

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

DISPOSAL OF ACASIA ESTATE

1. INTRODUCTION

- 1.1. Shareholders are hereby notified that on 13 April 2018, Tradehold Africa Limited (an indirect wholly owned subsidiary of Tradehold), incorporated in Mauritius ("**Tradehold Africa**") signed a binding Heads of Agreement ("**HoA**") with Grit Real Estate Income Group Limited ("**Grit**"), TC Maputo Properties Limited, incorporated in Mauritius ("**TC Maputo**"), Cognis 1 Limitada, incorporated in Mozambique ("**Cognis**"), and three individuals, namely, Adamo Valy, Stuart Hulley-Miller and Colin Taylor (collectively, the "**Consortium**" and together with Tradehold, the "**Sellers**"), in terms of which Grit, through its subsidiaries, namely, Commotor Limitada, Delta International Mauritius Limited and Mozambique Consultancy FZ, will acquire from the Sellers an effective interest of 80.1% in Cognis, the sole owner of an A grade corporate residential complex known as Acacia Estate, located in Zone 5 A/B, Area da Costa do Sol, Maputo in Rua do Rio Inhamiara Road, Mozambique (the "**Property**") and the corresponding rental enterprise conducted on the Property ("**Rental Enterprise**"), as a going concern (the "**Disposal**").
- 1.2. The Disposal will be executed through Grit acquiring shares directly in Cognis and indirectly through the purchase of shares in TC Maputo Properties Limited, incorporated in Mauritius ("**TC Maputo**"), an 85% shareholder of Cognis. Grit's effective 80.1% ownership of Cognis will be secured as follows:
 - 1.2.1. Grit or its nominee (the "**Purchaser**") will acquire 15% of the shares in Cognis; and
 - 1.2.2. The Purchaser will acquire 76.6% of the shares in TC Maputo, resulting in an effective ownership of 65.1% in Cognis.

2. RATIONALE FOR THE DISPOSAL

- 2.1. The Disposal is in line with Tradehold's stated intention to:
 - 2.1.1. reduce exposure to the African continent outside of South Africa and Namibia so as to enhance its focus on its key markets, being South Africa and the United Kingdom; and
 - 2.1.2. to reduce debt.

3. DISPOSAL CONSIDERATION

3.1. The Purchaser shall pay the Sellers a total compensation of USD 23,415,254, allocated as follows:

3.1.1. Equity acquisition (effective 80.1%)	: USD 12,256,285
3.1.2. Existing shareholder loans	: USD 11,175,798
3.1.3. Total quantum paid to Sellers	: USD 23,415,254

3.2. The Purchaser shall acquire the shares in TC Maputo and Cognis from the Sellers for USD 12,256,285, to be settled in part cash and part Grit shares issued to the Sellers as follows:

3.2.1. A cash payment of USD 9,181,122 will be made to Tradehold Africa on the Payment Date, as defined below; and

3.2.2. Grit shares equating to USD 3,075,163 shall be issued and allotted to the Consortium. The 2,014,255 Grit shares shall be valued at the last published net asset value per share of USD 152.67 cents with no entitlement to dividend prior to the issue of such share.

3.3. The existing shareholder loans held by Tradehold Africa of USD 11,175,798 shall be settled in cash by the Purchaser.

4. CONDITIONS PRECEDENT

4.1. The Disposal will be subject to the following conditions precedent (“Conditions Precedent”):

4.1.1. Written confirmation Grit has concluded a comprehensive and independent due diligence exercise to its satisfaction on each TC Maputo, Grit and the Property;

4.1.2. Completion by the Purchasers of a final independent valuation of the Property;

4.1.3. Signature of the TC Maputo Sale and Purchase Agreement and the Cognis Sale and Purchase Agreement by all the relevant Parties;

4.1.4. Signature of the Rental Guarantee Agreement by all the relevant Parties;

4.1.5. Signature of the Shareholder Loan Agreements by all the relevant Parties and

4.1.6. The Sellers having obtained advice to their satisfaction from their tax and legal advisors on the structuring of the Transaction.

