



# SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)  
Registration number: 1968/011249/06  
N Shares share code: SRN; Ordinary Shares share code: SER  
ISIN: ZAE000030144; ISIN: ZAE000029815  
(\*Seardel\*)

## DISPOSAL OF A PROPERTY TO SACTWU

### 1 INTRODUCTION

Seardel ordinary shareholders and N ordinary shareholders (collectively "**Seardel Shareholders**") are advised that Seardel Group Trading Proprietary Limited ("**SGT**"), a wholly-owned subsidiary of Seardel, has concluded an agreement with the Sactwu Properties Proprietary Limited, a wholly-owned subsidiary of the Southern African Clothing and Textile Workers Union ("**Sactwu**") for the sale of a property situated at the corner of Bofors Circle and Losack Avenue, Epping Industria, Cape Town, together with all leases and assets, forming necessary parts of the letting enterprise as a going concern (the "**Property**") to Sactwu for a total purchase consideration of R52,2 million ("**Purchase Consideration**") (the "**Proposed Transaction**").

The Property, which is a composite industrial manufacturing complex, measures approximately 2,0234 hectares and has a GLA of 18 391 m<sup>2</sup>. It is currently tenanted by Seardel Apparel and Seardel Training College, divisions of SGT involved in the apparel manufacturing business, and a third-party tenant, Colorite Colour Solutions CC.

### 2 RATIONALE

The directors of Seardel have resolved to exit Seardel's apparel manufacturing businesses through the closure of its Western Cape and KwaZulu-Natal operations and the disposal of the remainder of its apparel manufacturing businesses, excluding the Lesotho operation (the "**Apparel Manufacturing Business**"), details of which are set out in the circular to Seardel Shareholders dated 18 December 2013 ("**Circular**").

Further to this strategy and following the disposal of the Apparel Manufacturing Business to Sactwu, which is the primary tenant of the Property, Seardel has entered into a further agreement with Sactwu for the Proposed Transaction, on the terms set out below.

### 3 TERMS OF THE PROPOSED TRANSACTION

- 3.1 The Property will be transferred from SGT to Sactwu following the registration of transfer of the Property into Sactwu's name, which is expected to take place by 30 June 2014 ("**Transfer Date**").
- 3.2 Registration of transfer of the Property into Sactwu's name shall be effected by SGT's conveyancers as soon as reasonably possible after Sactwu has complied with the provisions set out in paragraph 3.3 and made payment to SGT's conveyancers of all the costs of and incidental to the registration of transfer of the Property into Sactwu's name and the Purchase Consideration shall have been received by SGT.
- 3.3 Sactwu and SGT shall sign all documents required to be signed in connection with the transfer of the Property and the cancellation of all bonds registered over the Property, including but not limited to such documents required for compliance with the Financial Intelligence Centre Act and such documents as may be required by the South African Revenue Service.
- 3.4 With effect from the Transfer Date:
  - all risk and benefit in and to the Property shall pass to Sactwu; and
  - Sactwu shall be liable for all rates, taxes and other imposts levied on the Property.
- 3.5 Sactwu shall, on demand, refund to SGT a rateable share of all rates, taxes, other imposts and amounts prepaid by SGT in respect of the Property beyond the Transfer Date.

- 3.6 SGT shall become liable for and, as soon as possible after the Transfer Date, shall pay to Sactwu a rateable share of all rates, taxes, imposts and amounts paid by Sactwu with the prior written approval of SGT which were due in respect of any period prior to the Transfer Date.
- 3.7 Sactwu shall arrange with the local authority and/or Eskom for the supply on Sactwu's account of electricity and water to the Property as from the Transfer Date, SGT being entitled to close such contracts and to withdraw any deposit which it has with the local authority and/or Eskom on the Transfer Date.

### 4 CONDITIONS PRECEDENT TO THE PROPOSED TRANSACTION

The Proposed Transaction is subject to the fulfilment or waiver of, *inter alia*, the following conditions precedent:

- 4.1 the agreement in relation to the disposal of Seardel's apparel manufacturing business, excluding the Lesotho operation, to Sactwu becoming unconditional and being implemented in accordance with its terms. The details of the aforementioned transaction are set out in the circular to Seardel Shareholders dated 18 December 2013;
- 4.2 the obtaining of the approval of the JSE, in so far as may be necessary;
- 4.3 the obtaining of the consents of the bankers of Seardel to the Proposed Transaction; and
- 4.4 Competition Authority approval in terms of the Competition Act, No. 89 of 1998.

### 5 PRO FORMA FINANCIAL EFFECTS

The *pro forma* financial effects of the Proposed Transaction on Seardel's historical earnings, headline earnings, net asset value and net tangible asset value are not significant.

### 6 CATEGORISATION AND DOCUMENTATION

In terms of the JSE Listings Requirements ("**Listing Requirements**"), Sactwu is a related party to Seardel as defined in the Listings Requirements as a result of its material shareholding in Hosken Consolidated Investments Limited, Seardel's holding company. However, due to the size of the Proposed Transaction, it is classified as a small related party transaction. Accordingly, Seardel shareholder approval is not required in order to implement the Proposed Transaction although an independent valuation has been performed in terms of the Listings Requirements as detailed in paragraph 7 below.

### 7 INDEPENDENT VALUATION

An independent valuation as at 1 October 2013 was carried out by Tony Freedman of David Newham Property Management Co. Proprietary Limited, a registered professional valuer in terms of the Property Valuers Profession Act, No. 47 of 2000. The independent valuation indicates that the Property's fair value is R52,2 million.

The valuation report relating to the Property will lie for inspection at Seardel's registered office (1 Moorsom Avenue, Epping Industria II, Cape Town, 7460) for a period of 28 days from the date of this announcement.

Cape Town  
23 December 2013

Investment bank and sponsor

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**TABACKS**