



Basil Read Holdings Limited  
(Incorporated in the Republic of South Africa)  
(Registration Number: 1984/007758/06)  
Share Code: BSR ISIN: ZAE 000029781  
("Basil Read" or "the Company")

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## **DISPOSAL OF 100 PERCENT OF THE ISSUED SHARE CAPITAL AND SALE CLAIMS OF SPRAYPAVE PROPRIETARY LIMITED ("SPRAYPAVE") AND THE BUSINESS OF AFRICAN ROAD MAINTENANCE AND CONSTRUCTION PROPRIETARY LIMITED ("ARMAC") ("THE TRANSACTION")**

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### **INTRODUCTION**

Shareholders are referred to the cautionary announcements, the last of which was released on SENS on 29 September 2015, and are advised that Basil Read Limited (a wholly owned subsidiary of Basil Read), and Much Asphalt Proprietary Limited (registration number: 2011/010666/07) ("Much Asphalt" or "the Purchaser") have entered into a sale of shares and claims agreement (the "Sale Agreement"), in terms of which the Purchaser will acquire all of the issued share capital and claims against SprayPave (registration number: 1995/006372/07) from Basil Read Limited, and the business of ARMAC (registration number: 2000/004462/07) from ARMAC for a maximum Purchase Consideration ("Transaction Purchase Consideration") of R78,643,000.00 (the "Transaction").

### **RATIONALE FOR THE SALE AGREEMENT AND USE OF PROCEEDS**

Basil Read Limited received an unsolicited approach from Much Asphalt to acquire SprayPave and the business of ARMAC and following negotiations between the two parties Basil Read Limited received an offer. The net proceeds from the Transaction will be applied towards the reduction of debt and capital management initiatives.

### **BACKGROUND TO MUCH ASPHALT**

Much Asphalt is a limited liability private company duly incorporated in South Africa which operates in the asphalt industry where it manufactures and supplies a range of hot and cold asphalt products to the road construction industry.

### **BACKGROUND TO SPRAYPAVE**

SprayPave is a limited liability private company duly incorporated in South Africa and manufactures and supplies bitumen, modified binders and emulsions for road construction in South Africa. It has also acquired a bitumen reactor ("Plant"), from Technix Industries Limited ("Technix"), (a limited liability private company registered under the laws of New Zealand) which is in the process of being pre-commissioned in New Zealand ahead of its ultimate commissioning in Cape Town.

### **BACKGROUND TO ARMAC**

ARMAC, being a wholly owned subsidiary of Basil Read Limited, is a limited liability private company duly incorporated in South Africa and owns immovable property in Johannesburg, Cape Town and Durban from which SprayPave operates, as well as certain plants and equipment which is leased by SprayPave.

### **KEY TERMS OF THE TRANSACTION**

#### **• Sale Agreement**

In terms of the Sale Agreement, the Purchaser will acquire the entire issued share capital of SprayPave (the "Sale Shares") and all claims which Basil Read Limited has against SprayPave on the effective date of the Transaction (the "Sale Claims"), as well as certain equipment owned by Basil Read Limited and leased to SprayPave ("Basil Read Equipment").

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The Purchaser will acquire the Sale Shares for an amount of R9,119,023.20, and the business of ARMAC for an amount of R24,032,601.00, with the balance of the Purchase Consideration being allocated towards Sale Claims and the Basil Read Equipment. The maximum Transaction Purchase Consideration for the Sale Shares, the business of ARMAC, the Sale Claims and the Basil Read Equipment is R78,643,000.00 and will be settled in cash.

The Transaction Purchase Consideration may decrease, due to certain adjustments that may be required once actual working capital and net debt balances have been confirmed. The Purchase Consideration may also be decreased if certain commissioning costs and milestone payments, in respect of the Plant, have not been made.

The Transaction Purchase Consideration shall be paid by Much Asphalt out of immediately available cash.

#### • Other Terms

As a condition to the Sale Agreement, SprayPave and ARMAC shall conclude a sale of business Agreement where SprayPave will acquire the business of ARMAC ("ARMAC Sale Agreement") for a purchase consideration of R24,032,601.00 ("ARMAC Purchase Consideration"), which is included in the Transaction Purchase Consideration.

SprayPave also owns 49% of the issued share capital of Mmila Project (Pty) Ltd (Registration Number: 1998/018934/07) ("Mmila"), being a dormant construction related projects management company. As a condition to the Transaction, SprayPave will dispose of the shares and claims against Mmila to Basil Read Limited, for a consideration of R1.00 (the "Mmila Sale Agreement").

Indemnities and warranties were provided by Basil Read Limited in the Sale Agreement which are normal for a transaction of this nature.

#### • Conditions Precedent

The Sale Agreement is subject to the fulfilment of the following conditions precedent by no later than 23h59 on 31 January 2016.

- a) the Purchaser's representatives confirming in writing that the Plant is operative in New Zealand;
- b) Basil Read Limited obtaining consent to the change of control from Technix, (the seller of the Plant under commissioning) and Nedbank Limited;
- c) Basil Read Limited procuring the release, with effect from the effective date of the Sale Agreement, of (i) SprayPave from its obligations under certain cross guarantees and (ii) any encumbrances of the ARMAC assets pursuant to certain cross-guarantees given by ARMAC;
- d) the conclusion of the ARMAC Sale Agreement and the fulfilment of the conditions therein;
- e) the conclusion of the Mmila Sale Agreement and the fulfilment of the conditions therein and implementation of the Mmila Sale Agreement; and
- f) the unconditional approval of the sale contemplated in the Sale Agreement by the Competition Commission or conditional approval on terms and conditions which the party which is or parties which are affected by such conditions or terms confirm acceptance in writing, within five business days of receipt of such conditional approval but in any event by no later than 31 January 2016.

#### • Effective Date of the Transaction

The effective date will be the first business day of the month following the month in which the last of the conditions precedents is fulfilled or waived, as the case may be.

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## PROFIT AND NET ASSET VALUE ATTRIBUTABLE TO SPRAYPAVE

The value of the net assets of SprayPave as per the most recently published unaudited results of Basil Read, for the six months ended 30 June 2015 is R66.3 million. The losses attributable to the net assets of SprayPave for the six months ended 30 June 2015 is R12.0 million;

The value of the net assets of ARMAC as per the most recently published unaudited results of Basil Read, for the six months ended 30 June 2015 is R22.4 million. The profits attributable to the net assets of ARMAC for the six months ended 30 June 2015 is R1.0 million.

The value of the net assets of Mmila as per the most recently published unaudited results of Basil Read, for the six months ended 30 June 2015 is R0.4 million. The losses attributable to the net assets of Mmila for the six months ended 30 June 2015 is R0.00. The Transaction Purchase Consideration is inclusive of the ARMAC Purchase Consideration.

## CATEGORISATION OF THE TRANSACTION

The Transaction constitutes a Category 2 disposal for Basil Read under the provisions of section 9 of the Listings Requirements of the JSE Limited.

## WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are advised that as the Sale Agreement has now been concluded there are no further negotiations ongoing and caution is no longer required to be exercised by shareholders when dealing in the Company's securities.

Johannesburg | 30 October 2015



Corporate Advisor to  
Basil Read  
St John Capital



Legal Advisors to Basil Read  
Werksmans Attorneys



Sponsor to Basil Read  
Grindrod Bank Limited



Legal Advisors to Much Asphalt  
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Incorporated