

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this circular have, where appropriate, been used on this cover page.

If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

Action required

If you have disposed of all of your Zarclear shares, then this circular and form of acceptance, surrender and transfer (*blue*), should be handed to the purchaser of such Zarclear shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Shareholders are referred to page 6 of this circular, which sets out the detailed action required of them in respect of the transaction and ancillary matters set out in this circular.

If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

Zarclear does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of dematerialised shares to notify such shareholder of the action required of them in respect of the transaction and ancillary matters set out in this circular.



ZARCLEAR HOLDINGS LIMITED

(Incorporated in South Africa)
(Registration number 2000/013674/06)
Share code: ZCL ISIN: ZAE000262820
("Zarclear" or the "company")

CIRCULAR TO ZARCLEAR SHAREHOLDERS

relating to:

- an unconditional offer by the offeror to acquire some or all of the ordinary shares in the company not already owned by the offeror for an offer consideration of R4.40 per Zarclear ordinary share held; and
- a responding circular by the independent board of Zarclear containing their views in respect of the offer,

and incorporating:

- an independent fairness opinion regarding the offer;
- a form of acceptance, surrender and transfer (*blue*) for use by certificated shareholders only.

Corporate advisor and sponsor to Zarclear

JAVACAPITAL

Independent expert to Zarclear

nodus

Date of issue: Friday, 11 September 2020

This circular is available in English only. Due to the COVID-19 pandemic and the resultant lockdown regulations, hard copies of this circular will not be available at the registered address of the company. The circular will only be available on Zarclear's website (www.zarclear.com) from Friday, 11 September 2020.

TRP APPROVALS

Zarclear shareholders should take note that the TRP does not consider commercial advantages or disadvantages of affected transactions when it approves such transactions.

CORPORATE INFORMATION

Registered office of Zarclear

Zarclear Holdings Limited
(Registration number 2000/013674/06)
9th Floor, Katherine Towers
(Bidvest Bank Building)
1 Park Lane
Wierda Valley
Sandton, 2196
(PO Box 650361, Benmore, 2010)

Corporate advisor

Java Capital Proprietary Limited
(Registration number 2012/089864/07)
6th Floor, 1 Park Lane
Wierda Valley
Sandton, 2196
(PO Box 522606, Saxonwold, 2132)

Independent expert

Nodus Capital TS Proprietary Limited
(Registration number 2014/226782/07)
Building 2, Commerce Square Office Park
39 Rivonia Road
Sandhurst, 2196
(PO Box 553696, Northlands, 2116)

Date and place of incorporation of Zarclear

Incorporated on 28 June 2000 in the
Republic of South Africa

Company secretary

CIS Company Secretaries Proprietary Limited
(Registration number 2006/024994/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61763, Marshalltown, 2107)

Sponsor

Java Capital Trustees & Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6th Floor, 1 Park Lane
Wierda Valley
Sandton, 2196
(PO Box 522606, Saxonwold, 2132)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61763, Marshalltown, 2107)

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ACTION REQUIRED BY ZARCLEAR SHAREHOLDERS

The definitions and interpretations commencing on page 5 of this circular have, where appropriate, been used in this section.

If you have disposed of all your Zarclear shares, then this circular, together with the attached form of acceptance, surrender and transfer (*blue*), should be handed to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Please take careful note of the following provisions regarding the action to be taken by Zarclear shareholders in relation to the offer.

1. CERTIFICATED SHAREHOLDERS

- 1.1 The provisions of this paragraph 1 do not apply to dematerialised shareholders who elect to accept the offer.
- 1.2 Certificated shareholders who wish to accept the offer are required to complete the attached form of acceptance and return it to the transfer secretaries together with their documents of title in respect of their offer shares, at their own risk, to be received by no later than 12:00 on the closing date. If a form of acceptance is not received by 12:00 on the closing date, such certificated shareholder will be deemed to have declined the offer. No late acceptances will be considered if received by the transfer secretaries after 12:00 on the closing date.
- 1.3 If the documents of title relating to the shares held by a certificated shareholder have been lost or destroyed, Zarclear shareholders should nevertheless return a duly completed form of acceptance together with an indemnity on terms satisfactory to Zarclear and the offeror. The offeror and Zarclear may, in their sole discretion, dispense with the surrender of such documents of title upon production of satisfactory evidence that the documents of title have been lost or destroyed and upon provision of an indemnity on terms acceptable to the offeror and Zarclear. Unless otherwise agreed by the offeror and Zarclear, only indemnity forms obtained from the transfer secretaries (available on request) will be regarded as suitable. The offeror and Zarclear shall be entitled, in their absolute discretion, by way of agreement to waive the requirement of an indemnity.
- 1.4 No receipt will be issued for documents of title surrendered unless specifically requested. In order to comply with the requirements of the JSE, lodging agents must prepare special transaction receipts, if required.

2. DEMATERIALISED SHAREHOLDERS

- 2.1 Dematerialised shareholders who wish to accept the offer are required to notify their CSDPs or brokers of their acceptance in the manner and by the deadline stipulated in the custody agreement concluded between the holders of dematerialised Zarclear shares and their CSDPs or brokers, as the case may be. If no instruction is given to their CSDPs or brokers, or if there is any doubt or dispute in respect of their acceptance, such dematerialised shareholders will be deemed to not have accepted the offer. Dematerialised shareholders must not complete the attached form of acceptance. The CSDP or broker of a dematerialised shareholder who wishes to accept the offer must notify the transfer secretaries of such acceptance of the offer.
- 2.2 The offeror reserves the right, in its sole and absolute discretion, to:
 - 2.2.1 in respect of certificated shares, treat as invalid forms of acceptance, transfer and surrender not accompanied by valid documents of title;
 - 2.2.2 treat as invalid forms of acceptance, transfer and surrender not properly completed;
 - 2.2.3 require proof of the authority of the person signing the form of acceptance where such proof has not been lodged with or recorded by the transfer secretaries; and
 - 2.2.4 without prejudice to any of its rights, the offeror reserves the right to condone, in its sole discretion, the non-performance by any offeree of any of the terms of the offer.

3. SETTLEMENT OF THE OFFER CONSIDERATION

- 3.1 Certificated shareholders who accept the offer will have the offer consideration transferred to them by way of EFT (depending on the election made by them in the form of acceptance) by no later than the payment date, being within 6 business days after the date on which such shareholders deliver forms of acceptance and documents of title to the transfer secretaries, unless such forms of acceptance and documents of title are delivered on the closing date, in which case the offer consideration will be paid on the first business day following the record date.
- 3.2 Dematerialised shareholders who accept the offer will have their accounts at their CSDP or broker updated with the offer consideration by no later than the payment date, being within 6 business days after the date on which the CSDPs or brokers of such Zarclear shareholders notify the transfer secretaries of their acceptance of the offer, unless such notification is received on the closing date, in which case the offer consideration will be paid on the first business day following the record date.

- 3.3 If the offer consideration is not sent to shareholders entitled thereto because the relevant documents of title and forms of acceptance have not been surrendered, or if the offer consideration is returned undelivered to the transfer secretaries, the offer consideration will be held by the offeror or the transfer secretaries, on behalf of and for the benefit of such certificated shareholders, until claimed and no interest will accrue thereon. This paragraph does not apply to dematerialised shares held by shareholders.
- 3.4 The settlement of the offer consideration to which any offeree becomes entitled in terms of the offer will be implemented in full in accordance with the terms of the offer without regard to any lien, right of set-off, counter-claim or any other analogous right to which the offeror may be entitled.
- 3.5 The settlement of the offer consideration for both dematerialised shareholders and certificated shareholders will be made subject to the Exchange Control Regulations.

SALIENT DATES AND TIMES IN RESPECT OF THE OFFER

The definitions and interpretations commencing on page 5 of this circular have, where appropriate, been used in this section.

2020

Record date to determine which Zarclear shareholders are entitled to receive this circular	Friday, 28 August
Circular together with the accompanying form of acceptance, surrender and transfer (<i>blue</i>) posted to Zarclear shareholders on	Friday, 11 September
Announcement relating to the issue of the circular and the offer released on SENS and ANS on	Monday, 14 September
Offer opens at 09:00 (see notes 4 and 5 below)	Tuesday, 27 October
Announcement relating to the issue of the circular and the offer published in the press on	Monday, 14 September
Expected last day to trade in Zarclear shares on the JSE and A2X in order to participate in the offer	Tuesday, 27 October
Expected date on which the shares trade “ex” the offer	Wednesday, 28 October
Expected date on which the offer closes at 12:00 on	Friday, 30 October
Record date on which Zarclear shareholders must hold Zarclear shares in order to accept the offer	Friday, 30 October
Results of the offer announced on SENS and ANS	Monday, 2 November
Offer consideration paid to offer participants as per notes 6 and 7 below, with the last payment on	Monday, 2 November
Results of the offer published in the press	Tuesday, 3 November

Notes:

1. All dates and times in this circular are local dates and times in South Africa.
2. The above dates and times are subject to change. Any changes will be released on SENS and ANS and, if required, published in the press.
3. No dematerialisation and rematerialisation of Zarclear shares may take place between Wednesday, 28 October 2020 and Friday, 30 October 2020, both days inclusive.
4. The offer must remain open for at least 30 business days after the opening date.
5. As the offer is unconditional, acceptance of the offer will be irrevocable.
6. Certificated shareholders who accept the offer will have the offer consideration transferred to them by way of EFT (depending on the election made by them in the form of acceptance) by no later than the payment date, being within 6 business days after the date on which such shareholders deliver forms of acceptance and documents of title to the transfer secretaries, unless such forms of acceptance and documents of title are delivered on the closing date, in which case the offer consideration will be paid on the first business day following the record date.
7. Dematerialised shareholders who accept the offer will have their accounts at their CSDP or broker updated with the offer consideration by no later than the payment date, being within 6 business days after the date on which the CSDPs or brokers of such Zarclear shareholders notify the transfer secretaries of their acceptance of the offer, unless such notification is received on the closing date, in which case the offer consideration will be paid on the first business day following the record date.

DEFINITIONS AND INTERPRETATIONS

In this circular and the annexures hereto, unless the context indicates otherwise, references to the singular include the plural and *vice versa*, words denoting one gender include the other, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column have the meanings stated opposite them in the second column, as follows:

“A2X”	the exchange operated by A2X Proprietary Limited (Registration number 2014/147138/07), a private company incorporated and registered in accordance with the laws of South Africa, and licensed as an exchange under the Financial Markets Act, No. 19 of 2012, as amended from time to time;
“A2X Listings Requirements”	the Listings Requirements published by A2X from time to time;
“ANS”	the A2X news service;
“board” or “Zarclear board”	the board of directors of Zarclear;
“broker”	any person registered as a broking member (equities) in terms of the JSE Listings Requirements made in accordance with the provisions of the Financial Markets Act;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“certificated shareholders”	shareholders who hold certificated shares;
“certificated shares”	shares which have not been dematerialised into the Strate system, title to which is represented by a share certificate or other physical documents of title;
“circular” or “this document”	this circular dated Friday, 11 September 2020 including annexures thereto;
“closing date”	the closing date of the offer at 12:00 as announced on SENS and ANS, a minimum of 10 business days prior thereto, and if required, published in the press, and which closing date shall be (i) a Friday; and (ii) not be earlier than 30 business days after the opening date. The closing date is anticipated to be on Friday, 30 October 2020;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended from time to time;
“company secretary” or “CIS Company Secretaries”	CIS Company Secretaries Proprietary Limited (Registration number 2006/024994/07), full details of which are set out in the Corporate Information section;
“corporate advisor”	Java Capital Proprietary Limited (Registration number 2012/089864/07), a private company incorporated and registered in South Africa, full details of which are set out in the “Corporate Information” section of this circular;
“CSDP”	a Central Securities Depository Participant in South Africa, appointed to hold and administer dematerialised shares;
“custody agreement”	the agreement which regulates the relationship between the CSDP or broker and each beneficial holder of dematerialised shares;
“dematerialised shareholders”	shareholders who hold dematerialised shares;
“dematerialised shares”	shares which have been incorporated into the Strate system, title to which is not represented by share certificates or other physical documents of title;
“director”	a director of Zarclear;
“directors of the offeror”	the directors of the offeror, being W Chapman, T Maseko, E Macris, D Murgatroyd and J Esterhuysen;
“documents of title”	share certificates, certified transfer deeds, balance receipts and any other documents of title to shares acceptable to the Zarclear board;
“Exchange Control Regulations”	the South African Exchange Control Regulations, promulgated in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended from time to time;
“fair and reasonable opinion”	the report to the independent board prepared by the independent expert in compliance with the relevant sections of the Companies Act and Takeover Regulations in respect of the offer, which report is set out in Annexure 1 of this circular;

