

Sea Harvest Holdings Proprietary Limited
(to be renamed Sea Harvest Group Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2008/001066/06)
Share code: SHG ISIN: ZA000240198

INTENTION TO FLOAT ANNOUNCEMENT

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SEA HARVEST ANNOUNCES ITS INTENTION TO FLOAT ON THE JSE MAIN BOARD

Johannesburg, 8 February 2017

Sea Harvest Holdings Proprietary Limited (shortly to be converted to a public company and renamed Sea Harvest Group Limited) ("**Sea Harvest**" or the "**Group**") has today announced its intention to list its issued ordinary share capital on the main board of the securities exchange operated by the JSE Limited (the "**JSE**"), subject to approval by the shareholders of Brimstone Investment Corporation Limited ("**Brimstone**") (Sea Harvest's JSE-listed controlling shareholder (JSE share codes: BRT and BRN)), market conditions and the requisite approvals by the JSE (the "**Listing**"). It is currently envisaged that a capital raising of up to R1.5 billion ("**Private Placement**") will be undertaken by Sea Harvest simultaneously with the Listing.

SEA HARVEST: SOUTH AFRICA'S LEADING PRODUCER OF PREMIUM SEAFOOD PRODUCTS

Sea Harvest is a leading black-controlled and internationally recognised vertically integrated fishing and branded FMCG business established in 1964 with operations in South Africa and Australia. With access to a fleet of 29 vessels and close to 3,000 employees, the Group has operations in Saldanha Bay on the West Coast of South Africa and in Mossel Bay on the Southern Coast of South Africa through an exclusive supply arrangement with SeaVuna Fishing Company Proprietary Limited. In July 2016, Sea Harvest acquired a controlling interest in Mareterram Limited ("**Mareterram**"), a vertically integrated agri-business listed on the Australian Stock Exchange (ASX share code: MTM) with operations in Shark Bay, Carnarvon, Western Australia, a head office in Perth and a national sales team.

The principal business of the Group is the fishing of Marine Stewardship Council (“**MSC**”) certified Cape hake and Shark Bay tiger and king prawns, processing of the catch into frozen and chilled seafood, and the packaging, marketing and distribution of these products both locally and internationally. Sea Harvest is the leading frozen fish brand in South Africa with strong consumer loyalty and brand equity.

Sea Harvest markets its range of fish, prawns and related seafood products through an extensive and sophisticated marketing and sales network, servicing retail and foodservice customers in 22 countries and has offices in Cape Town, Johannesburg, Durban, Perth, Adelaide, Melbourne, Sydney and Brisbane.

The Group has demonstrated strong growth in the last five years with revenue and EBITDA growing at CAGRs of 15% and 22%, respectively. During this same period, EBITDA margins expanded from c.15% to c.19%. In the financial year ended 31 December 2016, 59% of the Group’s revenues were generated in hard currencies with Europe and Australia being the Group’s largest international markets.

Sea Harvest expects to be listed in the Food and Beverage sector of the JSE by the end of March 2017.

Felix Ratheb, Sea Harvest’s Chief Executive Officer and Non-Executive Director of Mareterram, says:

“With ambitions set on becoming a diversified global seafood business, listing on the JSE is the natural next step for the Sea Harvest Group. It provides the company with access to equity capital to invest in its assets, which will further enhance the Group’s margins and allow Sea Harvest to pursue further acquisitions in both South Africa and Australia.”

KEY STRENGTHS AND COMPETITIVE ADVANTAGES

Sea Harvest believes that the following strengths support the success of the Group:

- attractive industry dynamics driving premium pricing; a fast-growing global population; increasing urbanisation; and an increased focus on healthier lifestyles driving global demand for natural wild-caught fish from sustainable fisheries. Allied with static global wild-caught production, these dynamics will see demand increasingly exceed supply, providing opportunities to optimise channel profitability;
- internationally reputable fisheries and processor selling premium, highly desired products and species that are difficult to substitute;
- market leading brands sold in more than 2,000 retail outlets and to numerous foodservice customers in South Africa, and through leading retailers and foodservice customers internationally, especially in Europe and Australia;
- broad and innovative range of products offering healthy, sustainable and convenient meal solutions in chilled and frozen formats, commanding a premium from higher consumer income groups in South Africa and abroad;
- diverse long-standing international customer base in 22 countries with low customer concentration risk;
- strong ZAR hedge through the diversity of revenues offered by exposure to international markets, including Mareterram;
- vertically integrated businesses with well located, world-class facilities and vessels, maintained and upgraded with ongoing investment in state-of-the-art technology and production processes;
- an industry with high barriers to entry due to regulatory requirements and BEE, high capital investment, market access due to a market-leading brand and long-standing customer relationships locally and abroad;

