

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED

(Previously Niveus Invest 17 Proprietary Limited)

(Incorporated in the Republic of South Africa)

(Registration number: 2015/250356/06)

Share code: HPR

ISIN: ZAE000255907

("HPLR" or the "Company")



DISPOSAL OF PROMISSORY NOTE AND RELATED RIGHTS

1. INTRODUCTION

Shareholders are advised that on 20 December 2018 the Company entered into a sale and assignment agreement ("**Sale and Assignment Agreement**") with Sanlam Life Insurance Limited, acting through its Sanlam Capital Markets division and through its Sanlam Investment Management division ("**Purchasers**"), in terms of which the Company will cede and transfer its rights to receive payment of an amount owing to it by Warshay Investments Proprietary Limited ("**Warshay**") and an accompanying unconditional guarantee issued by Investec Bank Limited (formerly referred to as the "**Promissory Note**") (collectively, "**Sold Rights**"), and delegate certain related obligations, to the Purchasers for a disposal consideration of R 240 248 107 ("**Disposal Consideration**") ("**Disposal**").

2. SOLD RIGHTS

The Sold Rights were acquired by the Company from La Concorde South Africa Proprietary Limited ("**La Concorde**") (a fellow subsidiary of HPLR's holding company, Hosken Consolidated Investments Limited) prior to the Company's listing in April 2018 on the JSE Main Board.

The rights arose from the disposal during 2016 by La Concorde of its "KWV" business to Warshay, with the purchase consideration to be settled in various instalments on each anniversary of the effective date of such sale ("**KWV Disposal**").

The third and final purchase consideration instalment under the KWV Disposal remains owing to the Company, and is due for payment on 1 October 2019. The payment carries interest at 8.5% nominal annual compounded annually and is secured by Investec Bank Limited ("**Investec**") under a guarantee concluded on or about 7 October 2016 between Investec, La Concorde and Warshay ("**Tripartite Agreement**"). The maturity value of the third and final payment on 1 October 2019 is R257 690 776.

3. RATIONALE AND APPLICATION OF THE DISPOSAL CONSIDERATION

The Company intends to utilise the Disposal Consideration mainly to declare a special dividend to HPLR shareholders and anticipates that such dividend will be declared during the first quarter of 2019. This is in line with the Company's approach of distributing such proceeds to shareholders, as was done recently following the maturity of the second Promissory Note relating to the KWV Disposal, when HPLR declared a special dividend of 75 cents (gross) per share to shareholders, such dividend having since been paid to shareholders on Tuesday, 18 December 2018.

4. DISPOSAL CONSIDERATION

After deducting an arrangement fee of R480 496 (exclusive of VAT), the balance of the Disposal Consideration, amounting to R239 695 537, will be paid to the Company by no later than 21 December 2018 free of deduction or set-off in immediately available funds. The arrangement fee, comprising 0.2% of the Disposal Consideration, will be due to Sanlam Capital Markets Proprietary Limited, subject to receipt by the Company of the balance of the Disposal Consideration.

5. EFFECTIVE DATE OF THE DISPOSAL

All conditions precedent to the Disposal have been fulfilled and the Disposal will occur on and with effect from 21 December 2018.

6. WARRANTIES AND OTHER SIGNIFICANT TERMS OF THE AGREEMENT

The Sale and Assignment Agreement contains representations and warranties which are standard for a transaction of this nature.

7. CLASSIFICATION OF THE DISPOSAL

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

Cape Town
21 December 2018

Sponsor and corporate
adviser



Legal adviser



Transaction adviser