“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012, as amended from time to time;
“firm intention announcement”	the announcement released on SENS on Monday, 31 August 2020, advising shareholders of the offer;
“foreign shareholder”	a Zarclear shareholder who is a non-resident of South Africa as contemplated in the Exchange Control Regulations;
“form of acceptance”	the form of acceptance, surrender and transfer (<i>blue</i>) attached to this circular for use by certificated shareholders only;
“Hampden Capital”	Hampden Capital Proprietary Limited (Registration number 2000/003703/07), a private company registered and incorporated in accordance with the laws of South Africa, which company is wholly owned by Warren Chapman;
“IFRS”	International Financial Reporting Standards;
“independent board”	a sub-committee of the Zarclear board comprising Andrew Hannington, Amanda Smith and Zolani Mathews, which has been specifically constituted to appraise the offer on behalf of the Zarclear board;
“independent expert” or “Nodus”	Nodus Capital TS Proprietary Limited (Registration number 2014/226782/07), the independent expert appointed to provide external advice to the independent board in relation to the offer in terms of the Companies Act and Takeover Regulations, full details of which are set out in the Corporate Information section;
“JSE”	the exchange operated by the JSE Limited (Registration number 2005/022939/06), a public company incorporated and registered in accordance with the laws of South Africa, and licensed as an exchange under the Financial Markets Act, No. 19 of 2012, as amended from time to time;
“JSE Listings Requirements”	the Listings Requirements published by the JSE from time to time;
“last practicable date”	Thursday, 3 September 2020, being the last practicable date prior to the finalisation of this circular;
“Legae Peresec Capital” or the “offeror”	Legae Peresec Capital Proprietary Limited (Registration number 1997/011413/07), a private company incorporated and registered in accordance with the laws of South Africa and owned by: <ul style="list-style-type: none"> • Kuchuma Capital Proprietary Limited, which is wholly owned by Warren Chapman; • Zolospan Proprietary Limited, which is owned by various shareholders; and • Nkhohli Consolidated Investments Proprietary Limited; which is owned by various shareholders;
“mandatory offer”	the potential mandatory offer of R4.40 per Zarclear share in terms of section 123 of the Companies Act, that may be required to be made by the offeror to Zarclear minority shareholders as a result of the offeror or persons related or inter-related to or acting in concert with the offeror acquiring a beneficial interest in 35% or more of the voting rights attaching to Zarclear shares;
“MOI”	memorandum of incorporation;
“NAV”	net asset value;
“offer” or “general offer” or “unconditional offer”	the unconditional general offer made by the offeror to Zarclear shareholders, in terms of section 117(1)(iv) (read together with section 121(1)) of the Companies Act, to acquire all or part of their shareholding in Zarclear, on the terms set out in this circular;
“offer consideration”	R4.40 per Zarclear share;
“offeree”	the Zarclear shareholders to which the offer is made;
“offer participants”	the Zarclear shareholders who validly and lawfully accept the offer by the closing date and who are thus entitled to receive the offer consideration;
“offer period”	the period from 09:00 on the opening date to 12:00 on the closing date;
“offer record date”	the date on which Zarclear shareholders must be recorded in the securities register in order to participate in the offer, being the closing date;
“opening date”	the opening date of the offer, being 09:00 on Monday, 14 September 2020;

“own name registration”	dematerialised shareholders who have instructed their CSDP to hold their Zarclear shares in their own name on the uncertificated securities register;
“payment date”	means: <ul style="list-style-type: none"> • certificated shareholders who accept the offer will have the offer consideration transferred to them by way of EFT (depending on the election made by them in the form of acceptance) by no later than the payment date, being within 6 business days after the date on which such shareholders deliver forms of acceptance and documents of title to the transfer secretaries, unless such forms of acceptance and documents of title are delivered on the closing date, in which case the offer consideration will be paid on the first business day following the record date; and • dematerialised shareholders who accept the offer will have their accounts at their CSDP or broker updated with the offer consideration by no later than the payment date, being within 6 business days after the date on which the CSDPs or brokers of such Zarclear shareholders notify the transfer secretaries of their acceptance of the offer, unless such notification is received on the closing date, in which case the offer consideration will be paid on the first business day following the record date;
“R” or “Rand”	the South African Rand, the lawful currency of South Africa;
“register”	the securities register of Zarclear (including the relevant sub-registers of the CSDP (as contemplated in the Financial Markets Act) administering the sub-registers of Zarclear);
“SARB”	the South African Reserve Bank;
“SENS”	the Stock Exchange News Service of the JSE;
“share” or “Zarclear share”	an ordinary share of no par value in the share capital of Zarclear;
“South Africa”	the Republic of South Africa;
“sponsor”	Java Capital Trustees & Sponsors Proprietary Limited (Registration number 2006/005780/07), a private company incorporated and registered in South Africa, full details of which are set out in the “Corporate Information” section of this circular;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company registered and incorporated in accordance with the laws of South Africa, a registered central securities depository responsible for the electronic settlement system used by the JSE and A2X;
“subsidiary/ies”	shall have the meaning ascribed thereto as set out in the Companies Act;
“Takeover Regulations”	Chapter 5 of the Regulations to the Companies Act, 2011, published in terms of the Companies Act;
“transfer secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated and registered in South Africa, full details of which are set out in the “Corporate Information” section of this circular;
“TRP”	the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
“update announcement”	the announcement published on SENS and ANS on 5 August 2020 relating to the general offer;
“VAT”	value added tax as defined in the Value Added Tax Act, 1991, as amended;
“VWAP”	volume weighted average traded price per Zarclear share;
“Zarclear”	Zarclear Holdings Limited (Registration number 2000/013674/06), a public company incorporated and registered in accordance with the laws of South Africa and listed on the JSE and A2X; and
“Zarclear minority shareholders”	all Zarclear shareholders, other than the offeror, once the mandatory offer is triggered.



ZARCLEAR HOLDINGS LIMITED

(Incorporated in South Africa)
(Registration number 2000/013674/06)
Share code: ZCL ISIN: ZAE000262820
("Zarclear" or the "company")

Directors of Zarclear

Paul Baloyi (*Chairman, independent non-executive director*)

Warren Chapman (*Chief executive officer*)

Andrew Hannington (*Chief financial officer*)

Amanda Smith (*Executive director*)

Fatima Vawda (*Independent non-executive director*)

Zolani Matthews (*Independent non-executive director*)

CIRCULAR TO ZARCLEAR SHAREHOLDERS

1. INTRODUCTION

- 1.1 In the update announcement and firm intention announcement released on SENS and ANS on Wednesday, 5 August 2020 and Monday, 31 August 2020 respectively, shareholders were advised that Legae Persec Capital, which currently holds c.30.08% of the issued share capital of the company, had expressed its desire to the Zarclear board to further increase its strategic holding in the company and has informed the Zarclear board that Legae Persec Capital will proceed with a general offer to Zarclear shareholders to purchase Zarclear's listed securities at an offer price of R4.40 per Zarclear share.
- 1.2 Legae Persec Capital is of the view that the general offer presents those shareholders who wish to monetise their shareholding with an opportunity to do so at a price that reflects a meaningful premium to the recently traded price of Zarclear shares.
- 1.3 The general offer will be made by Legae Persec Capital in compliance with the relevant provisions of the Companies Act and the Takeover Regulations and is not subject to any suspensive conditions.
- 1.4 The purpose of this circular is to provide Zarclear shareholders with information regarding the general offer and the manner in which it will be implemented.

PART I: OFFER TO ALL ZARCLEAR MINORITY SHAREHOLDERS

1. RATIONALE FOR THE OFFER

Legae Peresec Capital wishes to further increase its strategic holding in the company and is of the view that the general offer presents those shareholders who wish to monetise their shareholding with an opportunity to do so at a price that reflects a meaningful premium to the recently traded price of Zarclear shares.

2. THE OFFER

2.1 The offer and offer consideration

- 2.1.1 Legae Peresec Capital hereby makes an unconditional offer to acquire from Zarclear shareholders all the Zarclear shares in respect of which it receives valid acceptances prior to the closing date.
- 2.1.2 The offer will be made for a cash consideration of R4.40 per Zarclear share payable against delivery of registered and beneficial ownership of the relevant shares into the name of the offeror.
- 2.1.3 Subject to the JSE Listings Requirements and A2X Listings Requirements, Zarclear intends to remain listed on the Main Board of the JSE and A2X following the implementation of the offer.
- 2.1.4 The offer consideration of R4.40 per Zarclear share represents:
 - 2.1.4.1 a premium of 8.31% to the 5-day VWAP of R4.062 per Zarclear share;
 - 2.1.4.2 a premium of 8.46% to the 10-day VWAP of R4.057 per Zarclear share;
 - 2.1.4.3 a premium of 0.04% to the 20-day VWAP of R4.398 per Zarclear share; and
 - 2.1.4.4 a premium of 2.79% to the 30-day VWAP of R4.281 per Zarclear share,as at Wednesday, 5 August 2020, being the date of the update announcement.
- 2.1.5 The offer consideration of R4.40 per Zarclear share represents:
 - 2.1.5.1 a premium of 7.75% to the 5-day VWAP of R4.084 per Zarclear share;
 - 2.1.5.2 a premium of 6.83% to the 10-day VWAP of R4.119 per Zarclear share;
 - 2.1.5.3 a premium of 7.47% to the 20-day VWAP of R4.094 per Zarclear share; and
 - 2.1.5.4 a premium of 5.44% to the 30-day VWAP of R4.173 per Zarclear share,as at Monday, 31 August 2020, being the date of the firm intention announcement.

2.2 Offer period

- 2.2.1 The offer will open at 09:00 on Monday, 14 September 2020 and will remain open until 12:00 on the closing date.
- 2.2.2 The offer will be open for acceptances by offerees for a period of at least 30 business days as required by Regulation 102(4) of the Takeover Regulations.

2.3 Remaining Zarclear shareholders

Zarclear shareholders who do not accept the offer will remain as Zarclear shareholders.

2.4 Conditions precedent

The offer is not subject to any suspensive conditions.

2.5 Ability to proceed with the offer

- 2.5.1 The offeror has confirmed to the Zarclear board that the offeror has sufficient funds to fully satisfy the cash offer commitment.
- 2.5.2 The offeror has delivered an irrevocable unconditional confirmation in accordance with Regulations 111(4) and 111(5) of the Takeover Regulations from The Standard Bank of South Africa Limited to the TRP that sufficient funds are available to satisfy the cost of the offer consideration.

2.6 **Acceptances irrevocable**

As the offer is unconditional, all acceptances of the offer received by the transfer secretaries, the offeror or the relevant CSDP or broker prior to the closing date will be irrevocable.

2.7 **Transaction receipts**

No receipts will be issued by Zarclear's transfer secretaries or the offeror for forms of acceptance unless specifically requested to do so by the Zarclear shareholder in question. Lodging agents who require special transaction receipts are requested to prepare such receipts and to submit them for stamping by Zarclear's transfer secretaries together with the form of acceptance.

2.8 **Applicable law**

2.8.1 The offer is made in compliance with the requirements of the Takeover Regulations and is governed by and subject to the provisions of the laws of South Africa and will be subject to the exclusive jurisdiction of a South African court.

2.8.2 Each offer participant will be deemed by his acceptance to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the offer and acceptance thereof.

2.9 **Offer not made where illegal**

2.9.1 The legality of the offer to persons resident in jurisdictions outside of South Africa may be affected by the laws of the relevant jurisdiction.

2.9.2 Such persons should acquaint themselves with any applicable legal requirements which they are obligated to observe.

2.9.3 It is the responsibility of any offeree wishing to accept the offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith.

2.9.4 In particular, the offer is not being made, directly or indirectly, in or into any jurisdiction where it is illegal for the offer to be made or accepted ("**affected jurisdictions**") or by the use of mail, or by means or instrumentality of interstate or foreign commerce of, or any facility of a national securities exchange of any of the affected jurisdictions.

2.9.5 Persons wishing to accept the offer should not use the mail of any of the affected jurisdictions or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to the offer.

2.9.6 Envelopes containing forms of acceptance, transfer and surrender or other documents relating to the offer should not be post-marked in any of the affected jurisdictions or otherwise dispatched from any of the affected jurisdictions and all acceptors must provide addresses outside the affected jurisdictions for receipt of the offer consideration to which they are entitled under the offer.

2.9.7 If received in any jurisdiction where it is illegal for the offer to be made or accepted, this document should be treated as being received for information only.

2.10 **Approvals, consents and undertakings received**

2.10.1 The offeror has obtained the necessary authorisations and approvals from its board and shareholders, to the extent applicable, to proceed with the offer.

2.10.2 The TRP and the JSE have both approved this circular.

2.11 **Tax implications for offerees**

The tax treatment of offerees is dependent on the individual circumstances and the jurisdiction applicable to such offerees. It is recommended that, if offerees are uncertain about the tax treatment of the receipt of the offer consideration, they should seek appropriate advice in this regard.

2.12 **Other terms of the offer**

2.12.1 The offer may be amended, varied or revised in such a manner as the offeror in its sole discretion may determine, provided that no such amendment, variation or revision shall be made unless:

2.12.1.1 the prior consent of the TRP has been obtained;

2.12.1.2 there is no diminution in the value of the offer consideration offered; and

2.12.1.3 an announcement on SENS and ANS or a press release containing the amended, varied or revised offer is made prior to the closing time and date of the offer or such other date which is approved by the TRP.

2.12.2 In addition to the above, no amendment to, or variation of the offer will be valid unless made in writing and signed by a duly authorised representative of the offeror. Without prejudice to its other rights, the offeror reserves the right to condone, in its sole discretion, the non-observance by any shareholder of any of the terms or conditions of the offer. If the offer is amended, varied or revised in a manner which makes it more favourable to the shareholders, the benefit of such improved offer will automatically accrue to any shareholder who has accepted the offer prior to the amendment, variation or revision being made.

- 2.12.3 The acceptance by or on behalf of such shareholders of the offer in its original or previous form shall be deemed to be an acceptance of any improved offer pursuant to any such amendment, variation or revision and shall constitute an irrevocable authority and power of attorney in *rem suam* to any director or duly authorised representative of the offeror:
- 2.12.3.1 to accept such amended, varied or revised offer on behalf of such shareholder; and
- 2.12.3.2 to execute on behalf of and in the name of such shareholder all such further documents (if any) as may be required to give effect to such acceptance.

