

BASIL READ HOLDINGS LIMITED

Incorporated in the Republic of South Africa

(Registration number 1984/007758/06)

(Basil Read or the Company)

ISIN: ZAE000029781

Share code: BSR

AMENDMENT TO AGREEMENT RELATING TO A SPECIFIC REPURCHASE AND SPECIAL RESOLUTIONS TO IMPLEMENT THE SPECIFIC REPURCHASE

Background

On 27 June 2012, Basil Read entered into a Broad Based Black Economic Empowerment ("BBBEE") transaction with SIOC CDT Investment Holdings (RF) Proprietary Limited ("SIOC") ("Transaction") in an agreement entitled "Subscription Agreement" (the "2012 SIOC Subscription Agreement"), full details of which were disclosed to shareholders of Basil Read ("Shareholders") in a circular dated 28 September 2012 (the "2012 Circular").

The effect of the Transaction with SIOC was that:

- SIOC was issued 33 607 507 "A" Ordinary Shares at R0.01 per share for a cash consideration of R336 075.07.

- Attached to the "A" Ordinary Shares is a SIOC notional loan which amounted to approximately R422 million at the effective date (being 16 November 2012) of the Transaction.

- The SIOC notional loan incurs notional interest at 72% of the prime overdraft rate, less any notional dividends, deemed to have been earned in respect of the "A" Ordinary Shares;

- The Transaction was structured based on a four-year lock-in period, with an option to extend the termination date for one additional calendar year by agreement to that effect (which has been exercised) with the result that the termination date of the Transaction in respect of the "A" Ordinary Shares is 16 November 2017 (the "Termination Date").

- On the Repurchase Date (which is two Business Days after the Termination Date), but subject to the provisions of the Companies Act, 2008 as amended (the "Companies Act"), Basil Read was to repurchase from SIOC (at R0.01 per Share) so many of the "A" Ordinary Shares from SIOC ("Repurchased Shares") as is equal to the SIOC notional loan on the Termination Date, divided by the excess of the prevailing market price per share over R0.01, subject to a maximum repurchase number of 33 607 507 "A" Ordinary Shares ("Specific Repurchase") being the number of "A" Ordinary Shares originally acquired by SIOC.

The economic substance of the Transaction was that SIOC was effectively granted an option to subscribe for so many Basil Read Ordinary Shares equal to the Repurchased Shares at the higher of (i) prevailing market price less 12.5% and (ii) a price per share equal to the SIOC notional loan outstanding divided by the number of the Repurchased Shares. The strike price is estimated at R15.13 in November 2017.

This SIOC "option" is significantly out of the money. Should the Specific Repurchase be implemented on the Repurchase Date (which would be 20 November 2017), all of the 33 607 507 "A" Ordinary Shares would be repurchased at an aggregate cost to Basil Read of R336 075.07.

SIOC also holds 7 883 243 of the 131 694 281 issued Basil Read Ordinary Shares. SIOC's combined holding in Basil Read makes it a material Shareholder in and related party to Basil Read.

Amendment

In terms of the 2012 SIOC Subscription Agreement:

- the original Termination Date of such agreement was 16 November 2016; and
- it made provision for an extension of the Termination Date by one year, which was accordingly extended to 16 November 2017.

The 2012 SIOC Subscription Agreement is capable of amendment by agreement between the parties thereto provided the amendment is signed and reduced to writing in terms of clause 16.1 thereof. SIOC and Basil Read agreed to amend the 2012 SIOC Subscription Agreement by way of a third addendum. In addition, the JSE have ruled that the amendment, in order to endure, must be ratified by holders of Basil Read Ordinary Shares (excluding SIOC, being a related party).

The effect of such amendment ("Amendment") is to extend the Termination Date (which, prior to the Amendment was 16 November 2017) to a date which is the later of:

- 16 November 2017;
- the 10th business day after the closing date of the proposed rights offer announced by Basil Read at the time its interim results for the 6-month period ended 30 June 2017 were released on 28 August 2017 ("Rights Offer"); and
- the 10th business day after the date on which Basil Read is able to and has fulfilled all of the requirements under section 48 of the Companies Act (as read with sections 114 and 115 thereof), and (ii) has fulfilled the requirements of all applicable laws and regulations, including the JSE Listing Requirements in relation thereto.

