
UPDATE ON THE PROPOSED DELISTING OF ZARCLEAR

1. Introduction

Shareholders are referred to the update announcement released on SENS on 13 May 2020, wherein shareholders were advised that:

- 1.1. the board of directors of Zarclear (the "**Board**") resolved that, subject to securing the requisite approval from its shareholders in a general meeting and the JSE approving the Company's delisting application, it would be in the best interests of the Company to seek a delisting of the Company's shares from the JSE and A2X (the "**delisting**") ; and
- 1.2. in compliance with the JSE Listings Requirement and A2X Listing Requirement that the delisting must be accompanied by an offer to be made to holders of all the Company's listed securities (the "**ZCL shares**"), the Board further resolved to 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 an offer price of R4.40 per share (the "**share repurchase offer**").

Shareholders are advised that the Company has received notification from Legae Peresec Capital Proprietary Limited ("**Legae Peresec Capital**") that it has acquired additional ZCL shares such that Legae Peresec Capital's total beneficial interest is now 30.08% of Zarclear's total issued ordinary shares. Legae Peresec Capital has informed the Board that whilst it is supportive of the delisting, it does not support the deployment of Zarclear's balance sheet to fund the cash offer that will need to be made in order for Zarclear to effect the delisting. Legae Peresec Capital has proposed that Zarclear proceed with the delisting on the basis that, subject to the delisting being approved in accordance with all regulatory requirements, Legae Peresec Capital will make the required cash offer to purchase ZCL shares from any shareholder who either cannot or does not wish to continue to hold ZCL shares in an unlisted structure, at an offer price of R4.40 cents per ZCL share (the "**cash offer**").

The cash offer would be made by Legae Peresec Capital 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.

In light of the above, the Board has resolved to proceed with the delisting but on the basis that the offer that is required to accompany the delisting will no longer be made by the Company by way of the share repurchase offer pursuant to a share repurchase made by the Company (as previously announced). Instead, the offer that is to accompany the delisting will (subject to the formalisation of arrangements between the Company and Legae Peresec Capital) be made by Legae Peresec Capital (at the same R4.40 cash offer price per share) by way of a general offer.

2. **Shareholder approval**

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.

3. **Legae Peresec Capital mandatory offer**

If the cash offer is made and accepted by shareholders holding at least 11 122 994 ZCL shares, this will result in Legae Peresec Capital acquiring ZCL shares equal to or exceeding 35% of the issued share capital of Zarclear. In consequence, a mandatory offer will be triggered by Legae Peresec Capital in favour of holders of ZCL shares in terms of section 123 of the Companies Act and the Takeover Regulations. Subject to the Board being satisfied that the cash offer is fair to the shareholders of the Company (excluding Legae Peresec Capital) and the Board being so advised by an independent expert appointed for this purpose, the Board will propose the delisting to the Company's shareholders on the basis that Legae Peresec Capital will make a cash offer to all Zarclear shareholders at a price of R4.40 per ZCL share. This offer will be in fulfilment of the offer obligations imposed by paragraph 1.15 of the JSE Listings Requirements, paragraph 4.14 of the A2X Listings Requirements and the mandatory offer provisions of the Companies Act and Takeover Regulations.

4. **Appointment of an independent board and an independent expert**

In accordance with the provisions of the Companies Act and the Takeover Regulations, an independent sub-committee of the Board (the "**Independent Board**") has been formed for purposes of considering the cash offer.

The Independent Board has appointed Nodus Capital TS Proprietary Limited ("**Nodus**") to provide the independent board with its opinion as to whether the terms of the cash offer are fair and reasonable to Zarclear shareholders, in accordance with the Takeover Regulations, the JSE Listings Requirements and the A2X Listings Requirements.

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

5. **Conditions precedent to the delisting and cash offer**

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

- 5.1. an independent expert being appointed by the Independent Board (that is acceptable to the JSE) and providing the Independent Board and the Board with an opinion in which the independent expert expresses the view that the cash offer is fair to shareholders;
- 5.2. both the Board and the Independent Board unanimously resolving to proceed with the delisting and confirming that the cash offer is fair;
- 5.3. the delisting being approved by the requisite majority of Zarclear shareholders in terms of the JSE Listings Requirements and A2X Listings Requirements;

- 5.4. to the extent necessary, the securing of any approval required by the Competition Authorities in terms of the Competition Act 89 of 1998, as amended; and
- 5.5. the Offeror, prior to the issue of the circular regulating the delisting and cash offer, providing an unconditional confirmation and/or bank guarantee to the TRP in accordance with Regulations 111(4) and 111(5) of the Takeover Regulations.

6. Documentation and timing in relation to the delisting and cash offer

Full details of the delisting and cash offer 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 cash offer, a notice of general meeting of Zarclear shareholders to approve the delisting and the applicable salient dates and times relating to the delisting and the cash offer.

This announcement does not constitute an offer, undertaking or firm intention to make an offer by Legae Persec Capital to Zarclear shareholders.

7. Zarclear Board responsibility statement

The members of 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.

30 June 2020

Corporate advisor and sponsor to Zarclear

JAVACAPITAL