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## **FIRM INTENTION BY ZARCLEAR TO MAKE AN OFFER TO REPURCHASE ZARCLEAR SHARES, PROPOSED DELISTING AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

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### **1. Introduction and proposed delisting**

Shareholders are referred to the cautionary announcements released on SENS and ANS on 12 April 2021, 25 May 2021 and 7 July 2021 and are advised that the board of directors of Zarclear (the "**Board**") has resolved that, subject to securing the requisite approval from its shareholders in a general meeting and the JSE and A2X approving the Company's delisting application, it would be in the best interests of Zarclear and its shareholders to seek a delisting of the Company's shares from the Main Board of the JSE and A2X under the voluntary delisting regime provided for under the JSE Listings Requirements and the A2X Listings Requirements (the "**delisting**").

In compliance with the JSE Listings Requirements and the A2X Listings Requirements, the delisting must be accompanied by an offer (that an independent expert has confirmed to be fair to shareholders) which is to be made to holders of all Zarclear's listed securities.

As such, subject to the delisting being approved in accordance with all regulatory requirements, Zarclear intends making an offer to all of its shareholders in terms of section 5.67(B) of the JSE Listings Requirements to voluntarily tender for repurchase all, or only a portion, of their existing shareholding in the Company at an offer price of R4.60 per share (the "**share repurchase offer consideration**"), which offer will be made in compliance with the relevant provisions of the Companies Act 71 of 2008 (the "**Companies Act**"), the Takeover Regulations promulgated thereunder (the "**Takeover Regulations**"), the JSE Listings Requirements and the A2X Listings Requirements (the "**share repurchase offer**").

The delisting and share repurchase offer will be implemented on the basis that shareholders are afforded an opportunity to either monetise their investment in Zarclear at a fair price or to continue to hold shares in Zarclear in an unlisted environment. All shareholders will be entitled to elect to remain invested in Zarclear and any shareholder who does not wish to accept the share repurchase offer may retain its shareholding in Zarclear post the delisting.

This announcement contains further details of the share repurchase offer and constitutes a firm intention announcement in terms of Regulation 101 of the Takeover Regulations.

### **2. Rationale for the share repurchase offer and delisting**

The Board is of the opinion that Zarclear's listing on the JSE and A2X no longer benefits the Company due to:

- 2.1. the significant costs and expenses associated with the listings on the JSE and A2X;
- 2.2. poor market ratings and lack of liquidity achieved by small capitalisation investment holding companies;  
and
- 2.3. the Company's investment strategy being best served in an unlisted environment as the Company's portfolio carries with it the inherent likelihood of a persistent discount to NAV, which would be difficult to overcome in a listed environment.

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

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

The share repurchase offer, if accepted by shareholders holding at least 11 303 285 Zarclear shares, will result in Zarclear acquiring more than 5% of the Zarclear shares in issue. Accordingly, in terms of section 48(8)(b) of the Companies Act, the decision of the Board to acquire the Company's shares in terms of the share repurchase offer will be subject to the requirements of sections 114 and 115 of the Companies Act which provide, *inter alia*, that the decision by the Board in respect of the share repurchase offer must be approved by a special resolution adopted by persons entitled to exercise voting rights on the matter (the "**share repurchase resolution**"). In addition, Zarclear is also required to obtain a fair and reasonable opinion from an independent expert in terms of the provisions of section 114(3) (as read with section 48(8)(b) and section 115) of the Companies Act. In terms of section 1.15(d) of the JSE Listings Requirements, the fair and reasonable opinion must also be prepared in accordance with Schedule 5 of the JSE Listings Requirements

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

The delisting will be conditional on securing the approval of more than 50% of the votes of all shareholders present or represented by proxy at a general meeting, excluding any controlling shareholder, its associates and any party acting in concert, and any other party which the JSE and/or A2X deems appropriate, being cast in favour of such delisting resolution.

