



Novus Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 2008/011165/06)
JSE share code: NVS ISIN: ZAE000202149
("Novus Holdings", "the Company" or "the Group")

DISPOSAL OF LETTING ENTERPRISE

1. INTRODUCTION

- 1.1. Shareholders are advised the Group's wholly-owned subsidiary, Novus Print Proprietary Limited ("**Novus Print**" or the "**Seller**"), is in the final stages of concluding the disposal of their KwaZulu-Natal ("**KZN**") Property, as described below, after it being carried as an asset-held-for-sale since March 2020. On 06 April 2021 ("**Signature Date**"), Novus Print entered into a sale agreement with The Chione Family Trust ("**Purchaser**") in respect of the disposal of the Novus Print "**Letting Enterprise**" as described below ("**Sale Agreement**"), for a cash purchase consideration of R66 000 000 ("**Consideration**") (the "**Disposal**").
- 1.2. The Letting Enterprise comprises:
 - 1.2.1. the "**Property**", being Erf 25221 Pinetown, Registration Division FT, Province of KwaZulu-Natal, being the building housing the Seller's print facility;
 - 1.2.2. the "**Lease Agreement**" entered into between Novus Print (as lessor) and Zeta Laboratories Close Corporation ("**Zeta**") (as lessee) in respect of the Property, commenced on 01 January 2021 for a period of 12 months and in terms of which a rental amount of R570 000 per month is payable by Zeta to Novus Print; and
 - 1.2.3. certain office furniture at the Property ("**Furniture**").

2. THE DISPOSAL

2.1. Details of the Property

The Property means Erf 25221 Pinetown, Registration Division FT, Province of Kwa-Zulu Natal, in extent 2,9936 hectares, together with all permanent improvements thereon, situated at 45 Mahogany Road, Pinetown.

The gross lettable area of the Property is 11 411m² and the weighted average net rental per square metre is currently R49.95.

2.2. Rationale for the Disposal

In 2020, Novus Print had two sheetfed business units, one situated in KZN and the other in Montague Gardens. Both included digital and cutsheet operations. The sheetfed business unit earnings were unfortunately severely impacted by negative market spending patterns in the education sector. The combined utilisation of the two business units therefore necessitated the consolidation into a single operation. The decision was therefore taken to dispose of the KZN building following the closure of the facility in April 2020.

The consolidation and closure are in line with the Group's stated objective of right-sizing the print operations.

The proceeds of the Disposal will be added to existing Group cash resources.

2.3. Consideration and Effective Date

The consideration payable by the Purchaser to the Seller for the Letting Enterprise is an amount of R66 000 000, payable in cash as follows:

- 2.3.1. a deposit of R16 500 000 at the Signature Date, which amount has already been paid to the conveyancer; and
- 2.3.2. the balance of R49 500 000 payable on date of registration of transfer of the Property in the name of the Purchaser ("**Transfer Date**").

Possession and occupation of the Property will be given by the Seller to the Purchaser on the Transfer Date. The transfer of the Furniture and Lease Agreement shall also be effective from the Transfer Date, which is currently expected to be on or about 30 June 2021 ("**Effective Date**").

In the event of the Sale Agreement terminating and the Purchaser not vacating the Property within 90 days, Novus Print will be entitled, *inter alia*, to retain an amount of R13 200 000 from the deposit, which amount will be released by the conveyancer and paid to the Seller.

2.4. Conditions Precedent

The Disposal is subject to the Purchaser presenting financial guarantees for the Consideration which is anticipated to be met in the short term.

3. VALUATION OF THE PROPERTY

The Property has not been independently valued. Instead, the value is represented by its book value of R65,3 million, as determined by the board of directors of the Company ("**Board**").

The Board is not considered independent for this purpose, and its members are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No 47 of 2000.

4. FINANCIAL INFORMATION

The value of the net assets of the Letting Enterprise as at 31 March 2021 is R65,3 million. The profit attributable to the Letting Enterprise for the year ended 31 March 2021 is R0,3 million.

The audited annual financial statements for Novus Print for the year ended 31 March 2021 were prepared in accordance with International Financial Reporting Standards and the South African Companies Act No 71 of 2008.

5. CATEGORISATION OF THE DISPOSAL

The Disposal is classified as a Category 2 transaction in terms of the Listings Requirements of the JSE Limited.

Cape Town

09 June 2021

Sponsor

Merchantec Capital