- experienced, incentivised management team with a wealth of experience in growing the Group organically and through acquisitions;
- strong B-BBEE ownership credentials providing a platform for local consolidation in the fishing sector and security of long-term fishing rights in South Africa;
- good platform for growth in Australia with a controlling stake in ASX-listed Mareterram with a strong management team in place; and
- the Group is growing and profitable with 5 year CAGR in revenue of 15% and 22% in EBITDA with strong operating margins and free cash flow conversion.

GROWTH STRATEGY

Sea Harvest's vision is **"To be a leading and responsible diversified global fishing company"**. The Group is well-positioned to take advantage of available opportunities to grow the business, which are broadly categorised into the following five areas:

- **Volume and revenue growth:** Continued focus on the sustainability of the biomasses in South Africa and Australia should see the Group benefit from an increase in Total Allowable Catch ("**TAC**") volumes. Capitalising on the low market penetration of fish in South Africa (c.30%), the Group is able to source fish globally via its relationships with regional Cape Hake producers and international whitefish suppliers to leverage the strength of the Sea Harvest brand and support the growth in the South African market;
- **Margin enhancement:** Building on recent margin-enhancing investments, the Group has identified further opportunities to pursue margin-enhancing investments. This will take the form of additional investment in land-based and vessel efficiencies and capturing more of the value chain. The Group will seek to diversify into new markets and currencies, including capturing more of the international value chain;
- **Acquisitive growth in South African seafood:** Sea Harvest's strong B-BBEE credentials allow it to pursue opportunities in a regulated fishing sector and it is well-positioned to act as a consolidator within the sector. Acquisitions will allow Sea Harvest to diversify into other wild-caught sectors and high-value aquaculture; and
- **Growth in Australian seafood:** Through Mareterram, Sea Harvest has an existing platform, local knowledge and a listed counter to pursue acquisitive growth in the Australian fishing sector, which operates on a perpetual license system.

THE OFFERING AND LISTING

The Listing will allow the Group to optimize its capital structure, strengthen its balance sheet and provide the Group with additional capital. The capital raised will support management's strategy of continuing to invest in the business, aimed at further improving margins, supporting organic growth, as well as pursuing the Group's strategy of becoming a diversified global fishing company through value-creating acquisitions. The Listing will also establish a platform from which equity capital may be raised in the future to facilitate further growth and value accretive acquisition opportunities.

The proposed offering is expected to comprise an offer for subscription by Sea Harvest of new Sea Harvest ordinary shares ("Offer Shares") (the "**Offering**"). Net proceeds received from the Offering shall be used to i) repay existing indebtedness; ii) fund organic growth mainly through investment by the Group in land-based and vessel efficiency gains; and iii) provide the capital required to pursue the Group's acquisitive growth strategy.

Brimstone and management will agree to lock-up arrangements of 180 days and 365 days, respectively, following Listing. Such lock-up arrangements are subject to certain exceptions and may be waived with the consent of Standard Bank.

In South Africa, the Offering will only be made to, and be capable of acceptance by: (i) selected institutional investors who fall within one of the specified categories listed in section 96(1)(a) of the South African Companies Act, 2008 ("South African Companies Act") or (ii) selected persons, acting as principal, acquiring Offer Shares for a total acquisition cost of R1,000,000 or more, as contemplated in section 96(1)(b) of the South African Companies Act and in each case to whom the Offering is specifically addressed. Accordingly: (i) the Offering will not be an offer to the public as contemplated in the South African Companies Act; and (ii) no prospectus has been, or will be, filed with the South African Companies and Intellectual Property Commission in respect of the Offering.

The Standard Bank of South Africa Limited ("**Standard Bank**") has been appointed as Bookrunner and Transaction Sponsor in relation to the Offering.

A Pre-listing Statement including full details of the Offering will be made available in due course.

