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18 January 2021

The Directors

Value Logistics Limited
49 Brewery Street
Isando
Kempton Park
1600

Dear Sirs,

INDEPENDENT FAIRNESS OPINION IN RESPECT OF THE RELATED PARTY TRANSACTION BETWEEN VALUE LOGISTICS LIMITED (“THE COMPANY”/ “VALUE”) LEASING PROPERTY FROM AN ENTITY INDIRECTLY CONTROLLED BY MR SD GOTTSCHALK AS THE RELATED PARTY, THE INDIRECT MAJORITY SHAREHOLDER AND THE COMPANY’S CHIEF EXECUTIVE OFFICER (“CEO”) (“RELATED PARTY”)

INTRODUCTION

We have been appointed by the Board of Directors to advise the shareholders of Value whether, in our opinion, the following lease renewal agreement is fair to the shareholders:

Lease rentals to be paid by Value to Lougot Property Investments (Pty) Ltd (“Lougot Property”) (indirectly controlled by Value’s CEO through his family Trust) in respect of the property situated at Erf 337 and Erf 686, Isando Ext 1, Kempton Park, Johannesburg for the lease period 1 February 2021 to 31 January 2024 (“Lease Renewal”)

The Related Party is the majority shareholder of Value, a director, and holds the office of CEO. He also indirectly controls property entities which are the counter parties in the respective lease renewal agreement. Accordingly, the Lease Renewal is classified as a related party transaction in terms of section 10.1 of the Listings Requirements.

EXPLANATION OF THE TERM ‘FAIR’

Fairness

The term 'fairness' is defined in Schedule 5 of the JSE Listings Requirements as being primarily based on quantitative issues. Therefore, the Lease Renewal would be considered fair to the Value shareholders if the total rental expense is equal to or less than an arm's length market related rental range of similar properties. Consideration was also given to potential costs to the business if the operations were to be relocated to new premises.

ASSUMPTIONS

We arrived at our opinion based on the following assumptions:

- Current economic, regulatory and market conditions will not change materially;
- That reliance can be placed on the signed lease agreement;
- That reliance can be placed on the independent assessment as included in the report signed 29 August 2020 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Erf 337 and Erf 686, Isando Ext 1, Kempton Park, Johannesburg; and
- Where relevant, representations made by management and/or directors (including the Independent Chairman and excluding the CEO) were corroborated to source documents prepared by third parties, independent analytical procedures performed by us and by examining and analysing external factors that influence the business.

SOURCES OF INFORMATION

In the course of our analysis, we relied upon financial and other information obtained from management together with industry related and other information available in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

The principle sources of information used in formulating our opinion regarding the Lease Renewal includes:

- Corroborating source documentation as provided by management;
- Signed lease agreement entered into between Value and Lougot Property;
- Independent assessment as included in the report signed 29 August 2020 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Erf 337 and Erf 686, Isando Ext 1, Kempton Park, Johannesburg;
- Information and assumptions made available by and from discussions held with independent executive directors of Value in terms of the rationale for the Lease Renewal; and
- Publicly available information relating to Value and other competitors in the sector that we deemed to be relevant, including company announcements.

We obtained the information through:

- Conducting interviews with management, directors (including the Independent Chairman) and senior staff members;
- Obtaining corroborating evidence from third parties such as property experts; and
- Extracting information from the internet and the press.

We satisfied ourselves as to the appropriateness and reasonableness of the information with reference to:

- Review of the independent assessment as included in the report signed 29 August 2020 performed by PropValAssist Valuers of the open market rentals of similar properties in

relation to Erf 337 and Erf 686, Isando Ext 1, Kempton Park, Johannesburg. The subject property was originally inspected on 20 August 2015. From discussions with management, properties are all properly maintained to the same standard and there have been no changes or additions to the said properties since the original inspection date;

- A review of the qualifications of the valuer, the valuation methodology utilised and the reasonableness of assumptions utilised in the independent property valuation. We confirm that we are satisfied with the methodology and assumptions utilised in assessing market related rentals in this valuation of the property; and
- A review of comparable market lease rentals for the specific property area;
- Understanding the industry in which the company operates; and
- Assessing whether replies from management on certain issues were corroborated by third parties and documentary evidence.