3. PROCEDURE FOR ACCEPTANCE OF THE OFFER

3.1 Certificated shareholders

- 3.1.1 The provisions of this paragraph 3.1 do not apply to dematerialised shareholders who elect to accept the offer.
- 3.1.2 Certificated shareholders who wish to accept the offer are required to complete the attached form of acceptance and return it to the transfer secretaries together with their documents of title in respect of their offer shares, at their own risk, to be received by no later than 12:00 on the closing date. If a form of acceptance is not received by 12:00 on the closing date, such certificated shareholder will be deemed to have declined the offer. No late acceptances will be considered if received by the transfer secretaries after 12:00 on the closing date.
- 3.1.3 If the documents of title relating to the shares held by a certificated shareholder have been lost or destroyed, Zarclear shareholders should nevertheless return a duly completed form of acceptance together with an indemnity on terms satisfactory to Zarclear and the offeror. The offeror and Zarclear may, in their sole discretion, dispense with the surrender of such documents of title upon production of satisfactory evidence that the documents of title have been lost or destroyed and upon provision of an indemnity on terms acceptable to the offeror and Zarclear. Unless otherwise agreed by the offeror and Zarclear, only indemnity forms obtained from the transfer secretaries (available on request) will be regarded as suitable. The offeror and Zarclear shall be entitled, in their absolute discretion, by way of agreement to waive the requirement of an indemnity.
- 3.1.4 No receipt will be issued for documents of title surrendered unless specifically requested. In order to comply with the requirements of the JSE, lodging agents must prepare special transaction receipts, if required.

3.2 Dematerialised shareholders

- 3.2.1 Dematerialised shareholders who wish to accept the offer are required to notify their CSDPs or brokers of their acceptance in the manner and by the deadline stipulated in the custody agreement concluded between the holders of dematerialised Zarclear shares and their CSDPs or brokers, as the case may be. If no instruction is given to their CSDPs or brokers, or if there is any doubt or dispute in respect of their acceptance, such dematerialised shareholders will be deemed to not have accepted the offer. Dematerialised shareholders must not complete the attached form of acceptance. The CSDP or broker of a dematerialised shareholder who wishes to accept the offer must notify the transfer secretaries of such acceptance of the offer.
- 3.2.2 The offeror reserves the right, in its sole and absolute discretion, to:
- 3.2.2.1 in respect of certificated shares, treat as invalid forms of acceptance, transfer and surrender not accompanied by valid documents of title;
- 3.2.2.2 treat as invalid forms of acceptance, transfer and surrender not properly completed;
- 3.2.2.3 require proof of the authority of the person signing the form of acceptance where such proof has not been lodged with or recorded by the transfer secretaries; and
- 3.2.2.4 without prejudice to any of its rights, the offeror reserves the right to condone, in its sole discretion, the non-performance by any offeree of any of the terms of the offer.

3.3 Settlement of the offer consideration

- 3.3.1 Certificated shareholders who accept the offer will have the offer consideration transferred to them by way of EFT (depending on the election made by them in the form of acceptance) by no later than the payment date, being within 6 business days after the date on which such shareholders deliver forms of acceptance and documents of title to the transfer secretaries, unless such forms of acceptance and documents of title are delivered on the closing date, in which case the offer consideration will be paid on the first business day following the record date.
- 3.3.2 Dematerialised shareholders who accept the offer will have their accounts at their CSDP or broker updated with the offer consideration by no later than the payment date, being within 6 business days after the date on which the CSDPs or brokers of such Zarclear shareholders notify the transfer secretaries of their acceptance of the offer, unless such notification is received on the closing date, in which case the offer consideration will be paid on the first business day following the record date.

- 3.3.3 If the offer consideration is not sent to shareholders entitled thereto because the relevant documents of title and forms of acceptance have not been surrendered, or if the offer consideration is returned undelivered to the transfer secretaries, the offer consideration will be held by the offeror or the transfer secretaries, on behalf of and for the benefit of such certificated shareholders, until claimed and no interest will accrue thereon. This paragraph does not apply to dematerialised shares held by shareholders.
- 3.3.4 The settlement of the offer consideration to which any offeree becomes entitled in terms of the offer will be implemented in full in accordance with the terms of the offer without regard to any lien, right of set-off, counter-claim or any other analogous right to which the offeror may be entitled.
- 3.3.5 The settlement of the offer consideration for both dematerialised shareholders and certificated shareholders will be made subject to the Exchange Control Regulations.

4. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS

The settlement of the offer consideration for both the certificated shareholders and dematerialised shareholders will be made subject to the Exchange Control Regulations. The following is a summary of the applicable Exchange Control Regulations. The remaining shareholders that are to receive the offer consideration who are not resident in South Africa, or who have registered addresses outside South Africa (as the case may be), must satisfy themselves as to the full observance of the laws of the relevant jurisdiction concerning the receipt of the offer consideration. This includes obtaining any required governmental or other consents, observing any other required formalities and paying any transfer or other taxes due in that jurisdiction. If any remaining shareholder is in any doubt, he/she should consult his/her professional advisers without delay.

4.1 Residents of the Common Monetary Area

In the case of:

- 4.1.1 certificated shareholders whose registered addresses in the register are within the Common Monetary Area and whose documents of title are not restrictively endorsed in terms of the Exchange Control Regulations, the offer consideration will be transferred to such certificated shareholders, in accordance with paragraph 3.1 above; or
- 4.1.2 dematerialised shareholders whose registered addresses in the register are within the Common Monetary Area and whose accounts with their CSDP or broker have not been restrictively designated in terms of the Exchange Control Regulations, the offer consideration will be credited directly to the accounts nominated for the relevant dematerialised shareholders by their duly appointed CSDP or broker in terms of the provisions of the custody agreement with their CSDP or broker.

4.2 Emigrants from the Common Monetary Area

In the case of shareholders who are emigrants from the Common Monetary Area and whose shares form part of their blocked assets, the offer consideration will:

- 4.2.1 in the case of certificated shareholders whose documents of title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the authorised dealer in foreign exchange in South Africa controlling the offeree's blocked assets in terms of the Exchange Control Regulations, against delivery of the relevant documents of title. The attached form of acceptance makes provision for the details of the authorised dealer concerned to be given; or
- 4.2.2 in the case of dematerialised shareholders whose registered addresses in the register are within the Common Monetary Area and whose accounts with their CSDP or broker have not been restrictively designated in terms of the Exchange Control Regulations, be paid to their CSDP or broker which shall arrange for same to be credited directly to the blocked Rand bank account of the shareholder concerned with their authorised dealer in foreign exchange in South Africa.

4.3 All other non-residents of the Common Monetary Area

The offer consideration accruing to non-resident remaining shareholders whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area will, in the case of:

- 4.3.1 certificated shareholders whose documents of title have been restrictively endorsed in terms of the Exchange Control Regulations, be deposited with their authorised dealer in foreign exchange in South Africa nominated by such certificated shareholder; or
- 4.3.2 dematerialised shareholders, be paid to their duly appointed CSDP or broker and credited to such remaining shareholders in terms of the provisions of the custody agreement with their CSDP or broker.

4.4 Information not provided

If the information regarding authorised dealers is not given or the instructions are not given as required in terms of paragraphs 4.2 and 4.3, the offer consideration will be held in trust by the offeror or the transfer secretaries on behalf of the offeror for the remaining shareholders concerned, pending receipt of the necessary information or instructions. Should no information or instructions be received for three years after the closing date, the offer consideration will be donated to a charitable organisation of the offeror's choice.

5. INTERESTS OF THE OFFEROR AND ITS DIRECTORS IN ZARCLEAR AND THE OFFEROR

5.1 Interest of the offeror in Zarclear

5.1.1 The offeror has disclosed the following shareholdings in Zarclear held by the offeror, persons related to the offeror and/or persons acting in concert with the offeror:

Shareholder	Number of shares	% of issued shares
Legae Peresec Capital	68 000 000	30.08
Total	68 000 000	30.08

5.1.2 There has been no trade by the offeror, persons related to the offeror and/or persons acting in concert with the offeror in Zarclear securities in the period commencing six months before the date of the firm intention announcement, being Monday, 31 August 2020, and ending on the last practicable date save for:

5.1.2.1 the acquisition by Legae Peresec Capital of 34 200 000 Zarclear shares at R4.40 per Zarclear share on 24 June 2020, for an aggregate consideration of R150 480 000.00; and

5.1.2.2 the acquisition by Legae Peresec Capital of 33 800 000 Zarclear shares at R4.35 per Zarclear share on 28 February 2020, for an aggregate consideration of R147 030 000.00.

5.2 Interest of the directors of the offeror in the offeror and Zarclear

5.2.1 As at the last practicable date, the directors of the offeror are W Chapman, T Maseko, E Macris, D Murgatroyd and J Esterhuysen.

The interests of the directors of the offeror in the offeror's shares as at the last practicable date were as follows:

Director	Direct Beneficial	Indirect Beneficial	Total	% of issued share capital
W Chapman	–	1 478 874	1 478 874	62.14
T Maseko	–	35 200	35 200	1.48
E Macris	–	96 398	96 398	4.05
D Murgatroyd	–	50 492	50 492	2.12
J Esterhuysen	–	105 288	105 288	4.42
Total	–	1 766 252	1 766 252	74.21

5.2.2 There have been no dealings in the offeror shares by directors of the offeror during the period commencing six months before the date of the firm intention announcement, being Monday, 31 August 2020, and ending on the last practicable date, save for:

5.2.2.1 the purchase of 70 000 shares by Zolospan Proprietary Limited (“Zolospan”) at R61.00 per share on 6 August 2020 for an aggregate consideration of R4 270 000.00. E Macris, D Murgatroyd and J Esterhuysen are directors of, and have a beneficial interest in Zolospan. W Chapman has a beneficial interest in Zolospan.

5.2.3 The interests of the directors of the offeror in Zarclear's shares as at the last practicable date were as follows:

Director	Direct Beneficial	Indirect Beneficial*	Total	% of issued share capital
W Chapman	-	73 412 917	73 412 917	32.47
T Maseko	-	1 005 718	1 005 718	0.44
E Macris	-	4 662 375	4 662 375	2.06
D Murgatroyd	-	2 445 556	2 445 556	1.08
J Esterhuysen	-	5 105 842	5 105 842	2.26
Total	-	86 632 408	86 632 408	38.32

*The indirect beneficial shareholdings include the indirect shareholdings held by each director through the offeror

5.2.4 There has been no trade by the directors of the offeror in Zarclear shares in the period commencing six months before the date of the firm intention announcement, being Monday, 31 August 2020 and ending on the last practicable date, save for:

5.2.4.1 the purchase of 34 200 000 shares by Legae Peresec Capital at R4.40 per share on 24 June 2020, for an aggregate consideration of R150 480 000.00 pursuant to an on-market transaction. All directors of the offeror have a beneficial interest in Legae Peresec Capital;

- 5.2.4.2 the purchase of 468 171 shares by Hampden Capital at a weighted average price of R3.6941 per share on 18 March 2020 for an aggregate consideration of R1 729 470.49 pursuant to an on-market transaction. Warren Chapman is the sole director and shareholder of Hampden Capital;
- 5.2.4.3 the purchase of 33 800 000 shares by Legae Peresec Capital at R4.35 per share on 28 February 2020 for an aggregate consideration of R147 030 000.00 pursuant to an off-market transaction. All directors of the offeror have a beneficial interest in Legae Peresec Capital; and
- 5.2.4.4 the sale of 33 800 000 shares by Nkhohli Consolidated Investments Proprietary Limited (“**Nkhohli Investments**”) at R4.35 per share on 28 February 2020 for an aggregate consideration of R147 030 000.00 pursuant to an off-market transaction. Warren Chapman and Tshepo Maseko are directors of, and have a beneficial interest in Nkhohli Investments.

5.3 Directors’ interests in the offer

Save as set out in paragraph 5.2 above, the directors of the offeror will not benefit directly or indirectly, in any manner as a consequence of the implementation of the offer.

5.4 Directors’ interests in other transactions

The directors of the offeror have not had any material beneficial interests, whether direct or indirect, in transactions that were effected by the offeror during the current or immediately preceding financial year or during an earlier financial year which remains in any respect outstanding or unperformed.

6. ARRANGEMENTS IN RELATION TO THE OFFER

- 6.1 No agreement exists between the offeror and Zarclear which could be considered material to a decision regarding the offer to be taken by Zarclear shareholders.
- 6.2 No arrangements, agreements or understandings which have any connection with or dependence on the offer exist between Zarclear and the offeror, the director of the offeror, or any persons who were directors of the offeror within the 12 months preceding the last practicable date, the shareholder of the offeror or any persons who were holders of the offeror shares within the 12 months preceding the last practicable date.

7. RELATED AND CONCERT PARTIES

- 7.1 There are no related and concert party relationships that will arise as a result of the offer.
- 7.2 Save as disclosed in paragraph 8 below, no agreements exist between the offeror and any of the parties mentioned in paragraphs (i) to (iii) of Regulation 106(4)(e) of the Takeover Regulations.

8. ZARCLEAR SHAREHOLDER SUPPORT

- 8.1 Irrevocable undertakings not to accept the offer have been received from the following Zarclear shareholders holding in aggregate 89 988 122 Zarclear shares, representing 39.81% of all Zarclear shares and 56.93% of Zarclear shares excluding shares held by the offeror.