### 4. **Conditions precedent to the share repurchase offer and delisting**

The share repurchase offer and delisting will be subject to the fulfilment, or waiver (in whole or in part) of the following conditions precedent:

- 4.1. the delisting and share repurchase offer being approved by the requisite majority of Zarclear shareholders in terms of the Companies Act, JSE Listings Requirements and A2X Listings Requirements;
- 4.2. to the extent necessary, the approval of the implementation of the share repurchase offer resolution by the Court in terms of section 115 of the Companies Act;
- 4.3. if applicable, Zarclear not treating the share repurchase offer resolution as a nullity, as contemplated in terms of section 115(5)(b) of the Companies Act; and
- 4.4. the receipt of unconditional approvals, consents or waivers from all regulatory bodies necessary to implement the transaction including, but not limited to the Takeover Regulation Panel (in terms of the compliance certificate to be issued in terms of the Companies Act in relation to the transaction). an independent expert being appointed by Board (that is acceptable to the JSE) and providing the Board with an opinion in which the independent expert expresses the view that the share repurchase offer and the share repurchase offer consideration is fair and reasonable to shareholders.

### 5. **Ability to proceed with the share repurchase offer**

Zarclear has confirmed to the TRP that it has sufficient funds to fully satisfy the maximum share repurchase consideration. To this end, Zarclear has delivered an irrevocable unconditional guarantee from the Standard Bank of South Africa Limited in accordance with Regulations 111(4) and 111(5) of the Takeover Regulations in favour of Zarclear shareholders for the sole purpose of satisfying the share repurchase consideration.

### 6. **Zarclear shareholder support**

Irrevocable undertakings not to accept the share repurchase offer consideration from the Company, subject to the delisting and share repurchase offer both being approved by the requisite majority of Zarclear shareholders, have been received from the following Zarclear shareholders holding in aggregate 174 266 216 Zarclear shares, representing 77.09% of Zarclear shares in issue:

<b>Shareholder</b>	<b>Number of shares</b>	<b>% of issued shares</b>
Hampden Capital Proprietary Limited	62 942 751	27.84
African Phoenix Investments Limited	46 827 775	20.71

Zolospan Proprietary Limited	46 500 000	20.57
Peresec Prime Brokers Proprietary Limited	17 995 690	7.96
<b>Total</b>	<b>174 266 216</b>	<b>77.09</b>

The JSE has exercised its general discretion in terms of section 1.16 of the JSE Listings Requirements such that any votes cast by Peresec Prime Brokers, Hampden Capital, African Phoenix and Zolospan on the shareholder resolution to approve the delisting of the Company (the “**delisting resolution**”) will not be taken into consideration when determining whether the delisting resolution is approved by the requisite majority of Zarclear shareholders.

By virtue of the fact that Hampden Capital may, after the share repurchase offer hold more than 35% of the issued shares in Zarclear, and may, as a result acquire control of Zarclear pursuant to the share repurchase offer, the TRP considers it to be an acquiring party for purposes of section 115(4) of the Companies Act, with the result that the voting rights controlled by Hampden Capital will not be included in calculating the percentage of voting rights (i) required to be present in determining whether the quorum requirements are satisfied; and (ii) required to be voted in support of the share repurchase resolution. Additionally, Peresec Prime Brokers, African Phoenix and Zolospan have voluntarily consented that the voting rights controlled by them will likewise not be included in calculating the percentage of voting rights (i) required to be present in determining whether the quorum requirements are satisfied; and (ii) required to be voted in support of the share repurchase resolution.

#### 7. **Appointment of independent board and an independent expert**

In accordance with the provisions of the Companies Act and the Takeover Regulations, an *ad hoc* independent sub-committee of the Zarclear Board, comprising Andrew Hannington, Amanda Smith and Zolani Matthews (the “**independent board**”) has been appointed to advise Zarclear shareholders on the share repurchase offer.

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

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

#### 8. **Documentation and timing in relation to the share repurchase offer**

Full details of the share repurchase offer and delisting will be set out in a circular which will be distributed by Zarclear to its shareholders within 20 business days of the date of this announcement, and will include the opinion of the independent expert in respect of the share repurchase offer, a notice of general meeting of Zarclear shareholders to approve the share repurchase offer and delisting, and the applicable salient dates and times relating to the share repurchase offer and delisting.

#### 9. **Withdrawal of cautionary**

Following the release of this firm intention announcement, caution is no longer required to be exercised when dealing in the Company’s shares and the cautionary announcement is hereby withdrawn.

#### 10. **Zarclear Board responsibility statement**

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

4 August 2021

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Corporate advisor and sponsor to Zarclear

JAVACAPITAL