

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 FURTHER CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Further to the announcement published on 27 February 2019, shareholders are advised that Tradehold has entered into agreement with I Group Financial Holdings Proprietary Limited and its wholly-owned subsidiary K2017224756 (South Africa) Proprietary Limited (collectively "**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 JSE Limited ("**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 approximately R8.5 billion. Industrial properties make up about 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

As at the signature date Collins Property Projects Proprietary Limited ("**CPP**"), Imbali Props 21 Proprietary Limited ("**Imbali 21**") and Saddle Path Prop 69 Proprietary Limited ("**Saddle 69**") were wholly-owned subsidiaries of Tradegro Holdings Proprietary Limited ("**Tradegro Holdings**") which is in turn is a wholly owned subsidiary of Tradehold.

Creation of the Collins Group

Tradegro Holdings will dispose of all its shares in and loan claims against Imbali 21 and Saddle 69 to CPP for the issue of new ordinary shares in CPP. In addition, Tradegro Holdings will capitalise any loans extended to CPP. Simultaneously therewith, CPP will be converted into a public company with a MOI that accords with the requirements of the JSE for a REIT, provided that such adoption prior to the listing does not adversely affect Imbali 21's and Saddle 69's tax status.

Collins Group subscription

Following the above creation of the Collins Group, the Investor will subscribe for ordinary shares equal to R833 million (a shareholding of approximately 27%) 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.

Tradehold 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 21. 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. EFFECTIVE DATE

The effective date of the Transaction will be the first day of the calendar month commencing immediately after the day on which the detailed agreements referred to below become unconditional.

5. WARRANTIES AND OTHER MATERIAL TERMS

The Transaction is subject to warranties and indemnities standard for a transaction of this nature.

6. 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.

7. FINANCIAL INFORMATION OF THE TRANSACTION

The financial effects that the Transaction will have on the Tangible Net Asset Value (“TNAV”) and Net Asset Value (“NAV”) of Tradehold cannot be determined yet as the financial effects are subject to the completion of the due diligence investigation mentioned in paragraph 6 above. The financial information will be published as soon as the due diligence process has been completed.

8. CATEGORISATION

The Transaction qualifies as a category 2 transaction for Tradehold in terms of the JSE Listings Requirements. The Tradehold Option and consequent issue of ordinary shares for cash to the Investor will be made under the general authority provided to the Company at the Annual General Meeting held on 28 August 2018.

9. FURTHER CAUTIONARY ANNOUNCEMENT

The negotiations regarding the Transaction, if successfully concluded, may have a material effect on the price of Tradehold shares. Shareholders are therefore advised to continue exercising caution when dealing in their Tradehold shares until the financial information as mentioned in paragraph 7 above can be announced.

Cape Town
6 March 2019

JSE Sponsor to Tradehold

Mettle Corporate Finance Proprietary Limited