

Niveus Investments Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1996/005744/06)
Share code: NIV
ISIN: ZAE000169553
("Niveus" or the "Company")

ACQUISITION OF GOLDEN ARROW BUS SERVICE PROPRIETARY LIMITED

1. Overview

- 1.1. Shareholders of Niveus are hereby advised that La Concorde Holdings Limited ("**La Concorde**"), a subsidiary of Niveus in which Niveus holds a 57.83% interest, Niveus Invest 17 Proprietary Limited ("**Newco**"), a wholly-owned subsidiary of La Concorde, and Hosken Consolidated Investments Limited ("**HCI**") have entered into a binding memorandum of agreement in terms of which it was agreed that Newco will acquire 100% of the issued share capital of Hosken Passenger Logistics and Rail Proprietary Limited ("**HPLR**"), a company that will own 100% of the issued share capital of Golden Arrow Bus Services Proprietary Limited ("**GABS**"), from HCI, in exchange for issuing shares in Newco to HCI ("**GABS Acquisition**").
- 1.2. Prior to the implementation of the GABS Acquisition, Newco will hold approximately R1,2 billion in cash and/or cash equivalents.
- 1.3. HPLR will be acquired by Newco for a purchase consideration of approximately R1,8 billion (of which Niveus' effective interest is approximately R1,040 billion), which will result in HCI being issued with approximately 60% of issued share capital of Newco ("**Consideration Shares**") and La Concorde retaining an interest of approximately 40% of the issued share capital of Newco.
- 1.4. Post the implementation of the GABS Acquisition, La Concorde intends to distribute or otherwise transfer its shares in Newco to La Concorde shareholders. Pursuant to this distribution, Niveus Investments Limited ("**Niveus**") will distribute or otherwise transfer its shares in Newco to Niveus shareholders. The parties ultimately intend to list Newco on the Johannesburg Stock Exchange ("**Listing**"). Prior to Listing, Newco intends to distribute a special dividend of up to R1,2 billion to its shareholders.
- 1.5. The full terms and conditions of the GABS Acquisition will be recorded in a comprehensive set of transaction agreements, however the material terms of the transaction are as set out in this announcement.

2. GABS Business

GABS is the major public transport bus service operator for the Cape Metropole, providing commuter bus services throughout a large part of the City of Cape Town. It is the only scheduled passenger transport operator in the Cape Metropole with Road Transport Management System accreditation and the largest bus fleet in South Africa to achieve the accreditation. GABS has been providing scheduled passenger services in Cape Town for over 155 years. It operates approximately 1046 buses during peak hours, serving 1300 routes and covering a total area of approximately 2460 Km². The fleet travels 59.4 million kilometers, conveying 51.8 million passengers, annually.

Since 2013 GABS has been an official Vehicle Operating Company for the City of Cape Town's MyCiTi service. Through its subsidiary, Table Bay Rapid Transit Proprietary Limited, it operates the trunk service along the Atlantic corridor from Table View to the CBD, as well as services from the CBD to Sea Point and Camps Bay.

3. Rationale for the GABS Acquisition

GABS is an established business with critical mass in the Cape Metropole. The business has a stable profit history and an established management team. The board of La Concorde has indicated a preference for moderate risk investments with a high profit to cash conversion profile that will enable the group to declare consistent dividends to its shareholders. GABS meets this profile.

4. Conditions Precedent

5. The GABS Acquisition is subject to the following conditions precedent:

- 5.1. successful completion of a due diligence by Newco;
- 5.2. La Concorde undertaking and completing a restructure of its underlying assets;
- 5.3. Warshay Investments (Pty) Ltd ("**Warshay**") consenting to the assignment of all or a portion of its obligation to make payment of the second instalment of R237,503,019 and/or the third instalment of R257,690,776 to La Concorde South Africa (Pty) Ltd ("**La Concorde SA**") in terms of the written agreement titled "Sale of Business Agreement" concluded between La Concorde SA, Warshay, La Concorde and New Rose 7 (Pty) Ltd, to the satisfaction of HCI;
- 5.4. Investec Bank Limited ("**Investec**") consenting to the assignment of all or a portion of its obligations in favour of La Concorde SA in terms of the agreement titled "Tripartite Payment Agreement and Payment Guarantee in respect of the Second and Third Instalment" concluded between Investec, La Concorde SA and Warshay, to the satisfaction of HCI;
- 5.5. an asset for share agreement being concluded between HCI and HPLR, in terms of which HCI sells its shares in GABS to HPLR in exchange for shares in HPLR, and such agreement becoming unconditional in accordance with its terms;
- 5.6. the adoption of a new Memorandum of Incorporation of Newco in the form acceptable to HCI and La Concorde;
- 5.7. shareholders of Niveus approving the GABS Acquisition in terms of the applicable provisions of the Listings Requirements;
- 5.8. shareholders of La Concorde approving the GABS Acquisition at a general meeting of shareholders, to the extent required by law or by the independent directors of La Concorde;
- 5.9. board approvals of the GABS Acquisition by the HCI, Niveus, La Concorde (including an independent committee of the board of La Concorde) and Newco boards respectively;

- 5.10. Newco's board approving the allotment and issue of the Consideration Shares by Newco to HCI;
- 5.11. Newco's sole shareholder approving the GABS Acquisition and approving the issue of Consideration Shares to HCI in terms of section 41 of the Companies Act;
- 5.12. the board of HPLR approving the transfer of the GABS shares to Newco; and
- 5.13. obtaining approval from regulatory authorities, to the extent legally required.

6. Effective date

The GABS Acquisition will become effective on the third business day following the fulfilment (or waiver by the parties) of the conditions precedent. The long stop date for the fulfilment of the conditions precedent shall be no later than 15 December 2017 unless otherwise agreed to between the parties.

7. Financial Information

- 7.1. The value of the net assets of GABS as at 31 March 2017, the date of its last audited annual financial statements, was R828,904,243.
- 7.2. The profit after tax attributable to GABS for its audited financial year ending 31 March 2017 was R227 812 776.
- 7.3. The audited annual financial statements of GABS for the year ending 31 March 2017 were prepared in terms of IFRS.

8. Significant other terms of the GABS Acquisition

8.1.1. Warranties shall include:

8.1.1.1. The current debt of GABS shall not exceed R485,000,000 at any time prior to the effective date, and HCI shall procure that any increase of the aggregate Current Debt above R420,000,000 is substantiated by the purchase of future expansion of the bus fleet;

8.1.1.2. HPLR may declare distributions to HCI at any time prior to the effective date, provided that HPLR shall have sufficient working

capital to settle its usual working capital requirements without the need for shareholder funding; and

8.1.1.3. The business of HPLR and its subsidiaries shall continue to be conducted until the Effective Date in materially the same manner as it was conducted as at the signature date.

9. Categorisation

HCI is a “material shareholder” and the holding company of Niveus, as it holds 52.28% of the total issued shares of Niveus. Accordingly, the GABS Acquisition will constitute a related party transaction, which requires the approval of the Shareholders, excluding any related parties and their associates, by way of an ordinary resolution in accordance with section 10.4(e) of the Listings Requirements.

Cape Town
14 September 2017

Sponsor and Corporate Advisor
PSG Capital