

GRAND PARADE INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1997/003548/06)
Share code: GPL
ISIN: ZAE000119814
("GPI" or "the Company")



DISPOSAL OF INTEREST IN SPUR CORPORATION LIMITED

1. INTRODUCTION

Shareholders are referred to the cautionary announcement published on SENS on 3 June 2019 ("**Cautionary Announcement**") and are advised that on 26 June 2019, the Company and its wholly-owned subsidiary GPI Investments 1 Proprietary Limited ("**GPI Investments 1**"), entered into a share buy-back agreement ("**Share Buy-Back Agreement**") with Spur Group Proprietary Limited ("**Spur Group**") and Spur Corporation Limited ("**Spurcorp**"), in terms of which GPI Investments 1 will dispose of 10 848 093 ordinary shares in the share capital of Spurcorp ("**Spur Shares**") and Spurcorp will repurchase the Spur Shares from GPI Investments 1 for a purchase consideration of R260 354 232 ("**Purchase Consideration**") ("**Disposal**").

By way of background, on 30 October 2014, Spurcorp allotted and issued the Spur Shares, constituting 10% of the issued share capital of Spurcorp following the issuance thereof, to GPI Investments 1 in terms of a specific issue of shares for cash, for a total subscription price of R294 660 000 (R27.16 per Spur Share) ("**Subscription Price**"). The Spur Shares were issued subject to a lock-in period of 5 years from 30 October 2014 ("**Lock-in Period**"), in terms of which GPI Investments 1 was restricted from trading in the Spur Shares without the consent of Spurcorp. The Subscription Price was funded as follows:

- through the issuance by GPI Investment 1 of 90 000 A class variable rate, cumulative redeemable no par value preference shares in the share capital of GPI Investments 1 ("**A Preference Shares**") and 65 000 B class variable rate, cumulative redeemable no par value preference shares in the share capital of GPI Investments 1 ("**B Preference Shares**") to The Standard Bank of South Africa Limited ("**SBSA**") for a combined subscription price of R150 000 000 ("**Bank Funding**"). The Bank Funding is secured by, *inter alia*, the cession and pledge of the Spur Shares to and in favour of SBSA ("**SBSA Cession and Pledge**");
- through the issuance by GPI Investments 1 of 72 328 C class cumulative no par value redeemable preference shares in the share capital of GPI Investments 1 ("**C Preference Shares**") to Spur Group, a wholly-owned subsidiary of Spurcorp, for a subscription price of R72 330 000 ("**Spur Group Funding**"). The C Preference Share are subordinate to the A Preference Shares and B Preference Shares subscribed for

by SBSA in terms of the Bank Funding and is secured by the cession of the reversionary interest of GPI Investments 1 in the Spur Shares; and

- the balance of the Subscription Price equal to R72 330 000, was funded by GPI from existing cash resources.

2. DESCRIPTION OF THE BUSINESS OF THE PURCHASER

Spurcorp, a publicly traded company listed on the Johannesburg Stock Exchange (JSE), is a multi-brand restaurant franchisor with eight brands in South Africa and internationally.

3. RATIONALE FOR THE DISPOSAL

The proceeds from the Disposal will be utilised to reduce debt, which will improve overall profitability and cash generation for the Company. This aligns with the Company's strategy to unlock value and create sustainability for all stakeholders.

4. PURCHASE CONSIDERATION

The Purchase Consideration of R260 354 232 equates R24 per Spur Share, which represents a premium of 7% to the volume weighted average trading price of Spurcorp's shares traded on the JSE over the 30 trading days up to 2 June 2019, being the day prior to the date of the Cautionary Announcement.

5. PAYMENT AND APPLICATION OF THE PURCHASE CONSIDERATION AND FUNDING OF THE SHORTFALL

On the Fulfilment Date (as defined below), a portion of the Purchase Consideration equal to the sum of the full redemption amount, including taxes and costs in respect of the unredeemed A Preference Shares and the full redemption amount, including taxes and costs in respect of the unredeemed B Preference Shares, which amount, as at the date of this announcement, is estimated to amount to R153 000 000 on 30 September 2019, but which amount shall finally be determined on the implementation of the Disposal ("**Bank Funding Redemption Price**"), will be paid in cash by Spurcorp into a bank account nominated by SBSA, which amount will be applied in settlement of the Bank Funding Redemption Price, after which the SBSA Cession and Pledge will be cancelled.

