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Proposed specific issue of shares for cash by Metrofile to MICIH and proposed waiver of mandatory offer by MICIH

Metrofile Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1983/012697/06)

Share code: MFL

ISIN: ZAE000061727

("Metrofile" or "the Company")

PROPOSED SPECIFIC ISSUE OF SHARES FOR CASH BY METROFILE TO MIC INVESTMENT HOLDINGS

PROPRIETARY LIMITED ("MICIH") AND PROPOSED WAIVER OF MANDATORY OFFER BY MICIH

1. INTRODUCTION

Shareholders are advised that, subject to the fulfillment or waiver (where capable of waiver) of certain suspensive conditions, MICIH (a wholly-owned subsidiary of Mineworkers Investment Company Proprietary Limited ("MIC")) will subscribe for an additional 8 056 258 ordinary shares in Metrofile ("Shares"), representing approximately 1.9% of the Company's share capital after that subscription, and Metrofile shall allot and issue such Shares to MICIH as a specific issue of shares for cash in accordance with the applicable requirements of the Listings Requirements ('Listings Requirements') of the JSE Limited ('JSE') and the provisions of the Companies Act 2008, as amended ('Companies Act') ('Specific Issue' or "Subscription").

MICIH currently holds 34.4% of the issued share capital of Metrofile (34.6% of the issued share capital of Metrofile, net of treasury shares). Post implementation of the Specific Issue, MICIH will hold 155 000 000 Metrofile Shares, representing approximately 35.6% of the entire issued share capital of Metrofile (35.8% of the entire issued share capital of Metrofile, net of treasury shares).

2. RATIONALE FOR THE SUBSCRIPTION

MIC or MIC through MICIH has been a shareholder of Metrofile since 2004 and has a strong track record of adding value to its portfolio companies through providing strategic direction, being an anchor shareholder of reference and through its strong empowerment ownership credentials. MIC is fully committed to assisting Metrofile to achieve its strategic growth objectives and to maximise its black economic empowerment ("BEE") ownership, in line with government policy and the Company's philosophy. The Subscription is a significant vote of confidence in Metrofile and its future growth prospects and will:

- further entrench Metrofile's position as a leading black-empowered industrial company in South Africa;
- enhance Metrofile's BEE ownership credentials, which amounts to a significant strategic and competitive advantage in the South African market;
- allow MICIH to use its expertise and experience in acquisitions and a proven ability to implement transactions, to assist Metrofile in identifying and completing transactions in support of its strategic objectives; and
- allow Metrofile to be strengthened by a shareholder of reference with the ability to support the company both strategically and financially.

3. TERMS OF THE SUBSCRIPTION

MICIH will subscribe for 8 056 258 Shares ("Subscription Shares"), such that upon implementation of the Specific Issue, MICIH will hold 155 000 000 Shares which will constitute 35.6% of the issued Metrofile Shares.

The Subscription Shares will be issued at a Subscription price of R4.87 per Share, being a 5.0% premium to the volume weighted average price per Share traded on the JSE over the 30 trading days prior to 31 October 2016 (being the date on which the subscription agreement in respect of the Specific Issue was signed and the closing price envisaged therein agreed).

The Metrofile board of directors (the "Board") is of the view that the Subscription's considerable strategic benefits to the Company, described in paragraph 2 above, significantly outweigh the fact that Metrofile is still leveraged below its target borrowing ratios. Those ratios are expected to increase on implementation of the generous dividend policy recently adopted by the Board, as well as through the Company's proposed acquisition, expansion and capex programs. It is intended that the Subscription proceeds will be applied to part fund these ongoing initiatives.

Shareholders are advised that the Company has constituted an Independent Board, inter alia, to consider the contents of an independent expert opinion to be prepared in respect of the terms and conditions of the Subscription and Waiver of Mandatory Offer (defined below). The resultant recommendation of the Independent Board will be contained in the circular referred to in paragraph 5 below.

