
UPDATE ON THE PROPOSED VOLUNTARY SHARE REPURCHASE PROPOSED DELISTING OF ZARCLEAR

1. Introduction and proposed delisting

Shareholders are referred to the announcement released on SENS on 28 February 2020 wherein the Company advised shareholders of its intention to make an offer to its shareholders to voluntarily tender for the repurchase of their existing shareholding in the Company (the “**share repurchase offer**”) at an offer price of R4.40 per share (the “**share repurchase offer consideration**”).

Shareholders are advised that, having regard to the impact that the COVID-19 pandemic has had, and is anticipated to continue to have on equity capital markets for an extended period, the costs and expenses associated with its JSE listing are no longer justified and accordingly, the board of Zarclear (the “**Board**”) has resolved that, subject to securing the requisite shareholder and regulatory approvals, it would be in the best interests of Zarclear and its shareholders to seek a delisting of Company’s shares from the Main Board of the JSE under the voluntary delisting regime provided for under the JSE Listings Requirements (the “**delisting**”).

In compliance with the JSE Listings Requirements, the delisting must be accompanied by an offer (that an independent expert has confirmed to be fair to shareholders) which is to be made to holders of all Zarclear’s securities (the “**ZCL shares**”). Zarclear will therefore proceed with its envisaged share repurchase offer to repurchase all, or a portion of, the ZCL shares from any shareholder who, post the approval of the delisting, either cannot or does not wish to continue to hold ZCL shares in an unlisted structure, at the share repurchase offer consideration.

The share repurchase offer will be made in compliance with the relevant provisions of the Companies Act 71 of 2008 (the “**Companies Act**”), the Takeover Regulations promulgated thereunder (the “**Takeover Regulations**”) and the JSE Listings Requirements.

The delisting and the share repurchase offer will be implemented on the basis that shareholders will be afforded an opportunity either to elect to monetise their investment in Zarclear at a fair price or to continue to hold shares in Zarclear in an unlisted environment.

2. Rationale for the share repurchase offer and delisting

The Board is of the opinion that Zarclear’s listing on the JSE no longer benefits the Company due to:

- 2.1. the significant costs and expenses associated with the listing;
- 2.2. poor market ratings and lack of liquidity achieved by small capitalisation investment holding companies;
and

2.3. the Company's investment strategy being best served in an unlisted environment.

The share repurchase offer will allow those shareholders who wish to monetise their shareholding the opportunity to do so at a price that reflects a meaningful premium to the recently traded price of Zarclear shares and will also benefit those shareholders who are committed to the Company's strategy and who wish to remain invested in the Company.

3. JSE and Companies Act requirements for the share repurchase offer and delisting

The share repurchase offer, if accepted by shareholders holding at least 11 303 285 Zarclear shares, will result in Zarclear acquiring more than 5% of the Zarclear shares in issue. Accordingly, in terms of section 48(8)(b) of the Companies Act, the decision of the Board to acquire the Company's shares in terms of the share repurchase offer will be subject to the requirements of sections 114 and 115 of the Companies Act which provide, *inter alia*, that the decision by the Board in respect of the share repurchase offer must be approved by a special resolution adopted by persons entitled to exercise voting rights on the matter. In addition, Zarclear is also required to obtain a fair and reasonable opinion from an independent expert in terms of the provisions of section 114(3) (as read with section 48(8)(b) and section 115) of the Companies Act.

As the share repurchase offer is a *pro rata* repurchase by Zarclear of its shares from all its shareholders, shareholder approval in terms of the JSE Listings Requirements is not required for the share repurchase offer (save to the extent as required in terms of section 48(8) of the Companies Act).

The delisting will be conditional on securing the approval of more than 50% of the votes of all shareholders present or represented by proxy at a general meeting, excluding any controlling shareholder, its associates and any party acting in concert, and any other party which the JSE deems appropriate, being cast in favour of such delisting resolution.

4. Termination of concert party arrangement

Given the Board's decision to delist the Company, the rationale for the establishment of a concert party arrangement amongst Legae Peresec Capital Proprietary Limited, Hampden Capital Proprietary Limited and Zolospan Proprietary Limited in respect of Zarclear has fallen away and, in consequence, such shareholders have formally notified the Takeover Regulation Panel that they have come out of concert. As such, whilst the Company will proceed to make the share repurchase offer, it is not anticipated that any mandatory offer will be triggered under section 123 of the Companies Act as a result of the share repurchase offer.

5. Conditions precedent to the share repurchase offer and delisting

The share repurchase offer and delisting will be subject to the following conditions precedent:

- 5.1. an independent expert being appointed by Board (that is acceptable to the JSE) and providing the Board with an opinion in which the independent expert expresses the view that the share repurchase offer and the share repurchase offer consideration is fair and reasonable to shareholders;
- 5.2. the board unanimously resolving to proceed with the share repurchase offer in accordance with section 48(2) as read with section 46 of the Companies Act;
- 5.3. the Board unanimously resolving to proceed with the delisting and confirming that the offer is fair and reasonable to shareholders;

- 5.4. the share repurchase offer and delisting being approved by the requisite majority of Zarclear shareholders in terms of the Companies Act and JSE Listings Requirements, respectively; and
- 5.5. to the extent necessary, the securing of any regulatory approvals required.

6. Appointment of an independent expert

The Board has appointed Nodus Capital TS Proprietary Limited (“**Nodus**”) to provide the independent board with its opinion as to whether the terms of the offer are fair and reasonable to Zarclear shareholders, in accordance with the Takeover Regulations and the JSE Listings Requirements.

Nodus’ full report, as well as the independent board’s opinion on the offer and offer consideration, will be included in the circular to be posted to Zarclear shareholders.

7. Documentation and timing in relation to the share repurchase offer

Full details of the share repurchase offer and delisting will be set out in a circular which will be distributed by Zarclear to its shareholders in due course, and will include the opinion of the independent expert in respect of the share repurchase offer, a notice of general meeting of Zarclear shareholders to approve the share repurchase offer and delisting, and the applicable salient dates and times relating to the share repurchase offer and delisting.

8. Zarclear Board responsibility statement

The Zarclear Board collectively and individually accepts responsibility for the accuracy of the information contained in this announcement and certifies that, to the best of its knowledge and belief, the information contained in this announcement relating to Zarclear is true, this announcement does not omit anything that is likely to affect the import of such information, and that all reasonable enquiries to ascertain such information has been made.

13 May 2020

Corporate advisor and sponsor to Zarclear

JAVACAPITAL