On the Closing Date (as defined below), and following receipt of the confirmation from SBSA that the Bank Funding Redemption Price has been received, the Purchaser shall pay the remaining portion of the Purchase Consideration in cash into a bank account designated by Spur Group which amount shall be applied in settlement of the full redemption amount in respect of the unredeemed C Preference Shares, which amount, as at the date of this announcement, is estimated to amount to R113 000 000 at 30 September 2019, but which amount shall be finally determined on the implementation of the Disposal ("**Spur Group Redemption Price**").

The balance of the Purchase Consideration remaining after the settlement of the Bank Funding Redemption Price and the Spur Group Redemption Price, if any, will be paid in cash into a bank account nominated by GPI Investments 1, which amount (if any) will be applied to reduce debt.

If, after the settlement of the Bank Funding Redemption Price, there is a shortfall in the amount required to settle the Spur Group Redemption Price ("**Shortfall**"), GPI shall subscribe for ordinary shares in the issued share capital of GPI Investments 1 to the value

of the Shortfall and the proceeds of such subscription by GPI shall be applied to settle the Shortfall.

6. CONDITIONS PRECEDENT

The Disposal is subject to the fulfilment or waiver, as the case may be, of the following outstanding conditions precedent ("**Conditions Precedent**"):

- the directors of GPI Investments 1 and the shareholder of GPI Investments 1 (being GPI) approves the redemption of all of the unredeemed A Preference Shares in accordance with the provisions of the Share Buy-Back Agreement and the bank finance agreements, including the board resolutions approving the making of a distribution required in accordance with section 46 of the Companies Act No. 71 of 2008 ("**Companies Act**");
- the directors of GPI Investments 1 and the shareholder of GPI Investments 1 (being GPI) approves the redemption of all of the unredeemed B Preference Shares in accordance with the provisions of the Share Buy-Back Agreement and the bank finance agreements, including the board resolutions approving the making of a distribution required in accordance with section 46 of the Companies Act;
- the directors of GPI Investments 1, the shareholder of GPI Investments 1 (being GPI) and the holders of the C Preference Shares (being Spur Group) approves the redemption of the unredeemed C Preference Shares in accordance with the provisions of the Share Buy-Back Agreement;
- the directors of GPI Investments 1 and the shareholder of GPI Investments 1 (being GPI) approves the issue and allotment by GPI Investments 1 to GPI of the ordinary shares in the issued share capital of GPI Investments 1 to the value of the Shortfall, including the board resolutions approving the issue of the ordinary shares required in accordance with sections 38 and 40 of the Companies Act and the special resolution of the shareholder of GPI Investments 1 (being GPI) required in accordance with clause 13.1 of the memorandum of incorporation of GPI Investments 1 ("**MOI**");
- GPI Investments 1 and the shareholder of GPI Investments 1 (being GPI) procure that the authorised share capital of GPI Investments 1 is increased from 1000 ordinary shares to 2000 ordinary shares, including the passing of the special resolution of the shareholder of GPI Investments 1 (being GPI) required in accordance with section 16 of the Companies Act and obtaining the consent of SBSA and Spur Group thereto as contemplated in clause 30.2 of the C Preference Share terms and clause 11.7 and 12 of the MOI;
- the escrow attorneys, being Bernardt Vukic Potash and Getz Attorneys, issues the escrow attorney's letter of confirmation confirming that they are aware of and will abide by the provisions of the Share Buy-Back Agreement as it pertains to them.
- the signatories to each of the escrow documents delivers to the escrow attorney a duly signed original of their respective escrow documents to be held in escrow (which effectively requires the consent of SBSA to the Disposal);
- the board of directors of Spurcorp passes all resolutions required in terms of the Companies Act and the JSE Listings Requirements in respect of the share repurchase as contemplated in the Share Buy-Back Agreement;
- Spurcorp obtains the necessary approvals to implement the share repurchase in terms of the Share Buy-Back Agreement from the JSE and the TRP, provided that if

any such approvals are issued conditionally or on terms, this Condition Precedent shall not be regarded as having been fulfilled unless the party to the Share Buy-Back Agreement which is affected by such conditions or terms confirms in writing that such condition or term is acceptable to it, acting reasonably;

