

Metrofile Holdings Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1983/012697/06)  
Share code: MFL  
ISIN Code: ZAE000061727  
("Metrofile")

**ANNOUNCEMENT IN RELATION TO AN ACQUISITION BY METROFILE IN EAST AFRICA AND  
WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

**1. Introduction**

Pursuant to the cautionary announcement released on the Stock Exchange News Service of the JSE Limited ("JSE") on 29 November 2017 ("the Cautionary Announcement"), the board of directors of Metrofile ("the Board") is pleased to announce that Metrofile has concluded a Share Purchase Agreement to acquire the entire issued share capital of G4S Secure Data Solutions (Kenya) Limited ("SDS Kenya"), the largest records management company in East Africa, from G4S International Holdings Limited, incorporated in the United Kingdom, and from Nurun Investments Limited, a Kenyan company ("the Transaction") for a maximum purchase consideration of KES2.125 billion (approximately R281,4million\*.)

\*based on the exchange rate as at 8 December 2017

**2. Rationale for the Transaction**

The Transaction is a strategic move which will increase Metrofile's footprint in Africa and provide it with an expanded international client base, strong management team and local expertise in the records management industry. The Transaction demonstrates Metrofile's positive intention to continue the roll-out of its services into selected African countries through organic as well as acquisitive growth.

The Board believes that the Kenyan records management market has significant potential for growth, and that SDS Kenya is a well-established business that will provide an ideal strategic platform to extend Metrofile's presence in the broader East Africa region.

The Transaction is in line with G4S' stated intention to dispose of operations not core to its security business.

### **3. Overview of SDS Kenya**

SDS Kenya, currently a member of the multinational G4S Group, was established in 2004 and operates a records management business based in Nairobi, Kenya, specialising in all aspects of corporate archiving and record management, including storage, indexing, retrieval, tracking, archiving and records management digital services.

### **4. Purchase Price and Conditions Precedent**

4.1. The purchase price, which will be settled in cash, comprises -

4.1.1. an initial tranche equal to the Sterling equivalent (at an agreed exchange rate) of KES2 billion (approximately R264,3 million), on a cash-free, debt-free basis, adjusted for a normalised level of working capital; and

4.1.2. a post-closing adjustment on the basis of a performance driven aggregate consideration.

4.2. The Transaction, which is effective from the closing date, is subject to certain conditions precedent, all of which are expected to be fulfilled on or before the Long Stop Date of 31 January 2018, including:

4.2.1. the Transaction having been excluded by the Competition Authority of Kenya from the provisions of Part IV of the Kenya Competition Act or the granting by the Competition Authority of Kenya of its approval of the Transaction;

4.2.2. approval by the South African Reserve Bank ("SARB") of the Transaction; and

4.2.3. obtaining change of control consents from relevant third parties.

4.3. The purchase consideration will be settled in cash from Metrofile's existing resources and a facility arranged for this purpose with The Standard Bank of South Africa Limited. The Metrofile Board is considering a capital raise of up to R100m by way of an underwritten rights issue to reduce the bank debt utilised to fund the purchase consideration. An announcement will be made in this regard in due course.

4.4. The Transaction provides for warranties and indemnities in favour of Metrofile that are usual for transactions of this nature.

## **5. Financial information and categorisation**

- 5.1. On the basis of unaudited management accounts as at 31 October 2017, SDS Kenya's net asset value is stated to be KES159,9 million (approximately R21,2 million). SDS Kenya's EBITDA for the ten month period ended 31 October 2017 is stated to be KES173,3 million (approximately R23,0 million and R27,5m annualised.)
- 5.2. Metrofile is satisfied with the quality of the unaudited management accounts.
- 5.3. The Transaction is classified as a Category 2 transaction for Metrofile in terms of the Listings Requirements of the JSE.
- 5.4. There is no matter in the constitutional documents of SDS Kenya which will preclude Metrofile from continuing to comply with its obligations in terms of the Listings Requirements of the JSE.

## **6. Withdrawal of cautionary announcement**

Shareholders are advised that the Cautionary Announcement (which pertained to the Transaction) is hereby withdrawn

Senderwood

11 December 2017

Sponsor

The Standard Bank of South Africa Limited

Corporate Advisors to Metrofile

K-2 Partners LLC

Financial and Tax Advisors to Metrofile

BDO Corporate Finance (Pty) Ltd

Legal Advisors to Metrofile - South Africa

PricewaterhouseCoopers Legal (Pty) Limited

Regulatory Advisors to Metrofile - Kenya

PricewaterhouseCoopers Limited

Legal Advisors to Metrofile - English Law

PricewaterhouseCoopers LLP (United Kingdom)