Shareholder/asset manager	Number of shares	% of issued shares	% of issued shares (excluding the shares held by the offeror)
SBSA ITF SUI GENERIS LPFP H4 QHF	44 212 023	19.56	27.97
Hampden Capital Proprietary Limited	24 968 171	11.04	15.80
Zolospan Proprietary Limited	18 700 000	8.27	11.83
Ellerine Group Proprietary Limited	2 107 928	0.93	1.33
Total	89 988 122	39.81	56.93

- 8.2 Other than as disclosed in **Annexure 4**, there have been no dealings in Zarclear shares by the Zarclear shareholders set out in the paragraph 8.1 above, for the period commencing six months before the date of the firm intention announcement, being Monday, 31 August 2020, and ending on the last practicable date.
- 8.3 None of the Zarclear shareholders set out in the paragraph 8.1 above have any interests in the offeror’s shares, save for Zolospan Proprietary Limited, which holds 903 000 shares, being 36.86% of the issued share capital of the offeror.
- 8.4 The offeror has entered into a forward sale agreement with Hampden Capital in terms of which, if the general offer is accepted by Zarclear shareholders at a level that, on transfer of the Zarclear shares to the offeror, the offeror’s shareholding in Zarclear would exceed 90 426 278 shares, being 40% of Zarclear shares in issue (“**threshold number**”), the offeror shall be deemed to have sold to Hampden Capital, which shall be deemed to have purchased at a purchase price of R4.40 per share, the excess Zarclear shares such that the offeror’s registered holding of Zarclear shares (and ability to exercise voting rights in Zarclear) will not exceed the threshold number of Zarclear shares.

9. THE MANDATORY OFFER

The offeror currently holds 68 000 000 shares, being 30.08% of the issued shares of Zarclear. The offer, if accepted by shareholders holding at least 11 122 994 Zarclear shares, will result in the offeror acquiring Zarclear shares equal to or exceeding 35% of the issued share capital of Zarclear. In consequence, a mandatory offer at a price of R4.40 per Zarclear share will be triggered by the offeror in favour of holders of Zarclear shares. The offer will, accordingly, be in fulfilment of the mandatory offer provisions of Chapter 5 of the Companies Act and the Takeover Regulations.

10. OFFEROR RESPONSIBILITY STATEMENT

The directors of the offeror:

- 10.1 confirm that Part I of this circular contains all information required by the TRP, the JSE Listings Requirements and the A2X Listings Requirements;
- 10.2 accepts, individually and collectively, full responsibility for the accuracy of the information given in Part I of this circular;
- 10.3 has considered all statement of fact and opinion in this circular and accepts full responsibility for the information contained in Part I of this circular;
- 10.4 certifies that, to the best of his knowledge and belief, the information contained in Part I of this circular is true and correct;
- 10.5 certifies that, to the best of his knowledge and belief, there are no omissions of material facts or considerations which would make any statement of fact or opinion contained in this document false or misleading; and
- 10.6 has made all reasonable enquiries in this regard.

11. CONSENTS

Each of the corporate advisor, sponsor, transfer secretaries, independent expert and company secretary have consented in writing to act in the capacities stated and to their names appearing in this circular and have not withdrawn their consent prior to the publication of this circular.

12. PRELIMINARY AND ISSUE EXPENSES

- 12.1 The expenses (excluding VAT) relating to the offer which have been incurred or that are expected to be incurred are presented in the table below.

Expense	Recipient	R
Corporate advisor and JSE sponsor fees	Java Capital	800 000
Independent expert fees	Nodus	350 000
JSE documentation inspection fees	JSE	36 400
TRP documentation inspection fees	TRP	125 000
Printing, publication and distribution costs	Ince	60 000
Contingency costs		28 600
Total		1 400 000

- 12.2 The offeror has agreed to contribute to the aggregate fee of R1 400 000 based on the ratio of shares ultimately purchased by Legae Persec Capital relative to the 69.92% of the issued shares in Zarclear not already owned by Legae Persec Capital.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Due to the COVID-19 pandemic and the resultant lockdown regulations, hard copies of the following documents will not be available for inspection at the registered address of the company. However, copies of the documents will be available for inspection on Zarclear's website (www.zarclear.com) from the date of issue of this circular up to and including the closing date:

- 13.1 a signed copy of this circular;
- 13.2 the MOI of the offeror;
- 13.3 copies the irrevocable undertakings referred to in paragraph 8 of Part I of this circular;
- 13.4 the letter issued by the TRP approving this circular in terms of Regulation 117 of the Takeover Regulations; and
- 13.5 the signed letters of consent referred to in paragraph 11 of Part I of this circular.

Signed in Johannesburg on behalf of the Legae Peresec Capital board in terms of the written resolution passed by each of the directors on Wednesday, 2 September 2020.

By order of the board

Legae Peresec Capital Proprietary Limited

Tshepo Maseko

Director

3 September 2020



ZARCLEAR HOLDINGS LIMITED

(Incorporated in South Africa)
(Registration number 2000/013674/06)
Share code: ZCL ISIN: ZAE000262820
("Zarclear" or the "company")

Directors of Zarclear

Paul Baloyi (*Chairman, independent non-executive director*)
Warren Chapman (*Chief executive officer*)
Andrew Hannington (*Chief financial officer*)
Amanda Smith (*Executive director*)
Fatima Vawda (*Independent non-executive director*)
Zolani Matthews (*Independent non-executive director*)

PART II: ZARCLEAR RESPONSE CIRCULAR

1. INTRODUCTION

This circular contains the response by the independent board of Zarclear to the unconditional offer proposed by Legae Peresec Capital, as described in Part I of this circular.

2. INFORMATION ON ZARCLEAR AND RATIONALE FOR THE OFFER

- 2.1 Zarclear is an investment holding company which seeks to capitalise on its status as a permanent capital vehicle by investing in a portfolio of high quality investment opportunities that offer exceptional investment returns with a focus on the financial market infrastructure companies that would benefit from the listed governance structures, access to liquid and flexible capital, a broad shareholder base, sector expertise and networks that Zarclear's management and board offer. Zarclear's current portfolio consists of, *inter alia*, investments in Zarclear Securities Lending, Peregrine Capital High Growth Hedge Fund, Stenprop Limited shares, African Phoenix Investments Limited shares and unlisted property investments.
- 2.2 Legae Peresec Capital has expressed its desire to the Board to further increase its strategic holding in the company and is of the view that the general offer presents those shareholders who wish to monetise their shareholding with an opportunity to do so at a price that reflects a meaningful premium to the recently traded price of Zarclear shares.
- 2.3 Subject to the JSE Listings Requirements and A2X Listings Requirements, Zarclear intends to remain listed on the Main Board of the JSE and A2X following the implementation of the offer.

3. COMPOSITION OF THE INDEPENDENT BOARD

The independent board comprises Andrew Hannington, Amanda Smith and Zolani Matthews.

4. APPOINTMENT OF INDEPENDENT EXPERT

The independent board has appointed Nodus as its independent expert 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 requirements of the Takeover Regulations.

5. OPINION OF THE INDEPENDENT EXPERT

Nodus, acting as independent expert, has considered the terms of the offer and is of the opinion that, as at the date of the issue of its opinion, the offer is **unfair** and **reasonable** to Zarclear shareholders. The independent expert's opinion is set out in **Annexure I** of this circular.

6. VIEWS OF THE INDEPENDENT BOARD

- 6.1 As contemplated in Regulation 110(3) of the Takeover Regulations, in order for an independent board to express an opinion on an offer and on the offer consideration, it must either perform a valuation of the offeree regulated company's securities that are the subject of an offer, or place reliance upon a valuation of the offeree regulated company's securities that are the subject of an offer, as performed by an independent expert after performing the requisite amount of work that satisfies the independent board that it is justified in placing reliance upon that valuation.
- 6.2 In terms of Regulation 110(6) of the Takeover Regulations, the independent board must consider factors that are difficult to quantify, or are unquantifiable, and must disclose such factors and take them into account in forming its opinion in respect of fairness. The independent board must also form a view of a range of fair value of the offeree regulated company securities, based upon an accepted valuation approach, as contemplated in Regulation 110(7) of the Takeover Regulations.
- 6.3 For the purposes of this circular, in determining whether the offer consideration may generally be considered to be "fair" and "reasonable" the meaning ascribed to the word "fair" and "reasonable" in the Takeover Regulations are applied. In this regard it is noted that:
- 6.3.1 in accordance with Regulation 110(8) of the Takeover Regulations, an offer with a consideration per offeree regulated company security within a fair-value range is generally considered to be fair;
- 6.3.2 an offer with an offer consideration per offeree regulated company security above the offeree regulated company's traded security price at the time the offer consideration per security was announced, or at some more appropriate identifiable time, is generally considered to be reasonable in terms of Regulation 110(9) of the Takeover Regulations.
- 6.4 The independent board, after due consideration of the report of the independent expert, has determined that it will place reliance on the valuation performed by the independent expert for the purposes of reaching its own opinion regarding the offer and the offer consideration as contemplated in Regulation 110(3)(b) of the Takeover Regulations.
- 6.5 The independent board has considered the following factors which are difficult to quantify or are unquantifiable (as contemplated in Regulation 110(6) of the Takeover Regulations) in forming its opinion:
- 6.5.1 the factors identified in the independent expert's report.
- 6.6 The independent expert determined a fair value range of between R4.60 and R5.15 per Zarclear share with a most likely value of R4.88 per Zarclear share.
- 6.7 The independent board has formed a view of the range of the fair value of the Zarclear shares, which accords with the valuation range contained in the independent expert's report, in considering its opinion and recommendation.
- 6.8 **The view of the independent board is that the general offer is unfair.** This is a function of the offer consideration falling below the fair value range determined in respect of the Zarclear shares.
- 6.9 **The independent board has concluded that the offer consideration is reasonable.** In this regard it is noted that the offer consideration per Zarclear share is above the closing price of Zarclear shares on the day prior to the date of the update announcement and above the VWAP for Zarclear shares for 5, 10 and 30 days prior to the date of the update announcement. In addition, the offer consideration above the VWAP for Zarclear shares for the 5, 10 and 30 days prior to the date of the firm intention announcement.

7. MAJOR SHAREHOLDERS

- 7.1 As at the last practicable date, Zarclear did not have a controlling shareholder.
- 7.2 Set out below are the names of shareholders that, directly or indirectly, are beneficially interested in 5% or more of the issued shares of Zarclear as at the last practicable date.

Name	Number of shares	%
Legae Peresec Capital Proprietary Limited	68 000 000	30.08
SBSA ITF SUI GENERIS LPFP H4 QHF	44 212 023	19.56
Melco Investments Limited	25 436 394	11.25
Hampden Capital Proprietary Limited	24 968 171	11.04
Zolospan Proprietary Limited	18 700 000	8.27
Total	181 316 588	80.21

8. INTERESTS OF ZARCLEAR AND ITS DIRECTORS IN THE OFFEROR AND ZARCLEAR

8.1 Interests of Zarclear in the offeror

- 8.1.1 As at the last practicable date, Zarclear held no interest in any shares of the offeror.

- 8.1.2 There has been no trade by Zarclear in the shares of the offeror in the period commencing six months before the date of the firm intention announcement, being Monday, 31 August 2020 and ending on the last practicable date.

8.2 Interests of the directors of Zarclear in Zarclear and the offeror

- 8.2.1 The table below sets out the direct and indirect beneficial holdings of Zarclear shares by the directors in the share capital of the company as at the last practicable date, including any directors who have resigned during the last 18 months.

Director	Direct Beneficial	Indirect Beneficial ¹	Total	% of issued share capital
P Baloyi	–	1 023 198	1 023 198	0.45
W Chapman	–	73 412 917	73 412 917	32.47
F Vawda	–	2 153 709	2 153 709	0.95
A Hannington	–	864	864	0.00
Total	–	76 590 688	76 590 688	33.88

¹ Denotes shares held via a trust, company and associates.

- 8.2.2 There have been no dealings in Zarclear shares by the directors of Zarclear in the period commencing six months before the date of firm intention announcement, being Monday, 31 August 2020, and ending on the last practicable date, save for:

8.2.2.1 the purchase of 34 200 000 shares by Legae Peresec Capital at R4.40 per share on 24 June 2020, for an aggregate consideration of R150 480 000.00 pursuant to an on-market transaction. Warren Chapman is a director of, and has a beneficial interest in Legae Peresec Capital. Paul Baloyi and Fatima Vawda both have a beneficial interest in Legae Peresec Capital;

8.2.2.2 the purchase of 468 171 shares by Hampden Capital at a weighted average price of R3.6941 per share on 18 March 2020 for an aggregate consideration of R1 729 470.49 pursuant to an on-market transaction. Warren Chapman is the sole director and shareholder of Hampden Capital;

8.2.2.3 the purchase of 33 800 000 shares by Legae Peresec Capital at R4.35 per share on 28 February 2020 for an aggregate consideration of R147 030 000.00 pursuant to an off-market transaction. Warren Chapman is a director of, and has a beneficial interest in Legae Peresec Capital. Paul Baloyi and Fatima Vawda both have a beneficial interest in Legae Peresec Capital; and

8.2.2.4 the sale of 33 800 000 shares by Nkhohli Consolidated Investments Proprietary Limited (“**Nkhohli Investments**”) at R4.35 per share on 28 February 2020 for an aggregate consideration of R147 030 000.00 pursuant to an off-market transaction. Warren Chapman, Paul Baloyi and Fatima Vawda are all directors of, and have a beneficial interest in Nkhohli Investments.

