

Combined Motor Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1965/000270/06)
JSE share code: CMH ISIN number: ZAE000088050
("CMH")

ANNOUNCEMENT RELATING TO A SMALL RELATED PARTY TRANSACTION

Introduction

Shareholders are advised that certain subsidiary companies of CMH ("the CMH Group") have entered into lease agreements (the "Lease Agreements") with Mount Edgecombe Property Partnership ("the Partnership") whereby the Partnership will rent certain properties to the CMH Group. The Partnership is a related party to the CMH Group because executive directors, JD McIntosh and SK Jackson, are trustees and beneficiaries of family trusts which own the Partnership.

Details of the Lease Agreements

In terms of the Lease Agreements, the Partnership will lease 2 of 3 portions of Erf. 2904 of Mount Edgecombe, situated at 89 Flanders Drive, Mount Edgecombe ("the Premises"), to the CMH Group for a period of five years, commencing on 1 October 2019 and expiring on 30 September 2024. The Premises will be utilised by the CMH Group as motor retail dealerships and are fit for that purpose.

The rental payable in terms of the Lease Agreements, will be R417 300 per month (excluding Value Added Tax), payable monthly in advance, with an escalation of 7.5% per annum. The CMH Group, in its capacity as lessee, will also be liable for utilities, rates, repairs and maintenance.

Small related party transaction

In terms of paragraph 10 of the JSE Listings Requirements ("Listings Requirements"), the Lease Agreements constitute a small related party transaction. The board of directors of CMH ("the Board") is therefore required, pursuant to section 10 (b) of the Listings Requirements to provide the JSE with written confirmation, from an independent professional expert, that the terms of the Lease Agreements are fair insofar as CMH shareholders are concerned.

In this regard, BDO Corporate Finance Proprietary Limited was duly appointed as the independent professional expert and has provided the Board with a fairness opinion with regard to the Lease Agreements ("Fairness Opinion") in which they have advised the Board that they believe that the terms thereof are fair to shareholders.

The Fairness Opinion will lie open for inspection at the registered office of CMH located at 1 Wilton Crescent, Umhlanga Ridge, for a period of 28 days from the date of this announcement.

30 October 2019

Sponsor
PricewaterhouseCoopers Corporate Finance (Pty) Ltd