4. SUSPENSIVE CONDITIONS TO THE SUBSCRIPTION

The Specific Issue is subject to the timeous fulfillment or waiver (where capable of waiver) of, amongst others, the following suspensive conditions:

- 4.1. the approval by the independent shareholders of Metrofile (i.e. excluding MICIH and its concert parties, if any) of the ordinary resolution required for the waiver of the requirement for MICIH to extend a mandatory offer to Metrofile shareholders in accordance with the Companies Regulations, 2011 and, specifically, Regulation 86(4) ("Waiver Resolution");
- 4.2. Metrofile shareholder approval of such other resolutions as are required in terms of the Companies Act and the Listings Requirements (including a special resolution approving the Specific Issue that will require the support of Metrofile shareholders holding at least 75% of the total number of votes exercised by Metrofile shareholders present and eligible to vote on such resolution at the general meeting of Metrofile

shareholders, excluding the votes of MICIH and its associates, as envisaged in the Listings Requirements);

4.3. approval by the competition authorities in relevant jurisdictions, to the extent required in law;

4.4. to the extent required, the approval of the Financial Surveillance Department of the South African Reserve Bank in terms of the South African Exchange Control Regulations;

4.5. the approval by the JSE of the Specific Issue and the listing of the Subscription Shares on the stock exchange operated by the JSE;

4.6. the grant of a ruling by the Takeover Regulation Panel ("TRP Waiver Ruling") envisaged in the Takeover Regulation Panel Guideline 2/2011 which is required following the passing of the Waiver Resolution to confirm the waiver of the mandatory offer ("Waiver of Mandatory Offer"); and

4.7. no Metrofile shareholder/s requests the Takeover Special Committee to review the TRP Waiver Ruling or if Metrofile shareholder/s requests the Takeover Special Committee to review the TRP Waiver Ruling, the Takeover Special Committee confirms the TRP Waiver Ruling by no later than 28 February 2017 or such later date as Metrofile and MICIH agree in writing on or before the arrival of that day, such that the TRP waiver proceedings may then be regarded as complete.

Metrofile will release an announcement on the Stock Exchange News Service ('SENS') of the JSE of the TRP Waiver Ruling and inform Metrofile shareholders that they may request the Takeover Special Committee to review the TRP Waiver Ruling within 5 business days of receipt of the TRP Waiver Ruling announcement. This announcement shall also advise shareholders of the expected date of the commencement of the listing of the Subscription Shares on the stock exchange operated by the JSE.

If the aforementioned suspensive conditions are fulfilled then there will be no requirement for MICIH and, if applicable, any other party acting in concert with it to make a mandatory offer to the remaining Metrofile shareholders, nor to make any comparable offer, pursuant to the Subscription. Conversely, if any of the aforementioned suspensive conditions are not fulfilled, then the Subscription will not be implemented and there will likewise be no requirement for MICIH and, if applicable, any other party acting in concert with it to make a mandatory offer to the remaining Metrofile shareholders.

It is noted that MICIH and its associates will be precluded from voting on the resolution required under the Listings Requirements relating to the Specific Issue, due to its participation in the Specific Issue. MICIH and any party acting in concert with it will also be precluded from voting on the Waiver Resolution.

5. DOCUMENTATION AND SALIENT DATES

A circular which contains details of the Specific Issue and the Waiver of Mandatory Offer, incorporating a notice of general meeting and attaching the opinion of the independent expert on the terms of the Subscription and the Waiver of Mandatory Offer will be distributed to Metrofile shareholders in due course ("Circular").

The salient dates pertaining to the Specific Issue and the general meeting will be released on SENS and published in the Circular.

Financial Adviser to MICIH and Transaction Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)

Legal Adviser to Metrofile
Edward Nathan Sonnenbergs Incorporated

Legal Adviser to MICIH
PricewaterhouseCoopers Legal Proprietary Limited

Sponsor to Metrofile
The Standard Bank of South Africa Limited

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