- 8.2.3 The interests of the directors of Zarclear in the offeror’s shares as at the last practicable date were as follows:

Director	Direct Beneficial	Indirect Beneficial	Total	% of issued share capital
P Baloyi	-	35 812	35 812	1.50
W Chapman	-	1 478 874	1 478 874	62.14
F Vawda	-	73 226	73 226	3.08
Total	-	1 587 912	1 587 912	66.72

- 8.2.4 Save as stated in this paragraph 8.2, none of the directors of Zarclear held any interest in the shares of the offeror.

- 8.2.5 There have been no dealings by the directors of Zarclear in any shares of the offeror during the period commencing six months before the date of the firm intention announcement, being Monday, 31 August 2020, and ending on the last practicable date, save for:

8.2.5.1 the purchase of 70 000 shares by Zolospan Proprietary Limited (“**Zolospan**”) at R61.00 per share on 6 August 2020 for an aggregate consideration of R4 270 000.00. Warren Chapman has a beneficial interest in Zolospan.

8.3 Directors’ service contracts

- 8.3.1 There will be no material change in the remuneration of directors of Zarclear as a consequence of the offer.
- 8.3.2 No payment or other benefit will be made or given by Zarclear to any director of Zarclear for compensation for loss of office or as consideration for, or in connection with, his/her retirement from office as a consequence of the offer.
- 8.3.3 No service contracts have been entered into or amended within six months before the firm intention announcement date.

8.4 **Directors' interests in the offer**

Save as set out in paragraph 8.2 above, no directors of Zarclear will benefit directly or indirectly, in any manner as a consequence of the implementation of the offer.

8.5 **Directors' interests in other transactions**

The directors of Zarclear have not had any material beneficial interests, whether direct or indirect, in transactions that were effected by Zarclear during the current or immediately preceding financial year or during an earlier financial year which remains in any respect outstanding or unperformed.

9. **HISTORICAL FINANCIAL INFORMATION**

9.1 The audited historical financial information of Zarclear for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 is set out in **Annexure 2**.

9.2 The reviewed historical financial information of Zarclear for the twelve months ended 31 March 2020 is set out in **Annexure 3**.

9.3 The historical financial information of Zarclear is the responsibility of the directors of Zarclear.

10. **PRICE AND VOLUME HISTORY OF ZARCLEAR SHARES**

A table of the aggregate volumes and values traded and the highest and lowest prices traded in Zarclear shares for each month over the 12 months prior to the date of issue of the circular and for each day over the 30 days preceding the last practicable date is set out in **Annexure 5**.

11. **MATERIAL CHANGES**

11.1 There have been no material changes in the financial or trading position of Zarclear for the period since Zarclear published its reviewed results for the twelve months ended 31 March 2020 to the date of this circular.

11.2 There has been no change in the business or trading objects of the Zarclear group during the past five years, save for:

11.2.1 an amendment to the company's investment policy, which was approved by the requisite majority of Zarclear shareholders at a general meeting held on 15 November 2018.

11.3 There has been no material change in the nature of business of Zarclear.

11.4 There has been no material fact or circumstance that has occurred between the twelve months ended 31 March 2020, being the latest reported period, and the date of this circular, save for:

11.4.1 the impact that the COVID-19 pandemic and resultant national lockdown has had, and is anticipated to continue to have on equity capital markets for an extended period. Zarclear anticipates that, over the ensuing months, the impact of the pandemic and the associated lockdown will become more determinable.

12. **INDEPENDENT BOARD RESPONSIBILITY STATEMENT**

The independent board:

12.1 confirms that Part II of this circular contains all information required by the TRP, the JSE Listings Requirements and the A2X Listings Requirements;

12.2 accepts, individually and collectively, full responsibility for the accuracy of the information given in Part II of this circular;

12.3 has considered all statements of fact and opinion in this circular and accepts full responsibility for the information contained in Part II of this circular;

12.4 certifies that, to the best of its knowledge and belief, the information contained in Part II of this circular is true and correct;

12.5 certifies that, to the best of its knowledge and belief, there are no omissions of material facts or considerations which would make any statement of fact or opinion contained in this document false or misleading; and

12.6 has made all reasonable enquiries in this regard.

13. **CONSENTS**

Each of the corporate advisor, sponsor, transfer secretaries, independent expert and company secretary have consented in writing to act in the capacities stated and to their names appearing in this circular and have not withdrawn their consent prior to the publication of this circular.

14. **CONFLICTS OF INTEREST**

Java Capital is acting in the capacities of corporate advisor and sponsor to Zarclear. As required in terms of the JSE Listings Requirements, it is confirmed that in order to manage any potential or perceived conflicts of interest that might arise as a result of Java Capital acting in these roles, Java Capital has in place appropriate checks and balances, including procedures to assess the independence of Java Capital in respect of the offer and divisions of the responsibility amongst the persons involved in fulfilling these various functions. Neither the corporate advisor nor the sponsor has an interest in the outcome of the offer.

15. **COSTS OF THE OFFER**

The preliminary issue and expenses in respect of the offer are set out in paragraph 12 of Part I of this circular.

16. **DOCUMENTS AVAILABLE FOR INSPECTION**

Due to the COVID-19 pandemic and the resultant lockdown regulations, hard copies of the following documents will not be available for inspection at the registered address of the company. However, copies of the documents will be available for inspection on Zarclear's website (www.zarclear.com) from the date of issue of this circular up to and including the closing date:

- 16.1 a signed copy of this circular;
- 16.2 the MOI of Zarclear and its subsidiaries;
- 16.3 the independent fairness opinion regarding the offer;
- 16.4 the audited consolidated financial statements of Zarclear for the years ended 31 March 2019, 31 March 2018 and 31 March 2017;
- 16.5 the reviewed results of Zarclear for the twelve months ended 31 March 2020;
- 16.6 the irrevocable undertakings referred to in paragraph 8 of Part I of this circular;
- 16.7 the letter issued by the TRP approving this circular in terms of Regulation 117 of the Takeover Regulations; and
- 16.8 the signed letters of consent referred to in paragraph 13 of Part II of this circular.

Signed in Johannesburg on behalf of the Zarclear board in terms of the written resolution passed by each of the directors on Wednesday, 2 September 2020.

By order of the board

Zarclear Holdings Limited
Andrew Hannington
Chief financial officer
3 September 2020

INDEPENDENT EXPERT'S OPINION REGARDING THE OFFER

The Independent Board

Zarclear Holdings Limited
 9th Floor, Katherine Towers
 1 Park Lane
 Wierda Valley
 Sandton
 2196

3 September 2020

Dear Sirs

INDEPENDENT EXPERT OPINION TO ZARCLEAR HOLDINGS LIMITED (“Zarclear” or the “Company”) REGARDING AN OFFER BY LEGAE PERESEC CAPITAL PROPRIETARY LIMITED (“Legae Peresec Capital” or the “Offeror”) TO ACQUIRE PART OR ALL OF THE ORDINARY ISSUED SHARE CAPITAL OF ZARCLEAR

Introduction

Zarclear announced on the Stock Exchange News Service of the JSE Limited (“JSE”) (“SENS”) and the news service of the exchange operated by A2X Proprietary Limited (“A2X”) (“ANS”) on 5 August 2020 (the “Announcement”) that Legae Peresec Capital, which currently holds (directly or indirectly) ~30.08% of Zarclear’s issued share capital, has expressed its desire to the Zarclear Board to further increase its strategic holding in the Company and has informed the Board that Legae Peresec Capital will proceed with a general offer to Zarclear shareholders to purchase Zarclear’s listed securities (“ZCL shares”) at an offer price of R4.40 per ZCL share (the “Offer Price”) (the “Offer” or the “General Offer”).

The General Offer will be made in compliance with the relevant provisions of the Companies Act 71 of 2008 (the “Companies Act”) and the Takeover Regulations promulgated thereunder (the “Takeover Regulations”).

The General Offer, if accepted by shareholders holding at least 11 122 994 Zarclear Shares, will result in Legae Peresec Capital acquiring Zarclear Shares equal to or exceeding 35% of the issued share capital of Zarclear. In consequence, a mandatory offer at R4.40 per Zarclear Share (the “Mandatory Offer Price”) will be triggered by Legae Peresec Capital in favour of holders of Zarclear Shares in terms of section 123 of the Companies Act and the Takeover Regulations (the “Mandatory Offer”). The General Offer will, accordingly, be in fulfilment of the mandatory offer provisions of Chapter 5 of the Companies Act and the Takeover Regulations.

As at the date of this opinion, the share capital of the Company comprises the following:

- Authorised share capital comprising 500 000 000 no par value share; and
- Issued share capital comprising 226 065 696 Zarclear Shares.

Full details of the Offer are contained in the circular to shareholders (the “Circular”), which will be posted to shareholders on or about Friday, 11 September 2020 and includes a copy of this letter.

The material interests of the directors are set out in paragraph 8 of Part II of the Circular.

The Offer and/or Mandatory Offer provides Zarclear Shareholders with an opportunity to realise their investment in Zarclear at the following premiums to the share price as at the Announcement date:

	Announcement
Closing price	8.6%
30-day VWAP*	4.5%
60-day VWAP	1.6%
90-day VWAP	2.1%

* volume weighted average price (“VWAP”)

Scope

The Offer may result in Legae Peresec Capital acquiring Zarclear Shares equal to or exceeding 35% of the issued share capital of Zarclear and may therefore result in the Mandatory Offer being triggered. Accordingly, the terms of the Mandatory Offer will be subject to the requirements of Regulation 90 of the Fundamental Transactions and Takeover Regulations, as read with Section 117(c)(iv) and Section 123 of the Companies Act. Zarclear is therefore required to obtain a fair and reasonable opinion from an independent expert in terms of the provisions of Regulation 110(1) of the Takeover Regulations, on whether the terms and conditions of the Offer and/or Mandatory Offer are fair and reasonable to the Zarclear Shareholders (the “Opinion” or “Fair and Reasonable Opinion”).

Nodus Capital TS Proprietary Limited (“**Nodus**”) has been appointed by the Independent Board as the Independent Expert to advise on whether the terms and conditions of the Offer are fair and reasonable to the Shareholders of Zarclear.

Responsibility

Compliance with the Companies Act and the Takeover Regulations is the responsibility of the Independent Board. Our responsibility is to report on the terms and conditions of the Offer in compliance with the related provisions of the Companies Act and the Takeover Regulations.

We confirm that our Fair and Reasonable opinion has been provided to the Independent Board for the sole purpose of assisting them in forming and expressing an opinion for the benefit of Zarclear Shareholders in relation to the Offer.

Definition of the terms “fair” and “reasonable”

The “fairness” of a transaction is based on quantitative issues. A transaction may be said to be fair if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value ceded by the shareholders.

The Offer Price and/or Mandatory Offer Price may be said to be fair if the Offer Price and/or Mandatory Offer Price is greater than or equal to the value of one Zarclear Share or unfair if the Offer Price and/or Mandatory Offer Price is less than the value of one Zarclear Share.

In terms of the Takeover Regulations, a transaction will be considered reasonable if the offer consideration received by shareholders in terms of the corporate action is higher than the market price of the company’s securities at the time that the corporate action was announced, or at some other more appropriate identifiable time. In addition, other qualitative considerations may be taken into account when considering the reasonableness of the corporate action. Even though the consideration may differ from the market value of the assets being acquired, a transaction may still be reasonable after considering other significant qualitative factors.

Our approach in considering the Offer

In considering the Offer, we have independently calculated the fair value of one Zarclear Share and compared our fair value of one Zarclear Share to the Offer Price.

Details and sources of information

The principal sources of information used in performing our work include:

- The Announcement;
- The terms and conditions of the Offer, as set out in the Circular;
- Representations and assumptions made available by, and discussions held with, the management of Zarclear and the Independent Board;
- Publicly available information relating to the industries in which Zarclear operates;
- Publicly available information relating to Zarclear that we deemed to be relevant, including company announcements, media articles and analyst presentations, where applicable;
- Share price information of Zarclear over the last 12 months to assess the relative liquidity and relative volatility of Zarclear Shares;
- Published market data on Zarclear;
- Audited annual financial statements of Zarclear for the 3 years ended 31 March 2019;
- Interim financial results of Zarclear, for the 6 months ended 30 September 2019;
- Unaudited management accounts of Zarclear, for the periods ended and 31 March 2020 and 30 June 2020;
- Share price information of the listed share portfolios, namely Stenprop Limited (“**Stenprop**”) and African Phoenix Investments Limited (“**African Phoenix**”), owned by Zarclear (the “**Zarclear Listed Portfolio**”) over the last 12 months to assess the relative liquidity and relative volatility of the shares comprising the Zarclear Listed Portfolio;
- SENS announcements by Stenprop on or about 26 March, 21 April and 5 May 2020 (the “**Stenprop SENS Announcements**”);
- The delisting circular released by African Phoenix on 8 May 2020 (the “**African Phoenix Delisting Circular**”); and
- The 30-day, 60-day and 90-day VWAP as at date preceding the date of the Announcement.

The information above was obtained from:

- Directors and management of Zarclear; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Zarclear.

