

**SANTOVA LIMITED**  
**(“Santova” or “the Company”)**  
**Registration Number: 1998/018118/06**  
**Share code: SNV**  
**ISIN: ZAE000159711**

## **ACQUISITION OF MLG MARITIME CARGO LOGISTICS GMBH (GERMANY)**

### **INTRODUCTION**

The Board of Santova is pleased to announce that subject to the condition's precedent set out below, Santova has acquired 100% of MLG Maritime Cargo Logistics GmbH (“MCL”) for an amount of Euro 1,919,040 with effect 1<sup>st</sup> March 2019.

### **VENDORS OF MCL**

Santova has acquired 100% of the issued share capital of MCL from Overseas Freight Ways OU, an investment holding company controlled by Frank Heuer. Frank Heuer is the current managing director and founder of MCL. Frank Heuer will continue to serve as managing director of the company, post the acquisition. In addition, Frank Heuer will assume the role of managing director of Santova Logistics (Germany) following the recent retirement of the current managing director.

### **DESCRIPTION OF THE BUSINESS**

MCL is a company incorporated and registered in Germany which operates as an international freight forwarding and logistics business, including the operation and management of a bonded warehouse facility based in the Port of Hamburg, Germany. The business was founded in 1996.

### **RATIONALE FOR THE ACQUISITION**

Santova's strategy is to continuously expand its international presence through the acquisition of well-established logistics businesses along key international trade routes and in major international trading geographies.

The acquisition of MCL will further enhance the Group's current capabilities in Germany and more specifically expands the Group's presence and service offering in Hamburg. Hamburg is Germany's largest port and Europe's third-largest container port and acts as the gateway to northern Europe.

MCL primarily provides seaport forwarding, warehousing and transshipment services and specialises in the transportation and storage of dangerous and explosive goods.

In addition, MCL will offer the Group access to a 2,000 square meter bonded warehouse facility in the port of Hamburg that provides storage and other value-add warehouse services.

### **CONSIDERATION PAYABLE**

The purchased price payable for MCL is Euro 1,919,040 and will be settled in the form of cash, with the first installment of Euro 1,259,040 payable on fulfilment of the conditions precedent and the balance payable in two installments of Euro 330,000, each year over a period of 24 months subject to the achievement of a profit warranty.

The profit warranty requires MCL to achieve a minimum net profit before tax of Euro 350,000 per annum for the 24-month warranty period, failing which the goodwill component of the purchase price will be proportionately reduced.

The purchase price will be funded through the Group's R75 million medium term acquisition loan facility, which was approved in 2018 by the Group's primary transactional bankers for general acquisition purposes.

## **CONDITIONS PRECEDENT**

The completion of the acquisition is subject to the preparation of the effective date accounts as at 28 February 2019, which is the final remaining material condition precedent.

The following conditions precedent are also incomplete but are in the final stages of completion:

- Signature of the agreed Managing Director Service Agreement by Frank Heuer;
- Negotiation and execution of the new lease governing the Hamburg warehouse to the satisfaction of the parties;
- Declaration by the Seller that no material adverse changes have occurred between signature and payment; and
- Payment of the first installment of the purchase price once all other conditions precedent are fulfilled.

## **VALUE OF THE NET ASSETS AND PROFITS ATTRIBUTABLE TO THE NET ASSETS BEING ACQUIRED**

The final value of the net assets of MCL that are being acquired will be determined as per effective date accounts as at 28 February 2019 which are currently being prepared and will be finalised prior to completion. However, the final value of the net assets of MCL are expected to be an amount of approximately Euro 500,000.

The value of the profits attributable to net assets of MCL that are being acquired are warranted to be Euro 350,000 before taxation for each of the 2 financial years post effective date.

## **ARTICLES OF ASSOCIATION OF MCL**

Santova has confirmed that the Articles of Association of MCL contain no provisions that would frustrate Santova in any way from compliance with its obligations in terms of the Listings Requirements and furthermore do not contain any provisions that will relieve Santova from compliance with the Listings Requirements.

## **CATEGORISATION OF THE ACQUISITION**

This transaction is a category 2 transaction as defined by the JSE Listings Requirements and as such does not require specific Shareholder approval.

10 April 2019  
Durban  
Sponsor and Corporate Advisor  
River Group