
ACQUISITION OF OFFSHORE PROPERTY PORTFOLIO

1. INTRODUCTION

- 1.1 Shareholders are advised that on 26 February 2021, Collins Property Projects Proprietary Limited ("**CPP**") (a 74.3% subsidiary of Tradehold), concluded an agreement with Supernova Baumärkte Holding GmbH & Co KG and Supernova Baumärkte Holding GmbH (collectively, "**the Vendors**") to acquire the entire share capital of 6 (six) Austrian-registered companies, namely BM 620 LIN D GmbH, BM 549 SAL M GmbH, BM 521 RIE GmbH, BM 778 SAL L GmbH, BM 791 ZWE GmbH and BM 547 WEL GmbH (collectively, "**the Target Companies**"), which collectively hold the leasehold rights to 6 retail warehouse properties in Austria ("**the Portfolio**") tenanted by OBI GmbH & Co. Deutschland KG ("**OBI**") ("**the Acquisition**"). The Portfolio has a net operating income forward yield on Acquisition Consideration (as defined below) of 7% and expected cash-on-cash yield (pre-loan amortisation, after interest and additional capex provisions) of 12%. These forecasts have not been audited or reviewed by the Company's auditors.
- 1.2 OBI is a German multinational home improvement supplies retailing company. It is the largest DIY retailer in Central and Eastern Europe, operating approximately 668 stores, with gross sales of around EUR7,7 billion in 2018.
- 1.3 The Acquisition is consistent with CPP's investment strategy of acquiring high quality, single-tenant leased commercial properties with long dated leases. From a strategic viewpoint, the Acquisition will provide foreign currency earnings with CPI indexation from a developed market and exposure to a large German multinational company. The diversification is expected to benefit CPP by providing more stable earnings and reduced business risk.
- 1.4 The Acquisition will be effected through two wholly-owned Austrian subsidiaries of CPP, namely Collins AUS Holdings GmbH and Collins AUS Investments GmbH, which will acquire 85% and 15% respectively of the shares in the Target Companies.

2. RATIONALE FOR THE ACQUISITION

- 2.1 CPP owns and manages a portfolio of approximately 125 properties in South Africa.
- 2.2 The intention is to list CPP on the JSE Limited ("**JSE**") (or on another recognised securities exchange) as a REIT when market conditions are conducive.
- 2.3 The primary reason for CPP investing abroad is to achieve currency and market diversification. CPP is currently exclusively invested in properties situated in South Africa and wishes to invest into established markets with steadier growth prospects and less volatility in order to provide domestic

investors an opportunity to spread risks and exposure to international markets. Diversifying geographically will provide domestic investors in CPP with exposure to a European economy and currency.

3. ACQUISITION CONSIDERATION

- 3.1 The consideration in respect of the Acquisition is EUR16,6 million, to be settled as follows:
- a cash payment to be made by CPP on the effective date (as described in paragraph 5 below) of EUR12,2 million; and
 - a vendor loan of EUR4,4 million. The vendor loan is repayable over 5 years and bears interest at 2.50% per annum.
- 3.2 The Vendors have guaranteed the forecast rental income of the Portfolio for a period of six (6) months from the effective date of the transaction.

4. CONDITION PRECEDENT

The Acquisition is subject to the conclusion of the transaction documents.

5. EFFECTIVE DATE

The effective date of the Acquisition will be on completion of the transaction, which will take place on fulfilment of the condition precedent. The effective date of the Acquisition is 26 February 2021.

6. WARRANTIES AND OTHER MATERIAL TERMS

The Vendors have provided CPP with warranties and indemnities standard for a transaction of this nature.

7. THE TARGET COMPANIES

The details of the Target Companies are as follows:

Target Company	Geographical Location in Austria	Purchase Price	Gross Leasable Area (GLA) (m2)	Weighted Average Gross Rental/m2 /pm (EUR)
BM 620 LIN D GmbH	Linz	13 043 569	12 10	8,36
BM 521 RIE GmbH	Ried	7 830 073	6 505	8,95
BM 778 SAL L GmbH	Salzburg, Lengfelden	3 041 616	3 608	6,76
BM 549 SAL M GmbH	Salzburg, Maxglan	3 801 722	12 368	5,21
BM 547 WEL GmbH	Wels	1 955 177	11 929	6,40
BM 791 ZWE GmbH	Zwettl	3 567 843	4 520	7,86

The aggregate GLA of the portfolio is 51 050m².

8. FINANCIAL INFORMATION OF THE ACQUISITION

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

The Portfolio generates net operating income of EUR2,3 million and is being acquired at a discount of 5% to the funding bank's current valuation.

The leases between OBI and the Target Companies ("**the OBI Leases**") are indefinite and include a waiver of ordinary termination by the landlord until 31 December 2045. OBI may not terminate the leases before 31 October 2030 and only after every 5 years thereafter until 31 October 2045.

The OBI Leases provide for a base rental which escalates in line with the Austrian CPI. At the end of each lease year, the rental is adjusted to 8% of turnover with a determined cap and a floor.

The value of the net assets that are the subject of the transaction as at 31 December 2020 being the date of the unaudited management accounts was EUR17,306,910.

The profits before taxes attributable to the net assets that are the subject of the transaction for the period ending 31 December 2020 was EUR1,168,974. This amount reflects the existing bank financing terms and is after payment by the Target Companies of intercompany management fees.

The forecast profit after interest before taxes attributable to the net assets that are the subject of the transaction for the period ending 31 December 2021 is EUR1,502,000 based on the refinancing terms offered to the Target Companies to be implemented following completion of the Acquisition. This forecast has not been audited or reviewed by the Company's auditors.

9. CATEGORISATION

The Acquisition is classified as a category 2 transaction in terms of the JSE Listings Requirements and, accordingly, is not subject to approval by Tradehold shareholders.

Cape Town
1 March 2021

JSE Sponsor to Tradehold



Questco Corporate Advisory Proprietary Limited