Procedures performed

In arriving at our Opinion we have undertaken the following procedures in evaluating the fairness of the Offer:

- Considered the rationale for the Offer as represented by Zarclear management and the Independent Board;
- Reviewed the terms and conditions of the Offer;
- Supplemented our knowledge and understanding Zarclear as well as the industries in which it operates;
- Held discussions with management on the prospects of the underlying businesses within Zarclear, as applicable;
- Reviewed and analysed the historical financial information of Zarclear;

- Considered the value of Zarclear using a sum of the parts (“SOTP”) valuation, as described in more detail in the Valuation section of this Opinion;
- Reviewed Zarclear’s historic traded share prices and trading volumes on the JSE and A2X to ascertain the relative trading activities, liquidity and volatility of the Zarclear Shares;
- Reviewed certain publicly available information relating to Zarclear and the industries in which it operates that we deemed to be relevant, including company announcements and media articles;
- Reviewed the Stenprop SENS Announcements;
- Reviewed the African Phoenix Delisting Circular and noted that shareholders of African Phoenix approved its delisting;
- Performed an analysis of other information considered pertinent to our valuation and Opinion;
- Considered the fact that Zarclear shareholders holding in aggregate 89 988 122 Zarclear shares, representing 39.81% of all Zarclear shares in issue have provided irrevocable undertakings to not accept the Offer and to remain as Zarclear shareholders;
- Considered the fact that Zarclear’s Shares are tightly held, minimal capital has been raised from the market and that trading in Zarclear Shares are low;
- Considered the prevailing economic and market conditions, including the impact of the COVID-19 pandemic as far as practical possible, on Zarclear;
- Considered the fact that the Offer is settled in cash; and
- Obtained from the management of Zarclear a letter of representation in respect of amongst other things the information shared and/or statements made to us and upon which we have relied.

We have not interviewed any of the Zarclear Shareholders to obtain their views on the Offer.

Based on the results of the procedures mentioned above, we determined the fairness and reasonableness of the Offer to Zarclear Shareholders. We believe that the above considerations justify the opinion outlined below.

Limiting conditions

This Opinion of the Independent Expert is provided to the Independent Board in connection with and for the purposes of the Offer. The Opinion of the Independent Expert does not purport to cater for each individual Zarclear Shareholder’s perspective, but rather that of the general body of Zarclear Shareholders.

We have relied upon and assumed the accuracy of the information provided to and obtained by us in deriving our Opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our Opinion, whether in writing or obtained in discussion with Zarclear management, by reference to publicly available or independently obtained information.

While our work has involved an analysis of, *inter alia*, the annual financial statements and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

This Opinion of the Independent Expert is provided in terms of the Companies Act and the Takeover Regulations. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this Opinion of the Independent Expert is used or relied upon for anything other than its intended purpose. Should an individual Zarclear Shareholder have any doubts as to what action to take, such Shareholder should consult an independent advisor.

Our Opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments. We have assumed that all conditions precedent in the transaction agreements, including any material regulatory and other approvals, if any, will be properly fulfilled/obtained.

The valuation of companies and businesses is not a precise science and conclusions arrived at, will, in many cases, be subjective and dependent on the exercise of individual judgment.

Valuation

Nodus performed an independent valuation of Zarclear to determine whether the Offer and/or the Mandatory Offer represents fair value to the Zarclear Shareholders.

For the purposes of our valuation of Zarclear we used a SOTP valuation. Zarclear’s value comprises a number of material assets, namely significant cash balances, cash investments and the Zarclear Listed Portfolio. Although Zarclear has limited liabilities, it does incur costs to maintain its operations and investments (the “Head Office Costs”). We performed a high-level income approach (discounted cash flow) valuation on the Head Office Costs and deducted this from the results of the SOTP valuation.

The valuation of the Head Office Costs was performed taking cognisance of risk and other market and industry factors affecting Zarclear. Additionally, sensitivity analyses were performed considering key assumptions. Prevailing market and industry conditions were also considered in assessing the risk profile of the Head Office Costs.

Key internal value drivers included the discount rate.

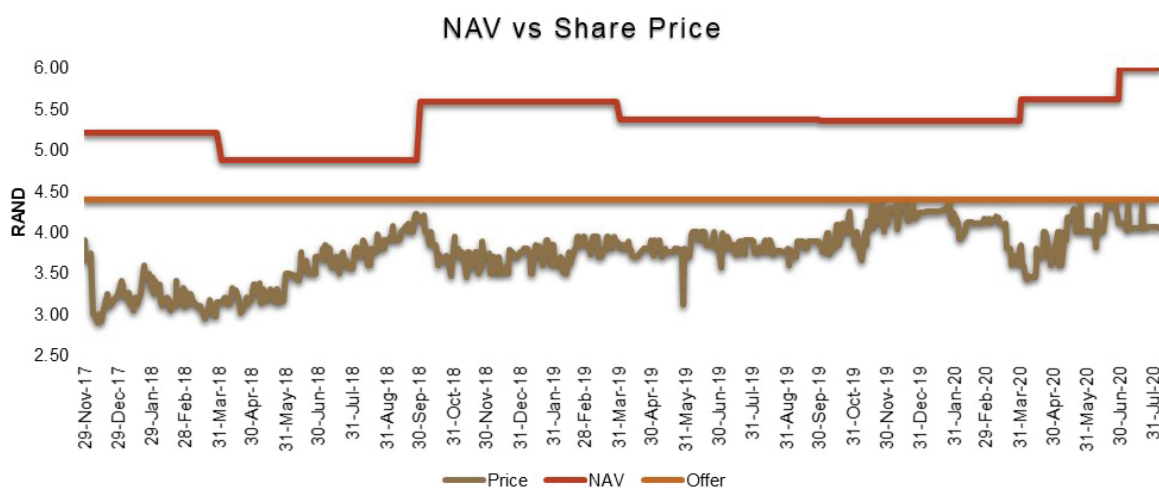
Key external value drivers including headline inflation rates and prevailing market and industry conditions in respect of the industry in which Zarclear operates were also considered in assessing the forecast costs of Zarclear.

The inflation rate utilised in the income approach valuation approximated 4.5%. A change of 0.5% in the discount rate would result in a -4% change in the value attributable to the Head Office Costs and have an insignificant impact on the overall value of Zarclear.

The Zarclear Listed Portfolio comprises of shares held in Stenprop and, until its delisting, African Phoenix. These investments represent minority interests and we performed a market valuation thereof as at the date preceding the Announcement. In performing the analysis we considered the individual share price closing values as at these dates, the 30-, 60- and 90-day VWAP prior to these dates, applicable analyst coverage and share liquidity. In addition, we considered the closing share prices of the Zarclear Listed Portfolio as at 31 August 2020 as well as the offer price in terms of the African Phoenix Delisting Circular – we note that Zarclear did not accept this offer. The value of the Zarclear Listed Portfolio has been impacted by the unprecedented volatility and uncertainty experienced in the current market due to, amongst other factors, the COVID-19 pandemic.

Lastly, we performed a net asset value (“NAV”) analysis of Zarclear. This analysis, dating back to 29 November 2017, revealed that Zarclear’s share price has historically traded at a substantial discount to NAV. This discount approximated -47.9% at the date preceding the Announcement, 42.3% based on the 30-day VWAP preceding the Announcement and -43% on average since 29 November 2017. The Offer and/or the Mandatory Offer reduces this discount to -36%. An analysis of a selection of investment companies listed on the JSE revealed an average discount of market price to NAV of -43% and a median discount of -44%, based on latest published results as at the end of June 2020. In addition, the Head Office Costs are not reflected in the NAV.

Zarclear’s share price performance *viz a viz* its NAV since 29 November 2017 to the date preceding the Second Announcement is graphically represented below:



Assumptions

Our Opinion is based on the following key assumptions:

- Any agreements that will or have been entered into in terms of the Offer will be legally enforceable;
- The Offer will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of Zarclear;
- Reliance can be placed on the financial information of Zarclear;
- For the purposes of this Opinion of the Independent Expert, we assumed Zarclear’s existing businesses to be ongoing under current business plans and management;
- Global financial markets are currently faced with significant uncertainty as a result of the COVID-19 pandemic, with the full impact remaining uncertain at this stage. We have assumed economic, regulatory and market conditions remain stable over the forecast period after factoring in the impact of COVID-19, as far as practically possible. There is, however, significant uncertainty, which could persist for some time, as to the full impact of COVID-19 on Zarclear and its underlying investments, and as a result, our work may not have identified or reliably quantified the impact of all such uncertainties; and
- Representations made by Zarclear management and their advisors during the course of forming this Opinion of the Independent Expert.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our Opinion by:

- Placing reliance on audit reports in the financial statements of Zarclear;
- Conducting analytical reviews on the historical financial results and the forecast financial information, such as key ratio and trend analyses, where applicable; and
- Determining the extent to which representations from management were confirmed by documentary and audited financial evidence, as well as our understanding of Zarclear and the economic environment in which it operates.

Valuation results

In undertaking the valuation exercise of Zarclear above, we determined a valuation range of the Zarclear Shares of R4.60 to R5.15 per share. The Offer and/or the Mandatory Offer falls below our concluded valuation range of Zarclear.

The valuation above is provided solely in respect of this Opinion and should not be used for any other purposes.

Qualitative considerations

In arriving at our Opinion, we have also considered the following key qualitative considerations in evaluating the reasonableness of the Offer:

- The rationale for the Offer, as set out in the Circular;
- The trading liquidity of the Zarclear Shares;
- The historic trading price of Zarclear Shares;
 - In evaluating the reasonableness of the Offer to arrive at our Opinion, we have considered that the Offer is at a premium to the traded price of the Zarclear Shares as well as the 30-, 60-, and 90-day VWAP price immediately prior to the Announcement; and
- The Offer provides Zarclear Shareholders the opportunity to exit an illiquid share at a premium and for a cash consideration.

Opinion

Nodus has considered the terms and conditions of the Offer and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Offer, based on quantitative considerations, are unfair to the Zarclear Shareholders.

Based on qualitative factors, we are of the opinion that the terms and conditions of the Offer are reasonable from the perspective of the Zarclear Shareholders.

Our Opinion is necessarily based upon the information available to us up to 3 September 2020, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us.

Independence, competence and fees

We confirm that we have no direct or indirect interest in Zarclear or the Offer nor do we have any relationship with Zarclear or any person related to Zarclear such as would lead a reasonable and informed third party to conclude that our integrity, impartiality or objectivity has been compromised by such relationship. We also confirm that we have the necessary competence and experience to provide the Independent Expert Report.

Furthermore, we confirm that our professional fee of R350 000 (excluding VAT) is not contingent upon the success of the Offer.

Consent

We consent to the inclusion of this letter and the reference to our Opinion in the Circular to be issued to the Shareholders of Zarclear in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours faithfully

Johan le Roux CA(SA)

Director: Nodus Capital TS (Proprietary) Limited
Building 2
Commerce Square Office Park
39 Rivonia Road
Sandhurst
2196

**HISTORICAL FINANCIAL INFORMATION OF ZARCLEAR FOR THE YEARS ENDED
31 MARCH 2019, 31 MARCH 2018 AND 31 MARCH 2017**

The consolidated annual financial statements of Zarclear for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 are set out below. The notes to the consolidated annual financial statements of Zarclear for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 have been incorporated by reference and are available on Zarclear's website <https://www.zarclear.com/News/Category/2>.

No adjustments have been made to previously reported historical financial information used in the preparation of this **Annexure 2**.

Statements of financial position

as at 31 March

	Group			Company		
	2019 R'000s	2018 R'000s	2017 R'000s	2019 R'000s	2018 R'000s	2017 R'000s
Assets						
<i>Non-current assets</i>	497 577	632 747	2 910	185 529	171 450	2 910
Property, plant and equipment	435	–	–	–	–	–
Intangible assets	3 005	–	–	–	–	–
Goodwill	14 944	–	–	–	–	–
Financial investments	450 629	488 949	2 910	1	841	2 910
Investment in subsidiaries	–	–	–	157 011	126 811	–
Investment in associates	28 517	22 949	–	28 517	22 949	–
Deferred tax	47	20 849	–	–	20 849	–
<i>Current assets</i>	777 644	590 358	175 881	424 080	457 638	175 881
Financial investments	160 732	507 094	169 048	112 235	440 973	169 048
Inter-company balances	–	–	–	–	1 812	–
Trade and other receivables	58 068	162	218	9 602	162	218
Taxation	550	6 672	6 172	500	6 672	6 172
Cash and cash equivalents	558 294	76 430	443	301 743	8 019	443
Total assets	1 275 221	1 223 105	178 791	609 609	629 087	178 791
Equity and liabilities						
<i>Equity and reserves</i>	1 214 213	1 101 687	164 868	567 516	507 932	164 868
Share capital	474 400	474 400	127 374	474 400	474 400	127 374
Foreign currency translation reserve	50 240	(34 961)	–	–	–	–
Accumulated profit	689 178	662 248	37 494	93 116	33 532	37 494
Total attributable to equity holders of the company	1 213 818	1 101 687	164 868	567 516	507 932	164 868
Non-controlling interests	395	–	–	–	–	–
<i>Non-current liabilities</i>						
Deferred taxation	3 512	–	1 386	3 512	–	1 386
<i>Current liabilities</i>	57 496	121 418	12 537	38 581	121 155	12 537
Loans and other payables	–	120 000	9 234	–	120 000	9 234
Inter-company balances	–	–	–	31 265	–	–
Taxation payable	168	–	–	–	–	–
Trade and other payables	57 328	1 418	3 303	7 316	1 155	3 303
Total equity and liabilities	1 275 221	1 223 105	178 791	609 609	629 087	178 791

