF THE PROPOSED TRANSACTION

3.1 Conditions Precedent

The Proposed Transaction is subject to the fulfilment of the following conditions precedent:

- U Reit concluding agreements to procure finance in the amount of R333 000 000, and such agreements becoming unconditional; Collins shareholders approving such resolutions as required to:
 - increase the authorised but unissued share capital of the Company; and
 - amend the memorandum of incorporation of the Company to include a provision to the effect that Collins will, *inter alia*, not voluntarily relinquish REIT status without first obtaining shareholder approval by way of an ordinary resolution,
 and the filing of such resolutions by the Companies and Intellectual Property Commission;
- the JSE granting Collins REIT status;
- the Competition Authorities granting approval for the Proposed Transaction;
- Tradegro Holdings Proprietary Limited waiving any rights of first refusal, pre-emptive rights or other similar rights which it may have in respect of the CPP Sale Shares;
- Collins concluding the agreement in respect of the internal restructuring of the Collins Group on terms acceptable to U Reit, and such agreement becoming unconditional; and
- Collins, CPP and U Reit obtaining the requisite board approvals and CPP and U Reit obtaining the requisite shareholder approvals for the implementation of the Proposed Transaction.

3.2 Dividends

The CPP Sale Shares will be sold to Collins *cum* any dividend, distribution or right declared, paid or made after the Closing Date, being the first business day after the fulfilment of the conditions precedent set out above (the “**Closing Date**”).

On the Closing Date, Collins will settle the purchase consideration payable for the CPP Sale Shares by way of the allotment and issue of the Consideration Shares *cum* any dividend, distribution or right declared, paid or made after the Closing Date.

3.3 Undertakings, warranties and indemnities

The agreements in respect of the Proposed Transaction include undertakings, warranties and indemnities that are standard for a transaction of this nature.

3.4 Material adverse change

U Reit shall be entitled to cancel the agreements at any time prior to the Closing Date by written notice to Collins if any event has occurred after 28 February 2023 which individually or in the aggregate has or is reasonably likely to have the effect of:

- reducing the consolidated net asset value of Collins from its mutually agreed level as at 28 February 2023 (being R4 555 598 080) to less than R4 455 598 080 (which shall be valued on the same basis as per the mutually agreed methodology). provided that any reduction in the Collins Group’s net asset value as a consequence of a disposal of any asset by CPP or a subsidiary of CPP shall be disregarded for purposes of assessing whether a material adverse change has occurred; and/or
- reducing Collins’ interest in any assets specifically identified by U Reit, being assets not owned by CPP and which were of key consideration to U Reit in its assessment of the consolidated net asset value of Collins and its decision to enter into the Proposed Transaction.

4. FINANCIAL INFORMATION

The financial information set out below is extracted from the audited results of the CPP group for the year ended 28 February 2023 prepared in terms of IFRS. The financial information set out below has not been reviewed or reported on by a reporting accountant in terms of section 8 of the Listings Requirements of the JSE Limited (the “**Listings Requirements**”) and is the responsibility of the Company’s directors.

The net property income attributable to CPP amounted to R1 259 433 155 for the year ended 28 February 2023.

As at 28 February 2023, the net asset value of CPP is R3 578 733 561.

5. CATEGORISATION

The Proposed Transaction is classified as a category 2 transaction in terms of the Listings Requirements and, accordingly, is not subject to shareholder approval.

Cape Town
21 August 2023

Sponsor



Questco Corporate Advisory Proprietary Limited