

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

## **CATEGORY 1 RELATED PARTY TRANSACTION ANNOUNCEMENT RELATING TO THE DISPOSAL BY NIVEUS OF ITS INTEREST IN ALPHAWAVE AND A PORTFOLIO OF PROPERTIES**

### **1. INTRODUCTION**

Shareholders are herewith advised that Niveus has agreed, subject to approval by Niveus's shareholders, to sell its interest in Niveus Invest 20 Proprietary Limited ("**Niveus Invest 20**"), which is the holding company of Niveus' 41% holding in Alphawave Golf Proprietary Limited ("**Alphawave**") to Hosken Consolidated Investments Limited ("**HCI**") ("**Alphawave Transaction**").

In addition, Niveus's subsidiary, La Concorde South Africa Proprietary Limited ("**La Concorde**"), has agreed to sell, subject to approval by Niveus's shareholders, its interests in a portfolio of properties to subsidiaries of HCI (the "**Properties Transaction**" and together with the Alphawave Transaction, the "**Proposed Transactions**").

### **2. RATIONALE FOR THE PROPOSED TRANSACTIONS**

#### **2.1. Alphawave Transaction**

Alphawave is a start-up company which requires significant capital investment for research and development of its assets and software. To date, Niveus has advanced significant shareholder funding to Alphawave. However, having regard to Niveus' available reserves, Niveus believes that it is a prudent time to accept the offer received from HCI for the shares in and loan claims in Niveus Invest 20, which will result in Niveus receiving a guaranteed repayment of all loan amounts advanced by it to date and remove the obligations of Niveus to advance further funding to Niveus Invest 20 and Alphawave in the future.

#### **2.2. Properties Transaction**

La Concorde previously owned and operated the KWV business, which was sold to Warshay Investments and the Vasari Group during 2016. Since then, La Concorde has predominantly held certain properties as investment properties, some of which are let to third parties. HCI has approached La Concorde with an offer to acquire certain of the properties and property owning entities, which offer La Concorde has accepted, subject to Niveus shareholder approval and the conditions precedent stipulated in paragraph 4.3 below. La Concorde does not have the expertise or resources to unlock value in the property assets, and believe that the offer received from HCI for the property assets will provide a satisfactory return on such properties in a particularly difficult market.

### **3. ALPHAWAVE TRANSACTION**

#### **3.1. Description of Alphawave**

Niveus currently holds all of the issued shares in and claims against Niveus Invest 20. Niveus Invest 20 owns no assets other than shares in and loan claims against Alphawave. Alphawave is a start-up company that develops radar tracking products in the golf industry.

#### **3.2. Particulars of the Alphawave Transaction**

In terms of the Alphawave Transaction, Niveus will sell to HCI all of the issued share capital of Niveus Invest 20, and all claims owing by Niveus Invest 20 to Niveus.

The consideration payable by HCI to Niveus in respect of the claims owing by Niveus Invest 20 to Niveus

shall be the face value of the claims (including but not limited to loan claims) owing by Niveus Invest 20 to Niveus as at the effective date of the sale agreement. The face value of the loan claims owing by Niveus Invest 20 to Niveus as at the signature date of the sale agreement was approximately R38,195,000. Due to the significant loan claims owing by Niveus Invest 20 to Niveus, HCI will pay R1.00 for the shares in Niveus Invest 20.

### 3.3. Conditions Precedent

The Alphawave transaction is subject to, *inter alia*, the fulfilment or waiver of the following conditions precedent ("**Alphawave Conditions Precedent**"):

- the board of directors of the HCI unconditionally approving the Alphawave Transaction;
- the board of directors of Niveus unconditionally approving the Alphawave Transaction;
- the board of directors of Niveus Invest 20 adopting such resolutions as may be required in terms of its Memorandum of Incorporation to approve the transfer of its shares to HCI; and
- to the extent legally required, the shareholders of Niveus approving of the Alphawave Transaction in terms of the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**").

The Alphawave Conditions Precedent must be fulfilled (or waived by the parties) by not later than 30 September 2019, which date may be extended by mutual consent between the parties.

### 3.4. Effective date

The effective date of the Alphawave Transaction shall be the second business day following the date of fulfilment (or waiver) of the last of the Alphawave Conditions Precedent.

Delivery of the shares in and claims against Niveus Invest 20 to HCI will be effected on the effective date, against payment of the purchase price.

### 3.5. Financial information

The value of the net assets of Niveus Invest 20 attributable to equity holders of Niveus at 31 March 2019 was R22.186 million and the attributable headline loss for the 12 months then ended, was R7.057 million.