Statements of comprehensive income
for the year ended 31 March

	Group			Company		
	2019 R'000s	2018 R'000s	2017 R'000s	2019 R'000s	2018 R'000s	2017 R'000s
Income/(losses) from portfolio investments	133 926	(44 103)	31 887	126 625	(344)	31 887
Fee income	8 153					
Total income	142 079	(44 103)	31 887	126 625	(344)	31 887
Operating expenses	(90 794)	(23 932)	(8 643)	(42 544)	(16 625)	(8 643)
Profit/(loss) from operations	51 285	(68 035)	23 244	84 081	(16 969)	23 244
Net interest received/(paid)	755	(5 636)	296	(136)	(6 133)	296
Interest received	3 304	736	296	2 060	237	296
Interest paid	(2 549)	(6 372)	–	(2 196)	(6 370)	–
Profit/(loss) before taxation	52 041	(73 671)	23 540	83 944	(23 102)	23 540
Taxation	(24 886)	22 236	(3 742)	(24 361)	22 236	(3 742)
Profit/(loss) for the year	27 155	(51 435)	19 798	59 584	(866)	19 798
Items that can be subsequently classified to profit and loss						
Currency translation differences	85 201	(34 961)	–	–	–	–
Total comprehensive income/(loss) for the year	112 356	(86 396)	19 798	59 584	(866)	19 798
Profit/(loss) for the year attributable to:						
Equity holders of the company	26 930	(51 435)	19 798	59 584	(866)	19 798
Non-controlling interests	225	–	–	–	–	–
	27 155	(51 435)	19 798	59 584	(866)	19 798
Total comprehensive income/(loss) for the year attributable to:						
Equity holders of the company	112 131	(86 396)	19 798	59 584	(866)	19 798
Non-controlling interests	225	–	–	59 584	–	–
	112 356	(86 396)	19 798	59 584	(866)	19 798
Basic and diluted earnings/(losses) per share (cents)	11.91	(26.56)	12.28			

Statements of changes in equity
for the year ended 31 March

Group	Share capital R'000	Foreign currency translation reserve R'000	Attributable to equity holders of the company R'000	Non- controlling interests R'000	Total equity R'000
Balance at 31 March 2016	137 374	–	30 696	–	158 070
Total comprehensive loss for the year	–	–	19 798	–	19 798
Transactions with owners recorded directly in equity					
– Dividends paid	–	–	(13 000)	–	(13 000)
Balance at 31 March 2017	127 374	–	37 494	–	164 868
Total comprehensive loss for the year	–	(34 961)	(51 435)	–	(86 396)
Transactions with owners recorded directly in equity					
– Restructure transactions	347 026	–	679 284	–	1 026 310
– Disposal of Peregrine treasury shares for no consideration	–	–	(595)	–	(595)
– Dividends paid	–	–	(2 500)	–	(2 500)
Balance at 31 March 2018	474 400	(34 961)	662 248	–	1 101 687
Total comprehensive income for the year	–	85 201	26 930	225	112 356
Transactions with owners recorded directly in equity:					
– Non-controlling interest in subsidiary acquired	–	–	–	170	170
Balance at 31 March 2019	474 400	50 240	689 178	395	1 214 213
Company	Share capital R'000	Foreign currency translation reserve R'000	Attributable to equity holders of the company R'000	Non- controlling interests R'000	Total equity R'000
Balance at 31 March 2016	137 374	–	30 696	–	158 070
Total comprehensive loss for the year	–	–	19 798	–	19 798
Transactions with owners recorded directly in equity					
– Dividends paid	–	–	(13 000)	–	(13 000)
Balance at 31 March 2017	127 374	–	37 494	–	164 868
Total comprehensive loss for the year	–	–	(866)	–	(867)
Transactions with owners recorded directly in equity					
– Restructure transactions	347 026	–	–	–	347 026
– Disposal of Peregrine treasury shares for no consideration	–	–	(595)	–	(595)
– Dividends paid	–	–	(2 500)	–	(2 500)
Balance at 31 March 2018	474 400	–	33 532	–	507 932
Total comprehensive income for the year	–	–	59 584	–	59 584
Balance at 31 March 2019	474 400	–	93 116	–	567 516

Statements of cash flows
for the year ended 31 March

	Group			Company		
	2019 R'000s	2018 R'000s	2017 R'000s	2019 R'000s	2018 R'000s	2017 R'000s
Cash flows from operating activities	(55 456)	(15 949)	(35 090)	5 009	8 783	(35 090)
Cash utilised by operations	(76 631)	(25 760)	(17 794)	(41 370)	(18 716)	(17 794)
Interest received	3 304	736	296	2 060	237	296
Interest paid	(2 549)	(6 372)	–	(2 196)	(6 370)	–
Interest received from private equity	15	1 507	–	15	41	–
Dividend received from subsidiary	–	–	–	40 328	34 057	–
Dividend received from private equity investment	14 633	14 440	264	–	34	264
Taxation refund received/(paid)	5 772	(500)	(4 856)	6 172	(500)	(4 856)
Cash flows from investing activities	649 692	(37 312)	17 676	375 638	21 599	17 676
Proceeds from sale of financial investments	305 981	87 965	17 676	142 112	44 680	17 676
Acquisition of property, plant, equipment and intangible assets	(3 464)	–	–	–	–	–
Investment in financial investments	–	(102 328)	–	–	(132)	–
Proceeds from loans and receivables settled	98 622	–	–	–	–	–
Investments in subsidiaries	(15 173)	–	–	(30 200)	–	–
Investment in associates	(4 933)	(22 949)	–	(4 933)	(22 949)	–
Cash reclassified in directly managed hedge fund (PNF Peregrine Fund)	268 659	–	–	268 659	–	–
Cash flows from financing activities	(120 000)	(26 056)	13 564	(86 923)	(22 806)	13 564
Increase in inter-company balances	–	–	–	33 077	3 250	–
Cash dividends paid	–	(2 500)	–	–	(2 500)	–
Decrease in loans and other payables	(120 000)	(23 556)	13 564	(120 000)	(23 556)	13 564
Net increase/(decrease) in cash and cash equivalents	474 236	(79 317)	(3 850)	293 724	7 576	(3 850)
Net cash acquired in the restructure	–	170 667	–	–	–	–
Effects of exchange rate changes on cash and cash equivalents	7 628	(15 263)	–	–	–	–
Cash and cash equivalents at beginning of year	76 430	443	4 293	8 019	443	4 293
Cash and cash equivalents at end of year	558 294	76 430	443	301 743	8 019	443

REVIEWED FINANCIAL INFORMATION OF ZARCLEAR FOR THE TWELVE MONTHS ENDED 31 MARCH 2020

The reviewed financial information of Zarclear for the twelve months ended 31 March 2020 is set out below. The notes to the reviewed financial information of Zarclear for the twelve months ended 31 March 2020 have been incorporated by reference and are available on Zarclear's website <https://www.zarclear.com/News/Category/2>.

No adjustments have been made to previously reported reviewed financial information used in the preparation of this **Annexure 3**.

Statement of financial position

for the twelve months ended 31 March 2020

	Reviewed as at 30 March 2020 R'000s	Audited as at 31 March 2019 R'000s
Assets		
<i>Non-current assets</i>	668 727	497 577
Property, plant and equipment	1 539	435
Intangible assets	5 737	3 005
Goodwill	14 944	14 944
Financial investments	459 742	450 629
Investment in associates	155 633	28 517
Deferred taxation	31 132	47
<i>Current assets</i>	2 995 390	777 644
Financial investments	128 343	160 732
Trade and other receivables	1 399 405	58 068
Taxation	199	550
Cash and cash equivalents	1 467 443	558 294
Total assets	3 664 117	1 275 221
Equity and liabilities		
<i>Equity and reserves</i>	1 272 428	1 214 213
Share capital	474 400	474 400
Foreign currency translation reserve	203 211	50 240
Accumulated profit	592 019	689 178
Total attributable to equity holders of the company	1 269 630	1 213 818
Non-controlling interests	2 798	395
<i>Non-current liabilities</i>	–	3 512
Deferred taxation	–	3 512
<i>Current liabilities</i>	2 391 689	57 496
Taxation payable	1 165	168
Financial liabilities	69 329	–
Trade and other payables	2 321 195	57 328
Total equity and liabilities	3 664 117	1 275 221
NAV (cents per share)	562	537

Statement of comprehensive income
for the twelve months ended 31 March 2020

	Reviewed as at 31 March 2020 R'000s	Audited as at 31 March 2019 R'000s
(Losses)/Income from portfolio investments	(119 441)	133 926
Fee income	39 488	8 153
Total income	(79 953)	142 079
Operating expenses	(60 899)	(90 794)
(Loss)/Profit from operations	(140 852)	51 285
Net interest received/(paid)	13 869	755
Interest received	24 435	3 304
Interest paid	(10 566)	(2 549)
(Loss)/Profit before taxation	(126 983)	52 041
Taxation	32 226	(24 886)
(Loss)/Profit for the period	(94 757)	27 155
Items that shall be subsequently classified to profit and loss:		
Currency translation differences	152 971	85 201
Total comprehensive income for the period	58 214	112 356
(Loss)/profit for the period attributable to:		
Equity holders of the company	(97 160)	26 930
Non-controlling interests	2 403	225
	(94 757)	27 155
Total comprehensive income for the period attributable to:		
Equity holders of the company	55 811	112 131
Non-controlling interests	2 403	225
	58 214	112 356
Basic, diluted and headline (loss)/earnings per share (cents)*	(42.98)	11.91

Based on weighted average of 226 060 696 ordinary shares in issue (2019: 226 065 696)

*Zarclear has no dilutionary shares in issue

Statement of changes in equity
for the twelve months ended 31 March 2020

	Share capital R'000	Foreign currency translation reserve R'000	Attributable to equity holders of the company R'000	Non- controlling interests R'000	Total equity R'000
Balance at 31 March 2018	474 400	(34 961)	662 248	–	1 101 687
Total comprehensive income for the period	–	85 201	26 930	225	112 356
Transactions with owners recorded directly in equity:					
– Non-controlling interest in business acquired	–	–	–	170	170
Balance at 31 March 2019	474 400	50 240	689 179	395	1 214 214
Total comprehensive income for the period	–	152 971	(97 160)	1 403	58 214
Balance at 31 March 2020	474 400	203 211	592 019	2 798	1 272 428

Statement of cash flows*for the twelve months ended 31 March 2020*

	Reviewed as at 31 March 2020 R'000s	Audited as at 31 March 2019 R'000s
Cash flows from operating activities	1 060 504	(55 456)
Cash generated/(utilised) by operations	892 696	(76 631)
Interest received	24 435	3 304
Interest paid	(10 566)	(2 549)
Interest received from equity investments	–	15
Dividend received from equity investment	24 243	14 633
Dividend received from capital reduction distribution – associate	130 719	–
Taxation (paid)/refund received	(1 023)	5 772
Cash flows from investing activities	(200 103)	649 692
Proceeds from sale of financial investments	–	305 981
Acquisition of property, plant and equipment	(1 323)	(459)
Acquisition of intangible assets	(2 732)	(3 005)
Proceeds from loans and receivables settled	–	98 622
Investments in business	–	(15 173)
Acquisition of unlisted investment	(2 188)	–
Acquisition of financial investments	(4 545)	–
Investment in associates	(189 262)	(4 933)
Increase in loan receivable – associates	(53)	–
Cash classified in directly managed hedge fund	–	268 659
Cash flows from financing activities	–	(120 000)
Repayment of loans and other payables	–	(120 000)
Net increase in cash and cash equivalents	860 401	474 236
Effects of exchange rate changes on cash and cash equivalents	48 748	7 628
Cash and cash equivalents at beginning of period	558 294	76 430
Cash and cash equivalents at end of period	1 467 443	558 294

DEALINGS IN ZARCLEAR SHARES BY PERSONS WHO PROVIDED IRREVOCABLE UNDERTAKINGS

The parties who provided irrevocable undertakings not to accept the offer have had the following dealings in Zarclear shares for the six months before the firm intention announcement, being Monday, 31 August 2020, and ending on the last practicable date.

