

SABVEST CAPITAL LIMITED

(Incorporated in South Africa)

(Registration number 2020/030059/06)

Share code: SBP

ISIN: ZAE000283511

(“Sabcap”)

SABCAP INVESTMENT COMMITMENTS TO A SUBSIDIARY OF MASIMONG GROUP HOLDINGS

1. INTRODUCTION

Shareholders are advised that

- Sabcap, through its wholly owned subsidiary Sabvest Finance and Guarantee Corporation Proprietary Limited (SFGC) has subscribed for 499 000 ordinary shares of no par value in a subsidiary of Masimong Group Holdings Proprietary Limited (Masimong Group) (MSUB) for a consideration of R499, representing a 49,9% equity interest in MSUB (Subscription).
- SFGC has committed to make shareholder loan funding of R199m and financial guarantees of R24,5m available to MSUB on demand to facilitate future investments by MSUB (Investment Commitments).

2. CATEGORISATION OF THE INVESTMENT COMMITMENTS

The Subscription and Investment Commitments collectively represent 9,2% of Sabcap’s market capitalisation at the close of business on 20 January 2022 and is therefore categorised as a category 2 transaction in terms of section 9.5(a) of the JSE Limited Listings Requirements and Sabcap’s approved Investment Policy. Notwithstanding the requirements of section 15.8 of the JSE Listings Requirements pursuant to the provisions of section 9 of the JSE Listings Requirements, which require only transactions exceeding 10% to be announced, Sabcap has elected to publish a voluntary announcement.

3. NATURE OF THE BUSINESS OF MSUB

MSUB is a Special Purpose Vehicle formed for the purpose of making industrial and service investments for Masimong Group which holds 50,1% of MSUB.

4. RATIONALE FOR THE INVESTMENT COMMITMENTS

Sabcap is a 10% equity shareholder in Masimong Group. Masimong Group intends to increase its portfolio of industrial and service investments and is considering a number of investment opportunities. This sector is the primary focus of Sabcap in its own direct portfolio. With the approval of Masimong Group, Sabcap will accordingly participate to a greater extent than through its existing shareholding in Masimong Group by investing directly in MSUB.

5. INVESTMENT CONSIDERATIONS

- If the Investment Commitments are exercised by MSUB partially or fully, the guarantee will be issued by SFGC and the cash investment will take the form of a shareholder loan to MSUB.
- The cash investment and any call on the guarantee will be funded from Sabcap's existing and expected cash resources
- Masimong Group has made financial commitments to invest in MSUB pro rata to the Investment Commitments.

6. CONDITIONS PRECEDENT

There are no conditions precedent to the Subscription or the Investment Commitments. However, SFGC must approve any investments proposed by MSUB.

7. FINANCIAL EFFECTS ON SABCAP

- There is no current financial effect on Sabcap arising from the Subscription or the Investment Commitments.
- If the Investment Commitments are exercised, there will be no effect on the net asset value per Sabcap share as the investment amount and the fair value of the investment are expected to be the same on the date of exercise.
- Similarly, there will be no effect on Sabcap's headline earnings per share and earnings per share as, for the first accounting period, the income earned on the shareholder loans and equity investment is expected to be approximately equal to the interest foregone on the cash balances from which any Investment Commitments exercised will be funded.

8. FINANCIAL PROFILE OF MSUB

MSUB has equity of R1 000 and cash of R1 000 and has not traded. MSUB has bank facilities available for its use and the Investment Commitments of SFGC and the corresponding pro rata financial commitments of Masimong Group, which together total R450m.

Sandton
25 January 2022

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)