



Premier Fishing & Brands Limited

The First Choice

PREMIER FISHING AND BRANDS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/018598/06)
Share Code: PFF, ISIN ZAE000238309
("Premier" or "the Company")

ACQUISITION OF CONTROLLING INTEREST IN THE TALHADO GROUP

1. INTRODUCTION

- 1.1. Shareholders are hereby advised that the Company, through its subsidiary, Premier Fishing SA Proprietary Limited ("**Premier**"), has entered into a binding heads of agreement (the "**Heads of Agreement**") with Talhado Fishing Enterprises Proprietary Limited ("**TFE**"), Scofish Proprietary Limited ("**Scofish**"), the trustees for the time being of The Dino Moodaley Family Trust ("**The DM Family Trust**"), the trustees for the time being of The Sanbourne Trust ("**The Sanbourne Trust**") and the trustees for the time being of The Patrick Mbiko Family Trust ("**The PM Family Trust**") on 17 October 2017, in terms of which Premier will subscribe for a 50.01% controlling interest in TFE ("**TFE Subscription**").
- 1.2. In addition to the TFE Subscription, Premier intends to increase its exposure to the Talhado Group of companies through the acquisition of various minority interests in Rupestris Fishing Proprietary Limited, Sagittarius Fisheries Proprietary Limited, Robberg Sea Freeze Proprietary Limited, MB Fishing Ventures Proprietary Limited, Dazelle Traders Proprietary Limited and Manicwa Fishing Proprietary Limited ("**Talhado Group Minority Sale**"). The aforementioned companies, together with TFE form the "**Talhado Group**".
- 1.3. To the extent that the Talhado Group Minority Sale is implemented, Premier will own an effective 53.35% controlling interest in the Talhado Group.

2. TALHADO GROUP BUSINESS

- 2.1. Talhado Group is a fishing group that undertakes the catching, processing and marketing of squid, with both sea and land based freezing facilities. Talhado Group operates from the east coast and is situated in the Port Elizabeth harbour. The group obtains product from its own vessels, its associated company vessels and through the purchase of product from independent boat owners who do not have export infrastructure and logistics capabilities. The Talhado Group and its associated companies employ 407 fishers and own 17 vessels. The group's land based staff consist of 14 monthly staff, 21 land based weekly staff, and 16 to 20 part time staff as required over the peak fishing

period. The group owns a cold room facility, which can store up to 800 ton of squid.

- 2.2. The Talhado Group is considered one of the pioneer companies in the squid industry and has been involved in the initiation of industry bodies such as Siyaloba Training Academy and SASMIA the industrial association body.

3. RATIONALE FOR THE TRANSACTION

Premier's strategy is to grow organically and through acquisitive growth. TFE, the asset being acquired, is the largest squid player in the South African fishing market which compliments Premier's diversification strategy and extends its product basket. TFE has a solid asset base in the squid sector and the synergies between Premier and TFE are expected to be realised in the short to medium term which will lead to further efficiencies within the existing operations and the overall group.

4. PURCHASE CONSIDERATION

- 4.1. The subscription price for the TFE Subscription is R87 345 465 ("**Subscription Price**"). The Subscription Price will accrue interest at the prime interest rate less 2% with effect from the Effective Date (as defined below) until the date of payment in full of the Subscription Price.
- 4.2. The Subscription Price shall be settled either in cash or on a financed basis.
- 4.3. It is envisaged that the purchase price for the Talhado Group Minorities Acquisition will be R19 326 330 ("**Talhado Group Minorities Sale Price**") and will accrue interest at the prime interest rate less 2% with effect from the Effective Date (as defined below) until the date of payment in full of the Talhado Group Minorities Sale Price.

5. CONDITIONS PRECEDENT TO THE SUBSCRIPTION

The TFE Subscription is subject to the fulfilment of the following conditions precedent:

- 5.1. formal agreements being entered into and becoming unconditional in accordance with their terms;
- 5.2. Premier notifying TFE that it is satisfied with the results of a due diligence investigation and that it wishes to proceed with the TFE Subscription;
- 5.3. certain TFE senior management entering into new service contracts with TFE;
- 5.4. approval of the TFE Subscription by the board of directors of Premier and TFE, as may be applicable;

- 5.5. the shareholders and board of directors of TFE authorising the amendment to the memorandum of incorporation of TFE;
- 5.6. the passing by TFE of the necessary resolutions in accordance with the Companies Act authorising the TFE Subscription;
- 5.7. the shareholders of TFE, to the extent applicable, waiving in writing any pre-emptive rights in respect of the shares subscribed for by Premier pursuant to the TFE Subscription;
- 5.8. TFE declaring a dividend distribution;
- 5.9. the approval by the Minister of Agriculture, Forestry and Fisheries or his delegated authority for the TFE Subscription in terms of section 21 of the Marine Living Resources Act 18 of 1998 ("**the section 21 applications**");
- 5.10. any necessary approval by the Competition Authorities in terms of the Competition Act No 89 of 1998; and
- 5.11. any other approval required in respect of the TFE Subscription from any other regulatory authorities in terms of any applicable legislation;

6. EFFECTIVE DATE

The Effective Date of the TFE Subscription is 30 November 2017 ("**Effective Date**").

7. OTHER MATERIAL TERMS

- 7.1. The Talhado Group Minorities Acquisition is subject to the Talhado Group Minorities and Premier entering into formal agreements.
- 7.2. In the event that the shareholders of the Talhado Group Companies agree to sell the balance of the equity in the Talhado Group Companies, Premier shall have a right of first refusal to purchase the balance of the equity at a purchase price based on 6 times an earnings multiple to be agreed between the parties to the Heads of Agreement.

8. FINANCIAL INFORMATION

- 8.1. The consolidated value of the net assets of the TFE as at 31 August 2017 was R59 499 173, the date of its last unaudited annual financial statements.
- 8.2. The consolidated profit after tax attributable to the TFE for its unaudited financial year ending 31 August 2017 was R50 676 132.
- 8.3. The consolidated unaudited annual financial statements of TFE were prepared in terms of IFRS.

8.4. Premier is satisfied with the quality of the unaudited annual financial statements of TFE.

9. CATEGORISATION

The Acquisition constitutes a Category 2 transaction in terms of the JSE Listings Requirements.

Cape Town
18 October 2017



Sponsor



Attorneys



Corporate Advisory