Zarclear shareholder	Date	Purchase/ Sale	Number of shares bought/sold	Consideration per share (R)	Aggregate consideration (R)
SBSA ITF SUI GENERIS LPFP H4 QHF	10 March 2020	Purchase	75 162	4.15	313 082.32
SBSA ITF SUI GENERIS LPFP H4 QHF	11 March 2020	Purchase	168 513	4.15	701 929.67
SBSA ITF SUI GENERIS LPFP H4 QHF	16 March 2020	Purchase	11	4.09	54.66
SBSA ITF SUI GENERIS LPFP H4 QHF	17 March 2020	Purchase	32 365	3.8885	126 320.64
SBSA ITF SUI GENERIS LPFP H4 QHF	18 March 2020	Purchase	5 000	4.10	20 584.37
SBSA ITF SUI GENERIS LPFP H4 QHF	19 March 2020	Purchase	2 000	3.7225	7 481.70
SBSA ITF SUI GENERIS LPFP H4 QHF	20 March 2020	Purchase	11 246	3.80	42 900.38
SBSA ITF SUI GENERIS LPFP H4 QHF	23 March 2020	Purchase	9 788	3.80	37 339.75
SBSA ITF SUI GENERIS LPFP H4 QHF	24 March 2020	Purchase	39 864	3.60	144 044.12
SBSA ITF SUI GENERIS LPFP H4 QHF	30 March 2020	Purchase	1 000	3.60	3 622.64
SBSA ITF SUI GENERIS LPFP H4 QHF	31 March 2020	Purchase	157 452	3.7993	600 432.03
SBSA ITF SUI GENERIS LPFP H4 QHF	6 April 2020	Purchase	500	3.45	1 740.81
SBSA ITF SUI GENERIS LPFP H4 QHF	7 April 2020	Sale	3 615	3.35	12 086.79
SBSA ITF SUI GENERIS LPFP H4 QHF	8 April 2020	Purchase	236 521	3.4326	814 911.13
SBSA ITF SUI GENERIS LPFP H4 QHF	9 April 2020	Purchase	5 300	3.45	18 361.29
SBSA ITF SUI GENERIS LPFP H4 QHF	14 April 2020	Purchase	14 642	3.45	50 708.90
SBSA ITF SUI GENERIS LPFP H4 QHF	15 April 2020	Purchase	19 861	3.60	71 770.24
SBSA ITF SUI GENERIS LPFP H4 QHF	17 April 2020	Purchase	183 051	3.6681	673 939.72
SBSA ITF SUI GENERIS LPFP H4 QHF	20 April 2020	Purchase	52 749	3.70	195 897.14
SBSA ITF SUI GENERIS LPFP H4 QHF	22 April 2020	Purchase	1 000	3.60	3 622.64
SBSA ITF SUI GENERIS LPFP H4 QHF	29 April 2020	Purchase	10 000	3.60	36 140.98
SBSA ITF SUI GENERIS LPFP H4 QHF	4 May 2020	Purchase	42 081	3.5989	152 008.90
SBSA ITF SUI GENERIS LPFP H4 QHF	5 May 2020	Purchase	974	3.60	3 528.71
SBSA ITF SUI GENERIS LPFP H4 QHF	6 May 2020	Purchase	12 024	3.60	43 453.99
SBSA ITF SUI GENERIS LPFP H4 QHF	7 May 2020	Purchase	18 274	3.60	66 036.18
SBSA ITF SUI GENERIS LPFP H4 QHF	8 May 2020	Purchase	357	3.60	1 299.40
SBSA ITF SUI GENERIS LPFP H4 QHF	14 May 2020	Purchase	123 860	4.0091	498 418.30
SBSA ITF SUI GENERIS LPFP H4 QHF	18 May 2020	Purchase	2 620	4.11	10 817.04
SBSA ITF SUI GENERIS LPFP H4 QHF	19 May 2020	Purchase	9 385	4.11	38 722.74
SBSA ITF SUI GENERIS LPFP H4 QHF	21 May 2020	Purchase	436 160	4.0003	1 751 242.28
SBSA ITF SUI GENERIS LPFP H4 QHF	19 June 2020	Purchase	2 400 956	4.3438	10 467 465.78
SBSA ITF SUI GENERIS LPFP H4 QHF	19 June 2020	Purchase	17 329 602	4.00	69 571 681.89
SBSA ITF SUI GENERIS LPFP H4 QHF	22 June 2020	Purchase	640 861	4.3499	2 797 964.99
SBSA ITF SUI GENERIS LPFP H4 QHF	23 June 2020	Purchase	176 000	4.35	768 447.17
SBSA ITF SUI GENERIS LPFP H4 QHF	24 June 2020	Purchase	18 042	4.30	77 873.46
SBSA ITF SUI GENERIS LPFP H4 QHF	24 June 2020	Sale	5 000	4.40	21 965.15
SBSA ITF SUI GENERIS LPFP H4 QHF	24 June 2020	Purchase	5 810 356	4.40	25 659 041.79
Legae Peresec Capital	28 February 2020	Purchase	33 800 000	4.35	147 030 000.00
Legae Peresec Capital	24 June 2020	Purchase	34 200 000	4.35	150 480 000.00
Hampden Capital	18 March 2020	Purchase	468 171	3.6941	1 729 470.49

TRADING HISTORY OF ZARCLEAR SHARES

Period	High (cents)	Low (cents)	Close (cents)	Volume	Value (R)
Monthly					
2019					
September	390	360	388	276 981	1 051 699
October	425	370	400	3 508 310	13 550 882
November	440	365	420	827 062	3 306 134
December	440	402	424	1 023 613	4 319 447
2020					
January	440	410	424	455 738	1 936 552
February	428	351	417	720 813	2 958 347
March	429	325	380	2 805 714	10 569 022
April	400	320	360	594 506	2 113 559
May	435	359	400	845 520	3 313 612
June	440	382	410	61 130 301	261 686 397
July	434	402	406	23 155	94 296
August	430	402	405	183 577	751 972
Daily					
2020					
23 July	405	405	405	–	–
24 July	405	405	405	733	2 968
27 July	406	406	406	1 454	5 903
28 July	406	406	406	–	–
29 July	406	406	406	–	–
30 July	406	406	406	–	–
31 July	406	406	406	–	–
3 August	406	406	406	–	–
4 August	422	406	406	795	3 236
5 August	410	405	405	88 852	363 695
6 August	410	402	410	33 862	137 715
7 August	410	410	410	4 100	16 810
11 August	410	410	410	742	3 042
12 August	410	410	410	–	–
13 August	410	410	410	4 546	18 638
14 August	410	410	410	–	–
17 August	412	412	412	19 529	80 459
18 August	430	415	415	8 426	34 969
19 August	430	416	430	7 346	30 606
20 August	430	416	430	1 611	6 713
21 August	430	430	430	–	–
24 August	416	415	416	2 109	8 772
25 August	430	405	425	745	3 099
26 August	425	425	425	87	369
27 August	405	405	405	10 827	43 849
28 August	405	405	405	–	–
31 August	405	405	405	–	–
1 September	430	410	430	4 245	17 453
2 September	425	425	425	92	391
3 September	425	425	425	94	399

Source: *TimBukOne*



ZARCLEAR HOLDINGS LIMITED

(Incorporated in South Africa)
(Registration number 2000/013674/06)
Share code: ZCL ISIN: ZAE000262820
("Zarclear" or the "company")

FORM OF ACCEPTANCE, SURRENDER AND TRANSFER ("FORM") (FOR CERTIFICATED SHAREHOLDERS ONLY)

Where appropriate and applicable, the terms defined in the circular to which this form of proxy is attached bear the same meanings in this form of proxy.

This form should be read in conjunction with the circular.

HOLDERS OF DEMATERIALISED SHARES MUST NOT COMPLETE THIS FORM.

INSTRUCTIONS:

1. This form is for use only by certificated shareholders who are offer participants.
2. Offer participants must complete this form in BLOCK CAPITALS.
3. A separate form is required for each certificated shareholder who is a offer participant.
4. As the offer is unconditional, all acceptances of the offer received by the transfer secretaries, the offeror or the relevant CSDP or broker prior to the closing date will be irrevocable.
5. **Part A** must be completed by all offer participants who return this form.
6. **Part B** must be completed by those shareholders who accept the offer.
7. **Part C** must be completed by all offer participants who are emigrants from or are non-residents of the Common Monetary Area.
8. **Part D** must be completed by all offer participants requiring payment of the offer consideration to be made by way of the electronic transfer of funds. It is expected that electronic funds transfers will be made on the payment date, namely Monday, 2 November 2020 only to those offer participants who have surrendered their documents of title prior to 12:00 on the offer record date.
9. Persons who have acquired Zarclear shares after the date of the issue of the circular to which this form is attached, may obtain copies of the form and the circular from the transfer secretaries.
10. The offer consideration will not be paid to offer participants who hold certificated shares unless and until documents of title in respect of the repurchase shares have been surrendered to Computershare.

To: **Computershare Investor Services Proprietary Limited**
15 Biermann Avenue
Rosebank Towers, Rosebank, 2196
(PO Box 61763, Marshalltown, 2107)

Dear Sirs

PART A: To be completed by all offer participants wishing to participate in the offer and who return this form

I/We hereby surrender and enclose the share certificates, certified transfer deeds and/or other documents of title, details in respect of which are set out in the table below, in respect of my/our holding of certificated shares:

Name of registered holder (separate form for each holder)	Certificate number(s) (in numerical order)	Number of Zarclear shares covered by each certificate(s) enclosed
Total		

Surname or name of corporate body: _____

First names (in full): _____

Title (Mr, Mrs, Miss, Ms, etc): _____

Telephone number: _____

Cellphone number: _____

Email address: _____

Address: _____

Postal code

Signature of certificated shareholder:	Stamp and address of agent lodging this form of surrender (if any)
Assisted by me (if applicable):	
(State full name and capacity):	
Date:	
Telephone number:	
Cellphone number:	

Signatories may be called upon for evidence of their authority or capacity to sign this form.

In compliance with the Financial Intelligence Centre Act, 38 of 2001, the transfer secretaries will be unable to record any change of address unless the following documentation is delivered to the transfer secretaries:

- an original certified copy of your identity document;
- an original certified copy of a document issued by the South African Revenue Services to verify your tax number (if you do not have a tax number, please confirm this in writing and have the letter signed before a Commissioner of Oaths); and
- an original or an original certified copy of a service bill to verify your physical address.

Please note that copies of certified copies will not be accepted

PART B: Acceptance of the offer

Shareholders who accept the offer must please complete Part B.

I/We hereby accept the offer in respect of _____ Zarclear shares held by me/us.

(Failure to state the number of shares shall be deemed to indicate acceptance of the offer in respect of all shares indicated by the documents of title surrendered by that shareholder or his/her representative.)

PART C: To be completed by all emigrant offer participants from, and non-resident offer participants of, the Common Monetary Area (see notes 2 and 3 below)

In the case of offer participants who are emigrants:

The offer consideration will be posted or transferred (at the risk of the offer participant) to the authorised dealer nominated by the offer participant below for its control and credited to the emigrant's blocked account. Accordingly, non-residents who are emigrants must provide the following information:

Name of authorised dealer: _____

Account number: _____

Address: _____

In the case of all other non-resident offer participants:

The offer consideration will be posted to the registered address of the non-resident concerned, unless written instructions to the contrary are received and a substitute address provided below (in each case at the risk of the offer participant):

Substitute address

Signature of shareholder:	Stamp and address of agent lodging this form (if any)
Details of authorised dealer:	
Signature of authorised dealer	

PART D: Submission of banking details (excluding third party accounts) in respect of offer participants wishing payment of the offer consideration to be made by way of the electronic transfer of funds

In terms of the Financial Intelligence Centre Act requirements, the Transfer Secretaries will only be able to record the banking details if the following documents are attached:

- a certified copy of identity document; and
- a certified true copy of a bank statement.

Name of offer participant:

Name of bank:

Branch code:

Account number:

Contact person:

Telephone number:

Cellphone number:

Zarclear undertakes no responsibility for verification of the banking details provided above nor for the authenticity of the signature below. Offer participants warrant the correctness of the above banking details and indemnify and hold Zarclear harmless against any loss for funds having been paid into the account, details of which have been provided above.

Signature of shareholder:

Stamp and address of agent lodging this form (if any)

Note:

In order to comply with the requirements of the Financial Intelligence Act, 2001 (Act 38 of 2001), Computershare Investor Services Proprietary Limited will be unable to record any changes of address or payment mandates unless the following documentation is received from the relevant Shareholder:

- a certified true copy of the original identification document (in respect of changes of address and payment mandate); and
- a certified true copy of an original bank statement (in respect of bank mandate).

Notes and instructions:

1. All documents are posted at the risk of the offer participants. The offer consideration will be posted or transferred, as the case may be, at the risk of the offer participants.
2. Emigrants from the Common Monetary Area must complete **Part C**.
3. All other non-residents of the Common Monetary Area must complete **Part C** if they wish the relevant offer consideration to be paid to an authorised dealer in South Africa.
4. If **Part C** is not properly completed, the offer consideration (in the case of emigrants) will be paid by the company to an authorised dealer of its choice to hold on behalf of the relevant emigrant pending receipt of the necessary nomination or instruction. No interest will accrue or be payable to the offer participant in respect of such monies.
5. The offer consideration will not be paid to or sent to offer participants unless and until the documents of title in respect of the repurchase shares have been surrendered to the transfer secretaries. If an offer participant produces evidence to the satisfaction of Zarclear that documents of title in respect of shares have been lost or destroyed, surrender of such documents of title may be waived by Zarclear, provided that Zarclear, if it so requires, is provided with indemnity to its satisfaction in respect of such documents of title and any additional evidence or documents or undertakings (including insurance or a guarantee) as Zarclear may require.
6. No receipts will be issued for documents lodged unless specifically requested. In compliance with the JSE Listings Requirements, lodging agents are requested to prepare special transaction receipts, if required. Signatories may be called upon for evidence of their authority or capacity to sign this form.
7. Any alteration to this form must be signed in full and not initialled.
8. If this form is signed under a power of attorney, then such power of attorney, or a notrially certified copy thereof, must be sent with this form for noting (unless it has already been noted by Zarclear or the transfer secretaries). This does not apply in the event of this form bearing a JSE broker's stamp.
9. Where the offer participant is a company or a close corporation, unless it has already been registered with Zarclear or the transfer secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form must be submitted if so requested by Zarclear.
10. If this form is not signed by the offer participant, such offer participant will be deemed to have irrevocably appointed the transfer secretaries to implement the obligations of the offer participant under the offer on his or her behalf.
11. Where there are any joint holders of any repurchase shares, only that holder whose name stands first in the register in respect of such shares need sign this form.
12. A minor must be assisted by his or her parent or guardian, unless the relevant documents establishing his or her legal capacity are produced or have been registered by the transfer secretaries.