Johannesburg
8 February 2017

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BOARD OF DIRECTORS

Fred Robertson – Non-Executive Chairman

Mr Robertson is executive chairman and co-founder of Brimstone and is a leading figure in the South African business community. Mr Robertson also holds directorships with Remgro, Old Mutual Emerging Markets and AON. His trusteeships and patronages include: Chairman of the Board of Trustees of the University of the Western Cape Foundation, Interim Chairman of the Jakes Gerwel Foundation, Member of the Cape Peninsula University of Technology Entrepreneurship Advisory Board, Trustee of the Masisizane Fund, Patron to the South African Academy for Young Leaders and Patron to the Youth Unemployment Peoples Project. He received the CNBC AFRICA All Africa Business Leadership Awards' (AABLA) Entrepreneur of the Year Award 2014. In 2016 Mr Robertson was conferred an Honorary Doctorate in Philosophy by the University of the Western Cape and received the Kaapstad Sakekamer Die Burger Sakeleier 2016 Award.

Felix Ratheb – Chief Executive Officer and Executive Director

Mr Ratheb joined Sea Harvest in 2003 as a Commercial Manager, was promoted to Group Sales & Marketing Director in 2006 and CEO in 2013. He completed his Bachelor of Science degree in Electrical Engineering in 1995 and his MBA in 2000. Mr Ratheb serves as an independent trustee on the MSC Board of Trustees in the United Kingdom, where the MSC is the largest eco-labelling and sustainability programme for wild-caught fish stocks globally. He is also a Board Member of the Groundfish Forum headquartered in Canada, the largest whitefish conference globally.

Joao Paulo Mc Alpine De Freitas – Chief Financial Officer and Executive Director

Mr De Freitas joined Sea Harvest as the Chief Financial Officer in March 2014, responsible for Finance, IT and Procurement. He is a qualified Chartered Accountant and completed his articles at Mazars. Prior to joining the Group, Mr De Freitas was Finance & Commercial Director of Bupa Health and Wellbeing, the UK's largest private medical insurer. Before joining Bupa, Mr De Freitas held a number of senior roles at Aviva Plc, including Finance Director of the RAC, one of the UK's largest roadside assistance businesses. Mr De Freitas has extensive international listed company experience in the UK.

Muhammad Brey – Chief Investment Officer and Executive Director

Mr Brey joined Sea Harvest in October 2016 as Chief Investment Officer, and is responsible for driving the company's acquisition and growth strategy. Mr Brey is a qualified Chartered Accountant. After completing his articles at KPMG, he joined the Corporate Finance division of Nedbank Capital where he implemented a number of mergers, acquisitions, listings and B-BBEE transactions. In 2009, he joined Brimstone as Managing Executive where his responsibilities included identifying, implementing and funding acquisitions, managing Brimstone's investment portfolio and driving growth at portfolio companies. During this time he was the managing executive responsible for Brimstone's investment in Sea Harvest.

Marshall Rapiya – Lead Independent Non-Executive Director

Mr Rapiya has extensive experience in the insurance industry, having spearheaded the development of competitiveness in the insurance industry. Mr Rapiya served on the board of directors of Old Mutual (South Africa) Holdings Proprietary Limited ("**OMSA**"), from 1995 to 2015. Mr Rapiya managed various aspects of OMSA, including finances, customer-liaison, risk assessments and mitigations, daily operational procedures, staff and the organisational culture. He was appointed as Chief Executive Officer of OMSA in 2011 and served in this position until 2015. In 2015, Mr Rapiya was appointed as Deputy Chairman of OMSA and is responsible for spearheading OMSA's commitments toward achieving the aims of South Africa's National Development Plan (NDP) viz. financial inclusion, SME/Enterprise Development, job creation and infrastructure development in partnership with like-minded external entities and relevant regulators, as well as mentoring key senior executives of OMSA in South Africa and the rest of Africa.

Wouter Andre Hanekom – Independent Non-Executive Director

Mr Hanekom has 30 years of experience in the FMCG and manufacturing industries. He joined Bokomo in 1988 as a financial manager after completing his articles at Theron van der Poel (now PricewaterhouseCoopers). He was later appointed as Operational Executive and in 1994 was appointed Chief Executive Officer of Bokomo. After the merger between Sasko and Bokomo, Mr Hanekom served as the executive responsible for Sasko Milling and Baking, after which he was appointed Chief Executive Officer of Pioneer Foods in 1999. During his tenure, the group successfully developed and incorporated a variety of other food and beverage categories, including household brands like Marmite, Bovril, Corn Flakes, Moir's, Heinz, Ceres, Liqui-Fruit, Safari and many others within the Pioneer stable. Mr Hanekom retired as Chief Executive Officer of Pioneer Foods in March 2013, having overseen its successful listing on the JSE in April 2008. He was appointed to the board of directors of Quantum Foods Holdings Limited in October 2014 and was elected Chairman in April 2015.

