

CONFIDENTIAL

Conceptual Guidelines

Commercial Property Acquisition

Final Version 1.11

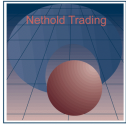
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1 COMMERCIAL PROPERTY ACQUISITION

1.1 Introduction

The Nethold Group of Companies buy commercial property. Nethold utilizes these properties to rent it out to credible tenants through long term lease agreements.

More information can be found at www.nethold.co.za.

1.2 General Description of Required Property

1.2.1 Type of Properties

Nethold will be interested in any type of commercial property including but not limited to the following:

- Shopping Centers (Mainly residential/neighborhood shopping centers)
- Offices
- Medical facilities
- Assembly plants / Factories / Mini - Factories
- Warehouses
- Etc

The above mentioned properties serve as a guideline only.

Nethold will only consider existing buildings. Nethold will not consider vacant land unless it is part of an existing structure that lends itself to expansion of the existing property.

1.2.2 Tenants

The following tenant profiles are typical for the type of property Nethold will be interested in as a guideline. Nethold's interests are not limited to these.

- Shopping Centers
 - Preferably at least one National Anchor Tenant
- Offices
 - Nationals
 - Professional Companies mainly service oriented
 - e.g. Engineers, IT Services, Auditors, HR etc
- Medical facilities
 - Multi disciplined – Clinical, Dental, Eye Care etc.
 - Any type will be applicable
- Assembly plants

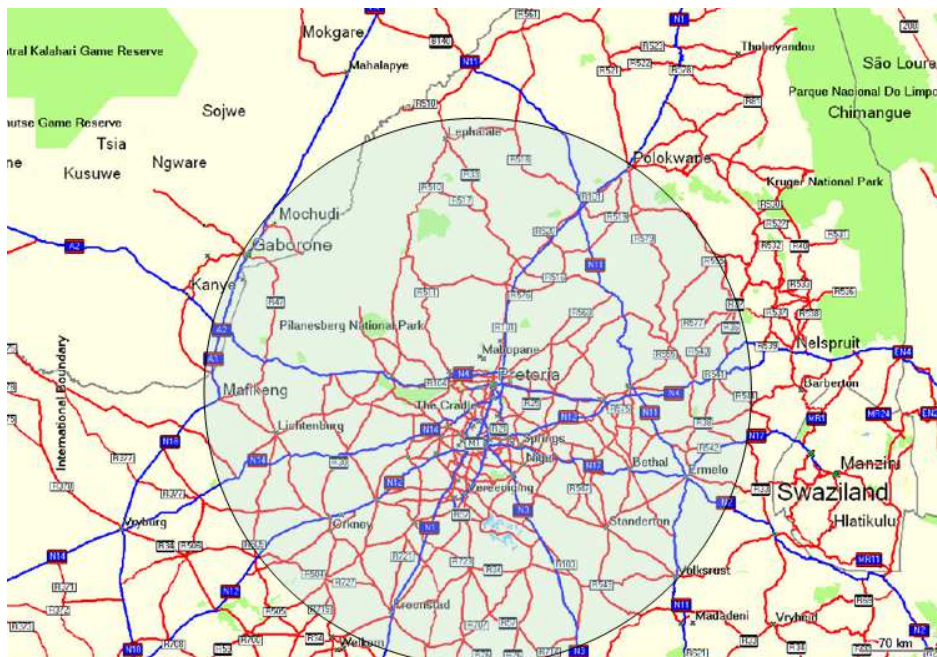
- National/International product distribution companies
- Sustainable business model
- Warehouses
 - High turnover businesses
- Factories
 - National/International product distribution companies
 - Sustainable business model

1.2.3 Location

Nethold is currently focussed on acquisitions within the borders of South Africa. Our main focus is in the areas within approximately 250 km radius from Pretoria. This mainly due to the following reasons:

- Nethold being based in Pretoria;
- Accessibility for Nethold staff;
- Property management;
- Number of opportunities in the area.

Notwithstanding the above Nethold will seriously consider other opportunities subject to the management of the property being outsourced to credible property managers or credible operators operating on the property e.g. Checkers, Pick and Pay etc.





1.2.4 Lease Duration

Nethold will typically consider a tenanted property with lease durations in excess of three (3) years for anchor tenants.

1.2.5 Expected Yield

Nethold will consider a yield, or potential yield, of approximately 13% and higher. There are however mitigating circumstances on every property and yield is only indicative of the current status of a property and not the future status or future possibility of a property. The potential of the property to generate additional income on its current status should be highlighted.

1.2.6 Purchase Price

As a guideline Nethold will consider properties up to R 35 M. Nethold will consider properties with higher purchase prices subject to a high national tenant mix and subject to long term lease agreements.

1.2.7 Vacant Properties

Nethold will consider vacant commercial properties. It is imperative to note that Nethold purchases an income stream when buying properties and not brick and mortar. The risk to find tenants will revert to the purchaser and therefore the risks need to be mitigated. A building with zero income is a very risky purchase for Nethold and therefore the following formula shall apply when determining a value for a vacant property:

Going Rent in the area * 0.5 = Discounted Rental Income incorporating Risk

Discounted Rental Income / 0.13 = Value of Building

E.g. Going Rent in Area = R 66 per sqm

R 66 * 0.5 = R 33

GLA of building = 1000 m²

1000 m² * R 33 = R 33,000 potential rental income.

R 33 000 * 12 = R 396,000 annual rental income.

R 396 000 / .13 = R 3,046,153

1.2.8 Purchase Process

We have a simple purchase process:

- 1) Complete the RFI (Request For Information) document. (Please provide rent rolls, photos etc. and as much additional information as possible). (Contact info@nethold.co.za should you not have an RFI document.)



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- 2) We feed the RFI information in (1) into a software program and do a desktop evaluation whether the property is feasible for us. We will contact the RFI submitter should we have any further queries.
- 3) We view the property if it is a feasible proposition as in (2) above.
- 4) We make an offer after viewing the property and whether it still is a viable proposition for us.

Please follow the same process should you have any other properties available that you want to offer to us.

Please forward completed document to info@nethold.co.za or fax 086 685 2099.

Please forward any queries that you may have via e-mail to info@nethold.co.za.