A further effect of this extension is that the Repurchase Date of the "A" Ordinary Shares would also automatically move to a date which is 2 Business Days after such (extended) Termination Date.

Save for this Amendment, the terms and conditions of the 2012 SIOC Subscription Agreement will continue to apply as originally approved by the Shareholders.

If the shareholders of Basil Read do not ratify the Amendment, the third addendum to the 2012 SIOC Subscription Agreement will automatically terminate on and with effect from 17h00 on Sunday, 31 December 2017 and the result of such automatic termination of such third addendum (and the Amendment) will be that the Termination Date of the 2012 Subscription Agreement will be Tuesday, 2 January 2018 and the Repurchase Date will be Thursday, 4 January 2018 and to the extent that Basil Read is not legally permitted to or does not repurchase any or all of the "A" Ordinary Shares on such date, those "A" Ordinary Shares not repurchased will be converted to Basil Read Ordinary Shares on a one-for-one basis on Tuesday, 9 January 2018.

Rationale for the Amendment

Should the Repurchase Date occur at a time when Basil Read is not legally permitted to implement the Specific Repurchase of the "A" Ordinary Shares from SIOC due to either (or both) of the requirements of section 48 of the Companies Act or the requirements of the JSE not having being met by such time, this will prejudice holders of Ordinary Shares in Basil Read ("Ordinary Shares") as the 2012 SIOC Subscription Agreement (and the Basil Read memorandum of incorporation) provides for the conversion of the "A" Ordinary Shares, which have not already been repurchased on the Repurchase Date (i.e. 2 business days after the Termination Date), to Ordinary Shares on a one-for-one basis which conversion will take place 5 business days after the Termination Date. This will cause dilution to the holdings of the existing Ordinary Shareholders and create a consequence that was not intended. The intention behind the relevant provisions in the 2012 SIOC Agreement was for "A" Ordinary Shares to be repurchased only to the extent that they were "out of the money" and for the remaining "A" Ordinary Shares (being "in the money") to be converted to Ordinary Shares. The effect of a failure to implement the contemplated Specific Repurchase on the Repurchase Date will be all of the "A" Ordinary Shares (all of which are out of the money) will convert to Ordinary Shares and be listed on the JSE.

Basil Read is in the process of preparing a circular to shareholders which caters for the necessary authorisations to proceed with the Rights Offer and a number of other Shareholder authorisations required, including those required pursuant to section 48(8) read with sections 114 and 115 of the Companies Act and paragraph 5.69 of the JSE Listings Requirements relating to the Specific Repurchase("Circular").

As the intention behind the relevant provisions in the 2012 SIOC Subscription Agreement was to procure the Specific Repurchase of "A" Ordinary shares to the extent that they are "out of the money", Basil Read wished to extend the Termination Date to a date on which it is in compliance with all requirements of section 48 of the Companies Act and of the JSE and further to allow it time to complete the Rights Offer before implementing such Specific Repurchase.

Pro forma financial effects of the Amendment

The pro forma financial effects of the Amendment on the interim results of Basil Read as at and for the six months ended 30 June 2017 are set out below.

The pro forma financial effects are presented for illustrative purposes only and because of their pro forma nature, may not fairly present Basil Read's financial position, changes in equity, results of operations or cash flow, nor the effect of the conversion of "A" Ordinary Shares into Ordinary Shares and the Specific Repurchase going forward.

The pro forma financial effects are the responsibility of the directors of Basil Read and have been prepared using accounting principles that are consistent with International Financial Reporting Standards (IFRS) and the accounting policies adopted by Basil Read in its unaudited consolidated financial statements for the six months ended 30 June 2017. The pro forma financial effects are presented in accordance with the JSE Listings Requirements, the Guide on Pro Forma Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420 (Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus).:

			Conversion of "A" Ordinary Shares into Ordinary Shares	The Specific Repurchase of "A" Ordinary Shares by the
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			if the Company is not legally permitted to implement the Specific Repurchase of the "A" Ordinary Shares		Company, if the Company is legally permitted to implement the Specific Repurchase of the "A" Ordinary Shares	
	Before ¹		Pro forma after conversion ²	Change (%) ³	Pro forma after Specific Repurchase ⁴	Change (%) ⁵
Basic loss per share (cents)	(360.9)		(287.5)	20.3	(360.9)	-
Diluted loss per share (cents)	(360.9)		(287.5)	20.3	(360.9)	-
Basic headline loss per share (cents)	(295.2)		(235.1)	20.4	(295.2)	-
Diluted headline loss per share (cents)	(295.2)		(235.1)	20.4	(295.2)	-
Net asset value per share (cents)	491.5		391.6	(20.3)	491.2	(0.1)
Tangible net asset value per share (cents)	1068.2		851.0	(20.3)	1068.2	-
Weighted average number of shares in issue ('000s)	131 686		165 294	25.5	131 686	-
Weighted average number of diluted shares in issue ('000s)	131 686		165 294	25.5	131 686	-
Number of shares in issue ('000s)	131 686		165 294	25.5	131 686	-

Notes and Assumptions

1. Extracted from the unaudited condensed consolidated financial statements of Basil Read for the six months ended 30 June 2017.
2. The "pro forma after conversion" column reflects the pro forma impact on the reported results for the six months ended 30 June 2017 of the "A" Ordinary Shares converting to Ordinary Shares on a one to one basis if Basil Read is not legally permitted to implement the Specific Repurchase of the "A" Ordinary Shares.
3. The percentage change represents the impact of conversion of "A" Ordinary Shares into Ordinary Shares.
4. The "pro forma after Specific Repurchase" column reflects the pro forma impact of the Specific Repurchase of "A" Ordinary Shares at the Repurchase Price of R0.01 per share if the Amendment to the Transaction is approved and/or the Company is legally permitted to implement the Specific Repurchase of the "A" Ordinary Shares.
5. The percentage change represents the impact of the Specific Repurchase of "A" Ordinary Shares on the reported results for the six months ended 30 June 2017.

The Amendment is not in conflict with the original Transaction as it was never the intention that the Transaction would cause SIOC to be the recipient of Ordinary Shares in respect of "A" Ordinary Shares which are "out of the money". The extension of the Termination Date as suggested, will have the effect that the original intention that "A" Ordinary Shares which are "out of the money" (which is all of the "A" Ordinary Shares) will be repurchased,

albeit at a later date than originally intended, and none of such shares will convert to Ordinary Shares.

At 25 September 2017, the 60 business-day volume weighted average price of such shares was R0.81 per share. In order for SIOC to receive any value from the proposed extension, the Ordinary Shares would need to trade at a price estimated at R15.13 in November 2017 (which amount will increase due to the notional interest at 72% of the prime overdraft rate incurred on the SIOC notional loan until the (extended) Termination Date).

The extension of the Termination Date would however have the following consequences:

- It has the benefit that Basil Read retains SIOC as a significant BBEE shareholder for the period of the extension;

- It does however maintain SIOC high levels of voting power longer than was originally anticipated. However, SIOC has, in the third addendum to the 2012 SIOC Subscription Agreement, agreed not to exercise voting rights on the "A" Ordinary Shares after 20 November 2017.

Additional information

The terms of the Specific Repurchase from SIOC, a material Shareholder of and related party to Basil Read, are outlined in the Background section above. If required, the Specific Repurchase will be subject to the inclusion of a statement by the Board in the Circular confirming whether the Specific Repurchase is fair insofar as Shareholders (excluding SIOC) are concerned and the Board will be so advised by an independent expert acceptable to the JSE.

As the aggregate cost to Basil Read of the Specific Repurchase is R336 075.07, the impact on the financial information is immaterial with only a 0.1% decrease in net asset value per share (see Pro forma financial effects of the Amendment section above). As the Specific Repurchase relates to the "A" Ordinary Shares, there will be no change to the number of treasury shares, being 8 382 Ordinary Shares.

The Circular, including details of the Specific Repurchase, will be despatched to Shareholders in due course and it is expected that the general meeting at which the ratification for the Amendment and the specific authority for the Specific Repurchase will be sought again (in order to ensure compliance with the requirements under section 48 of the Companies Act (as read with sections 114 and 115 thereof)) and paragraph 5.69 of the JSE Listings Requirements will be held on or about 4 December 2017. The date on which the Specific Repurchase is to be made and the date on which the "A" Ordinary Shares will be cancelled will be determined in accordance with the Amendment and is expected to take place in the first quarter of 2018.

Johannesburg
27 September 2017

Company Secretary

A Ndoni

Corporate Advisor and Transaction Sponsor

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Attorneys

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