

METROFILE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1983/012697/06

JSE ordinary share code: MFL

ISIN: ZAE000061727

("Metrofile" or the "Company")

CAUTIONARY ANNOUNCEMENT RELATING TO A CONDITIONAL OFFER TO ACQUIRE 100% OF THE ISSUED ORDINARY SHARE CAPITAL OF METROFILE

1 INTRODUCTION

Metrofile's shareholders are referred to the announcements dated 6 September 2019, 11 September 2019 and 24 October 2019 relating to the ongoing discussions between the Company and a third party following an approach to the board of directors ("**Board**") regarding the potential acquisition of the entire issued share capital of Metrofile (the "**Proposed Transaction**").

Metrofile is pleased to announce that the Housatonic Consortium has submitted a conditional, non-binding offer (the "**Proposal**"), in terms of which they have indicated their intention to make an offer to acquire the entire issued ordinary share capital of Metrofile ("**Shares**"), by way of a scheme of arrangement ("**Scheme**") in terms of section 114 of the Companies Act, No. 71 of 2008, as amended ("**Companies Act**"), between Metrofile and the holders of the Shares ("**Shareholders**"). The Housatonic Consortium intends to establish a new South Africa company ("**BidCo**") for the purposes of implementing the Proposed Transaction.

Housatonic Partners is a private equity investment firm founded in 1994 with over USD1 billion in capital under management. The firm maintains offices in San Francisco and Boston and invests globally. Housatonic Partners seeks to invest in growing, profitable companies in the recurring business services, technology, and healthcare sectors. The firm has invested in five records and information management companies, including three led by Dennis Barnedt.

Dennis Barnedt, currently based in Australia and Ireland, has worked in six records and information management companies and founded three of those in partnership with Housatonic Partners. These companies have all grown to be leading information management solutions companies in their respective markets of the Americas, Europe and Australia. Mr. Barnedt continues to lead each of these entities as founder and director. These three companies employ over 5,000 team members and serve over 40,000 clients worldwide. The Proposal is not a firm intention to make an offer and certain pre-conditions, as set out on paragraph 4 of this announcement, still need to be met.

2 PROPOSED CONSIDERATION

The proposed amount payable in terms of the Scheme is a cash consideration of R3.30 per Share. The cash consideration represents a 126% premium to the 30-day volume weighted

average price of Shares as at 5 September 2019, being the day before the publication of the first cautionary announcement relating to the Proposed Transaction. In addition, should an interim dividend be declared by Metrofile for the six months ending 31 December 2019, this would be paid to shareholders in addition to the cash consideration of R3.30 per share.

3 APPOINTMENT OF INDEPENDENT COMMITTEE

The Board has convened an independent committee ("**Independent Committee**"), which comprises Phumzile Langeni, Lindiwe Evarista Mthimunye and Sindiswa Victoria Zilwa for purposes of evaluating the terms and conditions of the Proposal and advising Shareholders thereon.

The Independent Committee has appointed BDO Corporate Finance Proprietary Limited as the independent expert ("**Independent Expert**"), as required in terms of section 114(2) of the Companies Act and the Companies Regulations, 2011 ("**Companies Regulations**"), to issue an opinion dealing with the matters set out in sections 114(2) and 114(3) of the Companies Act and regulations 90 and 110(1) of the Companies Regulations.

4 PRE-CONDITIONS TO A FIRM INTENTION PROPOSAL

The Proposed Transaction is subject to the following pre-conditions which must be fulfilled or waived in order for a firm intention offer to be concluded:

- 4.1 Bidco and Metrofile concluding an offer implementation agreement;
- 4.2 The Housatonic Consortium and Metrofile determining the consideration payable to beneficiaries of the Metrofile share incentive scheme;
- 4.3 Conclusion of funding discussions between the Housatonic Consortium and one or more South African banks to fund the debt portion of the aggregate consideration payable to Shareholders;
- 4.4 Conclusion of an arrangement between Housatonic Consortium and a suitable BBBEE partner; and
- 4.5 Receiving irrevocable undertakings from members of the Board and the Metrofile management team who hold Shares, as well as from Shareholders holding not less than 45% of the issued share capital of the Company.

5 CONDITIONS PRECEDENT TO THE IMPLEMENTATION OF A SCHEME

Should a Scheme be proposed to Shareholders, it will be subject to various additional conditions.

6 RESPONSIBILITY STATEMENT

The board of directors of the Company, individually and collectively accepts full responsibility for the accuracy of the information contained in this announcement. In addition, the board of directors of the Company certifies that to the best of its knowledge and belief, the information contained in this announcement solely pertaining to the Company is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein, and that all reasonable enquiries to ascertain such information has been made.

7 CAUTIONARY

Shareholders are advised to continue to exercise caution when dealing in the Company's securities until a further announcement is made in this regard.

09 December 2019
Johannesburg

Financial Advisor and Sponsor to Metrofile
The Standard Bank of South Africa Limited

Legal Advisor to Metrofile
Cliffe Dekker Hofmeyr Incorporated