## 4. THE PROPERTIES TRANSACTION

### 4.1. Description of the assets to be sold

The Niveus Group owns approximately 58% of the issued share capital of La Concorde Holdings Ltd, which in turn owns all of the issued shares in La Concorde. The assets of La Concorde consist mainly of interests in properties or property-owning entities, art and cash.

The Properties Transaction comprises four separate but indivisible transactions in relation to four assets (collectively, the "**Properties Sale Assets**"), which may be summarised as follows:

- the La Concorde rental enterprise, comprising Erf 8676, Paarl, Western Cape, measuring 25,849 square meters together with all buildings, erections and improvements thereon, held under deed of transfer number: T25931/1976, together with all leases, contracts, fixed assets, intellectual property, accounts receivable, business information and goodwill associated therewith ("**La Concorde Rental Enterprise**");
- the Picardi farm business, comprising Erf 31366, Picardi Farm, Paarl, Western Cape, Registration Division IR, Province of Western Cape, measuring 160,400 square meters together with all buildings, erections and improvements thereon, held under deed of transfer number: T34489/2011, the Picardi

Agreement (as defined below), fixed assets, intellectual property, accounts receivable and goodwill associated with the business ("**Picardi Farm Business**");

- the Poel garage rental enterprise, comprising Erf 8677, Paarl, Western Cape, Western Cape, Registration Division IR, Province of Western Cape, measuring 24,702 square meters together with all buildings, erections and improvements thereon, held under deed of transfer number: T25931/1976, together with all leases, contracts, fixed assets, intellectual property, accounts receivable, business information and goodwill associated therewith ("**Poel Garage Rental Enterprise**"); and
- La Concorde's shares in and claims in La Concorde Builders Precinct Proprietary Limited ("Builders SPV"), comprising 75% of the total issued share capital of and shareholder loan claims against Builders SPV ("**Builders SPV Equity**"). Builders SPV which in turn will own Erf 11919, De Hoop Farm, Paarl, Western Cape, Registration Division IR, Province of Western Cape, measuring 3.2971 ha, held under deed of transfer number, T40136/1974 at the Effective Date.

#### **4.2. Particulars of the Properties Transaction**

In terms of the Properties Transaction, La Concorde will sell the Properties Sale Assets to four separate subsidiaries of HCI. In terms of the sale agreement, HCI irrevocably undertakes to procure compliance by each of its subsidiaries with the terms of the sale agreement.

The consideration payable ("**Properties Purchase Consideration**") for the Properties Transaction will be:

- an amount of R49,000,000 for the La Concorde Rental Enterprise;
- an amount of R6,000,000 for the Picardi Farm Business;
- an amount of R12,000,000 for the Poel Garage Rental Enterprise; and
- an amount of R 12,750,000 plus the face value of any claims held by La Concorde against Builders SPV on the effective date of the transaction, for the Builders SPV Equity.

#### **4.3. Conditions Precedent**

The Properties Transaction is subject to, *inter alia*, the fulfilment (or waiver) of the following conditions precedent (the "**Properties Conditions Precedent**"):

- by no later than the date that is 30 calendar days after the signature date of the sale agreement, HCI having completed a due diligence investigation to its satisfaction (as determined by it in its sole and absolute discretion) and having given written notice thereof to La Concorde;
- by not later than 5 business days from the completion of the due diligence investigation, the board of directors of each of the purchasers approving the sale transactions in terms of the sale agreement;
- by not later than 31 July 2019, the board of directors of La Concorde adopting such resolutions as legally required to approve the execution and implementation of the sale transaction;
- by not later than 31 July 2019, the conclusion of a sale of shares and claims agreement between La Concorde and Bell Vue Developments (Pty) Ltd ("**BVD**"), in terms of which, *inter alia*, La Concorde sells 25% of the shares in the issued share capital of Builders SPV to BVD;
- by not later than 30 September 2019, the shareholders of Niveus approving the Properties Transaction in accordance with Sections 9 and 10 of the JSE Listings Requirements and proof thereof being provided to the purchasing parties;
- by not later than the date that is 2 months after the signature date of the agreement, La Concorde not

having provided written notice to the purchasing entities that La Concorde wishes to resile from the sale agreement as a result of it having received and accepted a Third Party Offer (as defined and specified below);

