

SNV 201511270003A

Acquisition of Tradeway (Shipping) Limited and withdrawal of cautionary announcement  
SANTOVA LIMITED

('Santova' or 'the Company')

Registration Number: 1998/018118/06

Share code: SNV

ISIN: ZAE000159711

ACQUISITION OF TRADEWAY (SHIPPING) LIMITED AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT  
INTRODUCTION

Further to the cautionary announcement published on SENS on 9 September 2015, the Board is pleased to announce that subject to the conditions precedent set out below, Santova has acquired 100% of Tradeway (Shipping) Limited ('Tradeway') for an amount of GBP5,646,069 with effect 1 December 2015.

#### VENDORS OF TRADEWAY

Santova has acquired 100% of the issued share capital of Tradeway from Darren Sexton and John Heald, the current Directors and original founders of Tradeway. Both Darren Sexton and John Heald will continue to serve as executive Directors of the company post the acquisition for certain minimum agreed periods.

#### DESCRIPTION OF THE BUSINESS

Tradeway is a company incorporated and registered in accordance with the laws of England and Wales, founded in 1994, which operates as an international freight forwarding, logistics, cargo, imports and exports company based in Leeds, United Kingdom.

#### RATIONALE FOR THE ACQUISITION

Santova's strategy is to continuously expand its international presence through a combination of the establishment of new grassroots offices and by acquiring well-established logistics businesses along key trade routes and in major international trading geographies.

The acquisition of Tradeway will further enhance the Group's current capabilities in the United Kingdom and internationally as it has:

\*A well-diversified and long standing client base;

\*Long serving, experienced management and staff with strong client relationships;

\*A history of consistent profitability and free cash flow generation; and

\*A strong brand within the United Kingdom, specialising in the West and East African trade routes from the United Kingdom.

All of the above, coupled with the expected synergies from this acquisition with the Group's recently established office in Ghana, West Africa, will result in immediate growth in the earnings and capability of the Santova Group as a whole.

#### CONSIDERATION PAYABLE

On fulfilment of the conditions precedent, Santova will settle the purchase price payable for Tradeway in the form of cash and new shares to be issued as follows:

\*GBP3,066,377 payable in cash on completion within 7 business days of the effective date;

\*GBP790,000 in new ordinary shares of no par value in the Company to be issued to the Vendors on completion, within 7 business days of the effective date;

\*An amount still to be determined based on the net asset value of Tradeway as at the effective date and payable in cash within 7 days of issue of the effective date accounts of Tradeway.

This amount is estimated to be approximately GBP414,400; and

\*An amount of GBP687,646 payable in cash within 60 days of the completion of each of the first and second 12 month anniversaries of the effective date, subject to the fulfilment of the profit warranty.

The profit warranty requires Tradeway to achieve a minimum net profit before tax in aggregate for the two warranty periods of not less than GBP1,475,000, failing which the purchase price will be proportionately reduced.

In addition, the Vendors of Tradeway have a profit share incentive should the net profit before tax in aggregate for the two warranty periods exceed GBP1,770,000. In the event this target is achieved they will receive an amount equal to 30% of the excess, payable in cash within 60 days of 30 November 2017.

The portion of the purchase price payable in cash for the acquisition of Tradeway will be funded by Santova through a combination of internal cash reserves and a R60 million five year amortising medium term loan facility, which has been approved by the Group's primary bankers, Nedbank Limited.

#### CONDITIONS PRECEDENT

The acquisition is subject to the fulfilment of the following conditions precedent:

\*The Shareholders and Board of Directors of Tradeway approving the proposed acquisition in terms of the concluded sale agreement; and

\*Santova and Tradeway obtaining the necessary standard statutory and regulatory approvals for the proposed acquisition from, inter alia, JSE Limited, the South African Reserve Bank and the United Kingdom Companies House, if applicable.

#### VALUE OF THE NET ASSETS AND PROFITS ATTRIBUTABLE TO THE NET ASSETS BEING ACQUIRED

The value of the net assets of Tradeway that are being acquired are GBP2,394,872 as recorded in the most recently published and unaudited annual financial statements of Tradeway dated 31 March 2015.

The value of the profits attributable to net assets of Tradeway that are being acquired are GBP688,250 pre-taxation, as recorded in the most recently published and unaudited annual financial statements of Tradeway dated 31 March 2015.

#### CATEGORISATION OF THE ACQUISITION

This transaction is a category 2 transaction as defined by the JSE Listings Requirements and as such does not require specific Shareholder approval.

#### WITHDRAWAL OF CAUTIONARY

Shareholders are referred to the cautionary announcement, dated 9 September 2015, and are advised that caution is no longer required to be exercised by Shareholders when dealing in Santova shares.

27 November 2015

Durban  
Sponsor and Corporate Advisor  
River Group

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