4.2. By no later than the long stop date (30 June 2018) or other such later date as the Parties agree to in writing:

4.2.1. Confirmation in writing delivered by Grit that Grit has succeeded in obtaining the consent in writing of the current financiers to consent to the change of shareholding in Grit and in TC Maputo, and the release of current guarantees as contemplated in the Transaction;

4.2.2. Final approval of the Transaction Documents by Grit’s investment committee and board of directors;

4.2.3. Approval by the Central Bank of Mozambique of the inward equity from Grit Subsidiaries;

4.2.4. Approval of any competition authority as required;

- 4.2.5. Any regulatory approvals as may be required for Grit and TC Maputo; and
- 4.2.6. Written waiver by Tenants of the Property of (a) any pre-emptive rights; and (b) all rights to terminate as a consequence of this Transaction, to the extent that such waivers may be required in such lease agreements, the Purchasers financiers or in terms of or Mozambican Law.

5. RENTAL GUARANTEE

- 5.1. In the event that the 3 Vacant Units of the Property remain vacant by the Effective Date, the Sellers will provide Grit with a rental guarantee up until such time, such units are fully let at the satisfaction of Grit.
- 5.2. The guaranteed amount of USD 4,000 per apartment per month shall be payable quarterly in advance for a period of 3 years from Effective Date.
- 5.3. The guaranteed amount shall be reduced by the value of any new qualifying lease, from the date of Transfer to the end of the three-year period.

6. EFFECTIVE DATE

The effective date on which the risks and rewards attached to the shares is 1 June 2018 (the “**Effective Date**”), the closing date payment date shall be the day following the day on which the conditions precedent in paragraphs 4.1.1 to 4.1.12 are fulfilled or waived (the “**Payment Date**”)

7. WARRANTIES AND OTHER MATERIAL TERMS

- 7.1. The Sellers, provided the Purchaser with warranties and indemnities standard for a transaction of this nature on the operations of Cognis, TC Maputo and the Property.

8. THE PROPERTY

- 8.1. The details of the Property are as follows:

Property Name and Address	Geographical Location	Sector	Gross Leasable Area (GLA) (m ²)	Weighted Average Gross Rental/m ² /pm (USD)
Zone 5 A/B, Area da Costa do Sol, Maputo in Rua do Rio Inhamiara Road	Mozambique	Corporate Residential	18,400	23.8

8.2. Details regarding the Property, as at the expected Effective Date, are set out below:

Purchase Yield Attributable to Shareholders (Annualised)	Weighted Average Escalation	Weighted Average Lease Expiry in Years	Vacancy % by Gross Lettable Area
8.25%	3%	5.2 years	0%

Notes:

- a) The gross value of the Property for purposes of the Disposal is USD 61,9 million.
- b) An independent preliminary valuation of the Property conducted by Jones Lang LaSalle as 1 June 2018 amounts to USD 60,4 million.

9. FINANCIAL INFORMATION OF THE DISPOSAL

The below financial information has not been reviewed or reported on by a reporting accountant in terms of section 8 of the JSE Listings Requirements and are the responsibility of Tradehold's directors.

- 9.1. Tradehold's effective shareholding in TC Maputo is 70.6%.
- 9.2. The development cost of the Property was USD 49,7 million.
- 9.3. Tradehold's carrying value of the property as per 28 February 2017 was USD 55.9 million.
- 9.4. Tradehold's receipt of the of USD 20,356,920 is made up of the repayment of its shareholder's loan of USD 11,175,798 and USD 9,181,122 in respect of its equity in TC Maputo which represents a profit of USD 7.05 million on Tradehold's development cost.
- 9.5. The full extent of the proceeds of the Disposal will be used to reduce Tradehold's debt.

10. CATEGORISATION

The Disposal qualifies as a category 2 disposal for Tradehold in terms of the JSE Listings Requirements.

13 April 2018

JSE Sponsor to Tradehold

Mettle Corporate Finance Proprietary Limited