LIMITING CONDITIONS AND RELATED PARTY RELATIONSHIPS

We have relied upon the accuracy of information provided to us or otherwise reviewed by us, for the purposes of this opinion, whether in writing or obtained through discussion with the management of Value. We express no opinion on this information.

There were no limiting conditions, or any restrictions of scope imposed by the client whilst this opinion was being prepared.

Our opinion is based on current economic, regulatory, market as well as other conditions. Subsequent developments may affect this opinion, which we are under no obligation to update, review or re-affirm.

This letter and opinion are provided solely for the benefit of the shareholders of Value in connection with and for the purposes of their consideration of the Lease Renewal.

There is no relationship between Mazars Corporate Finance (Pty) Ltd (“MCF”) and any other parties involved in the Lease Renewal. MCF has no shares in Value or any other party involved in the Lease Renewal. MCF’s fees are not payable in shares.

Each shareholder’s individual decision may be influenced by such shareholder’s particular circumstances and accordingly each shareholder should consult an independent advisor if in any doubt as to the merits or otherwise of the Lease Renewal.

PROCEDURES

In order to assess the fairness of the terms and conditions relating to the Lease Renewal, we have performed, amongst others, the following procedures:

- Reviewed the signed lease agreement entered into between Value and Lougot Property;
- Considered information made available by and from discussions held with the directors and management of Value;
- Considered the rationale for the Lease Renewal;
- Reviewed and utilised the independent assessment as included in the report signed 29 August 2020 performed by PropValAssist Valuers of the open market rentals of similar properties in relation to Erf 337 and Erf 686, Isando Ext 1, Kempton Park, Johannesburg;
- Quantitatively compared the rental expense per square meter as per the lease agreement to a range of arm’s length market related rentals provided in the independent assessment report;
- Reviewed the independent assessment report to confirm that comparable properties were

- in a similar area as well as of similar size, grade and type;
- Relied on PropValAssist Valuers' conclusion that the rental is considered market related; and
 - Consideration was also given to potential costs to the business if the operations were to be relocated to new premises.

We believe the above procedures commercially justify the conclusion outlined below.

CONFIRMATION OF PERFORMANCE OF VALUATION AND VALUATION METHODOLOGY

We confirm that we have assessed the fairness of the Lease Renewal by comparison of the lease expenses paid to the market related rental paid for similar properties as quoted in the independent assessment report. We have placed reliance on the independent assessment performed by PropValAssist Valuers of the open market rental of Erf 337 and Erf 686, Isando Ext 1, Kempton Park, Johannesburg. We have placed reliance on PropValAssist Valuers' conclusion that the rental is considered market related.

Key value drivers to the assessment of fairness are as follows (as included in the independent valuation report):

Internal:

- Comparable market related rentals of similar properties;
- Square meters per the lease agreements; and
- Duration of lease period.

A comparison of internal key value drivers was made to comparable properties within the independent report for reasonability purposes. No inconsistencies were noted.

External:

- Stability of the economy and other macroeconomic factors; and
- Both long-term and short-term inflation rates.

After considering the external key value drivers and the impact thereof, it was concluded that reasonable fluctuations in the abovementioned factors would not change our opinion on whether the lease terms are fair to the shareholders of Value.

The fairness assessment involved corroboration analyses on the key value drivers.

Our procedures and enquiries did not constitute an audit in terms of International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

OPINION

Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated at the date of this letter. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

We have considered the terms and conditions of the Lease Renewal, and based upon, and subject to the foregoing, we are of the opinion that the lease terms are fair to the shareholders of Value.

CONSENT

We hereby consent to this letter laying open for inspection to the shareholders of Value in terms of the JSE Listing Requirements.

Yours faithfully

A handwritten signature in black ink, consisting of several vertical, slightly curved strokes that form a stylized 'N' or similar shape, followed by a horizontal line extending to the right.

Anoop Ninan
Director
Mazars Corporate Finance (Pty) Ltd
54 Glenhove Road
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