- by not later than 30 September 2019, the purchasers of each of the La Concorde Rental Enterprise, the Poel Garage Rental Enterprise and the Picardi Farm Business being registered as a VAT vendor in terms of the Value Added Tax Act, with effect from the effective date (or any date before that date);
- by not later than 30 September 2019, the conclusion of an agreement with Vititec Proprietary Limited relating to the management of the farming operations on the Picardi Farm ("**Picardi Agreement**"), on terms reasonably acceptable to the relevant HCI subsidiary purchaser, and such agreement becoming unconditional in accordance with its terms;
- by not later than 30 September 2019, all parties being satisfied that La Concorde is capable of giving vacant occupation of the Picardi Farm to the relevant purchaser on the effective date and that no person shall have any right of occupation of any portion of the Picardi Farm after the effective date;
- by not later than 30 September 2019, the written consent by each of the counterparties to certain material leases defined in the sale agreement to the assignment of such leases to the relevant HCI subsidiary purchaser, in the form and on terms and conditions acceptable to the relevant HCI subsidiary purchaser, or alternatively the conclusion of new lease agreements in respect of the relevant premises subject to the material leases.

The Properties Conditions Precedent must be fulfilled (or waived in accordance with the sale agreement) by not later than the dates specified above, which dates may be extended by mutual consent between the parties.

#### **4.4. Third Party Offers**

HCI, the HCI subsidiary purchasers and La Concorde have agreed that, for a period of 2 months commencing on the signature date of the sale agreement, La Concorde will be entitled to invite interested third parties to submit binding offers to acquire all (but not only some) of the Properties Sale Assets ("**Third Party Offer**").

During the Third Party Offer period, should La Concorde receive a binding offer to acquire all (but not only some) of the Properties Sale Assets from a third party dealing *bona fide* and at arm's length ("**Third Party Offeror**"), then La Concorde shall be entitled (but not obliged) to resile from the sale agreement and accept such an offer, provided that La Concorde provides proof in the form reasonably acceptable to the HCI subsidiary purchasers that:

- the Third Party Offeror offers to purchase all (but not some) of the Properties Sale Assets for an aggregate purchase price of not less than the aggregate Properties Purchase Consideration plus 5% of the aggregate Properties Purchase Consideration;
- the offer is in the form of a binding sale agreement and is on the terms and subject to such conditions which are no less favourable to La Concorde than the terms and conditions contained in the sale agreement, and may be subject to conditions, but may not include any conditions in addition to the Properties Conditions Precedent; and
- the Third Party Offeror has provided proof to La Concorde that it has sufficient capital and/or funding available to it to enable it to settle the full purchase price payable for the Properties Sale Assets.

Interested third parties may contact the offices of La Concorde if they wish to submit a Third Party Offer.

#### **4.5. Effective date**

The effective date of the Property Sales Agreement shall be the date on which the properties comprising the La Concorde Rental Enterprise, the Picardi Farm Business and the Poel Garage Rental Enterprise are transferred to the HCI subsidiary purchasers, which shall be as soon as possible after fulfilment (or waiver) of the Properties Conditions Precedent.

Payment of the Property Purchase Consideration shall be made against transfer and delivery on the effective date, subject to simultaneous cancellation of and/or release from any and all mortgage bonds registered in respect of the properties.

#### **4.6. Financial information**

The value of the net assets of the Properties Sale Assets attributable to equity holders of La Concorde at 31 March 2019 was approximately R85,200,000 and the attributable loss for the 12 months then ended, was approximately R31,617,000 (headline profit of R1.501 million excluding fair value adjustments).

### **5. USE OF PROCEEDS**

No immediate plans exist for the application of the proceeds and any cash received will initially be retained by the Niveus group, subject to the decisions of the relevant board of directors.

### **6. CLASSIFICATION OF THE PROPOSED TRANSACTIONS**

As the aggregated value of the Alphawave Transaction and the Properties Transaction exceed 30% of Niveus' market capitalisation, it meets the definition of a category 1 transaction as contemplated in section 9 of the JSE Listings Requirements and accordingly is required to be approved by an ordinary resolution of the shareholders of Niveus.

HCI and the HCI subsidiary purchaser are related parties to Niveus due to the fact that HCI is a material shareholder of Niveus and Niveus' holding company. The Proposed Transactions are therefore related party transactions in terms of section 10 of the JSE Listings Requirements and will require a fairness opinion to be prepared by an independent expert and the approval of the Niveus shareholders by an ordinary resolution of shareholders excluding HCI and its associates.

### **7. CIRCULAR**

A circular containing the full details of the Proposed Transactions, incorporating a notice convening the required Niveus general meeting and a copy of the fairness opinion and other required documentation, will be posted to shareholders in due course and the salient dates and times of the Proposed Transactions, including the date of the shareholders meeting, will be announced on SENS in due course.

Cape Town

1 July 2019

Financial Advisor and Sponsor: Investec Bank Limited

Legal Adviser: ENSafrica