Louis Penzhorn – Independent Non-Executive Director

Mr Penzhorn joined Sea Harvest in 1976 as General Manager: Marketing before being promoted to General Manager / Alternate Director. He was instrumental in building the local Sea Harvest brand through the 1980s and 1990s. Mr Penzhorn was appointed Managing Director of Sea Harvest in 1995. His long history with the company has earned him a wealth of knowledge and experience in the sector. Mr Penzhorn was also a member of the international Groundfish Forum since its inception in 1996 until his retirement in 2006. He has a BCom in Economics, Accounting and Industrial Psychology.

Mohammed Iqbal Khan – Non-Executive Director

Mr Khan has over 25 years' experience as a chartered accountant. He has held key senior financial roles, including at Brimstone and the Old Mutual Group, and was a former partner in charge of IT assurance at Ernst & Young where he worked for over 10 years until 2007. He joined Brimstone as a Managing Executive after having assisted them as an audit partner when Brimstone listed during his time at Ernst and Young. Between 2013 and 2015, Mr Khan held the position of Chief Operating Officer at Old Mutual Investment Group. He has recently re-joined the Brimstone team as the Chief Operating Officer, with direct responsibility for operating subsidiaries and playing a significant role in the business strategies of these subsidiaries. Mr Khan has also served on the board of the Independent Regulatory Board of Auditors for five years and headed-up the Audit Committee of the University of Western Cape for three years.

Tiloshani Moodley – Non-Executive Director (Alternate to MI Khan)

Ms Moodley completed both her undergraduate and postgraduate degrees at the University of the Western Cape in 1995 and 1997, respectively. Thereafter, she attended the School for Legal Practice at the University of Cape Town, joined Brimstone in 2001 and became Brimstone's Compliance Officer in 2004. In 2010 Ms Moodley was appointed as Brimstone's Company Secretary. She is responsible for the legal review of agreements and monitoring of Brimstone's continued contractual obligations and group-wide governance and compliance. In 2014, Ms Moodley successfully completed the GIBS International Women's Forum SA Strategic Leadership course. She also serves as Company Secretary to Lion of Africa Insurance Company Limited.

DISCLAIMER:

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The information contained in this announcement constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act, 37 of 2002, as amended ("FAIS Act") and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Offer Shares or in relation to the business or future investments of the Group is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in this announcement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.

The Offer Shares may not be offered or sold in the United States, unless registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act. No public offering of the Offer Shares discussed herein is being made in the United States and the information contained herein does not constitute an offering of securities for sale in the United States and Sea Harvest does not currently intend to register any securities under the Securities Act.

This announcement may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Group’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements speak only as of the date they are made.

The Group and Standard Bank, as well as their respective directors, officers, employees, affiliates, advisers or agents, expressly disclaim any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

Any subscription for Offer Shares in the proposed Offering should be made solely on the basis of the information contained in the Pre-listing Statement to be issued by Sea Harvest in connection with the Offering. The information in this announcement is subject to change. Before subscribing for Offer Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Pre-listing Statement when published. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any Offer Shares or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefore.

The date of the Listing may be influenced by things such as market conditions. There is no guarantee that Listing will occur and you should not base your financial decisions on the Group’s intentions in relation to Listing at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Offering. The value of shares can decrease as well as increase. Potential investors should consult a professional adviser as to the suitability of the Offering for the person concerned.

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Standard Bank is acting exclusively for Sea Harvest and no-one else in connection with the Offering. Standard Bank will not regard any other person as their respective clients in relation to the Offering and will not be responsible to anyone other than Sea Harvest for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offer, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offering, Standard Bank or its affiliates may take up a portion of the Offer Shares as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such shares and other securities of Sea Harvest or related investments in connection with

the Offering or otherwise. Accordingly, references in the Pre-listing Statement, once published, to the Offer Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by Standard Bank and its affiliates. In addition, Standard Bank may enter into financing arrangements and swaps in connection with which it may from time to time acquire, hold or dispose of Offer Shares. Standard Bank and its affiliates do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Unless otherwise indicated, market, industry, market share and competitive position data are estimates (and accordingly, approximate) and should be treated with caution. Such information has not been audited or independently verified, nor has the Group ascertained the underlying economic assumptions relied upon therein.