- Spurcorp obtains a "fair and reasonable" opinion from an independent expert in relation to the share repurchase in terms of the JSE Listings Requirements, the Companies Act and Regulation 90 of the Companies Regulations, 2011;
- the board of directors of Spurcorp passes all resolutions necessary to waive the Lock-In Periods and all restrictive provisions of the Lock-In Agreement with effect from the Closing Date;
- the shareholders of Spurcorp passes all resolutions to the extent required in terms of the Companies Act and the JSE Listings Requirements in respect of the share repurchase;
- the board of directors of GPI Investments 1 passes all resolutions required in terms of the Companies Act and the JSE Listings Requirements in respect of the share repurchase;
- the board of directors of Spur Group passes all resolutions necessary to record the release of the Spur Shares from the operation of the reversionary cession with effect from the Closing Date;
- in the event where the provisions of section 115(2)(c) of the Companies Act become applicable, the approval of the implementation of the share repurchase resolutions by the court, to the extent required in the circumstances and manner contemplated in sections 115(3) to 115(6) of the Companies Act, provided Spurcorp has not exercised an election to treat the share repurchase resolution as a nullity in terms of Section 115(5)(b) of the Companies Act; and
- within the time period prescribed in section 164(7) of the Companies Act, no shareholders of Spurcorp exercise any appraisal rights contemplated in terms of section 164 of the Companies Act, by giving valid demands in accordance with the requirements of sections 164(5) to 164(8) of the Companies Act.

The Conditions Precedent must be fulfilled by not later than Fulfilment Date, which date may be extended by the parties in writing.

7. FULFILMENT DATE AND CLOSING DATE OF THE DISPOSAL

The fulfilment date shall be the date upon which the Conditions Precedent are fulfilled or waived, which date shall be no later than 14 October 2019 ("**Fulfilment Date**").

Delivery, ownership of and all risk in and all benefit attaching to the Spur Shares will take place on the first business day following the Fulfilment Date ("**Closing Date**").

8. FINANCIAL INFORMATION

The value of the net assets comprising the Spur Shares as at 31 December 2018, being the date of the unaudited interim financial statements of GPI, was R234 655 100.

The losses after tax attributable to the Spur Shares for the period ended 31 December 2018, was R4 876 682, based on the unaudited interim financial statements of GPI for the period ending 31 December 2018, which were prepared in terms of IFRS.

9. WARRANTIES AND OTHER SIGNIFICANT TERMS OF THE SHARE BUY-BACK AGREEMENT

Spurcorp has warranted to GPI Investments 1 that it has sufficient funding to effect the payment of the Purchase Consideration

GPI Investments 1 has warranted to Spurcorp that the Purchase Consideration together with the Shortfall, if any, is equal to an amount which is not less than the sum of

- the Bank Funding Redemption Price prior to the settlement thereof;
- the Spur Group Funding Redemption Price prior to the settlement thereof;
- all taxes required to be paid by GPI Investments 1 in relation to the Disposal; and
- all taxes which are required to be paid or withheld by GPI Investments 1 in relation to the redemption of the A Preference Shares, B Preference Shares and C Preference Shares in issue and / or the payment of the Bank Funding Redemption Price and the Spur Group Funding Redemption Price in respect of those preference shares.

The other warranties and indemnities by GPI Investments 1 in favour of Spur Corp are standard for a transaction of this nature.

10. CLASSIFICATION OF THE DISPOSAL

The Disposal constitutes a category 2 transaction in terms of the JSE Limited Listings Requirements.

11. WITHDRAWAL OF CAUTIONARY

Shareholders are referred to the Cautionary Announcement.

Shareholders are hereby advised that as the particulars of the Disposal have now been announced, caution is no longer required to be exercised by shareholders when dealing in the Company's securities.

27 June 2019

Sponsor

PSG Capital



PSG CAPITAL