

AFRISTRAT INVESTMENT HOLDINGS LIMITED

(formerly Ecsponent Limited)

Incorporated in the Republic of South Africa

Registration number: 1998/013215/06

JSE Code: ATI

ISIN: ZAE000287587

Debt Issuer Code: ATID

Hybrid Issuer Code: ATIG

("Afristrat" or "the Company")



REVISED TERMS OF THE RELATED PARTY ACQUISITION OF MHMK FINANCIAL SERVICES LIMITED

1. Introduction

- 1.1. Shareholders are referred to the announcement released on SENS on Tuesday, 18 May 2021 ("**Terms Announcement**") relating *inter alia* to the proposed acquisition by Afristrat of MHMK Financial Services Limited ("**MHMK Financial Services**") from the GM Trust, a proposed share consolidation and the implementation of an employee share scheme (together, "**Proposed Transaction**").
- 1.2. Shareholders are also referred to the related announcements released on SENS on Monday, 5 July 2021 and Tuesday, 7 September 2021 (together with the Terms Announcement, collectively referred to as the "**Announcements**").
- 1.3. Capitalised terms used herein that are not otherwise defined, bear the meanings ascribed to them in the Announcements.
- 1.4. Shareholders are hereby advised that, following the finalisation of the audit of MHMK Financial Services and further negotiations between the Parties and the conclusion of the Sale of Shares Agreement ("**Agreement**") to give effect to the Proposed Transaction on Friday, 15 October 2021, the terms of the Proposed Transaction have been revised and a summary of such revised terms is set out below, together with the resultant impact on the regulatory disclosures in the circular to be distributed to Afristrat shareholders in connection with the Proposed Transaction ("**Circular**").

2. Conditions Precedent to the Proposed Transaction

- 2.1. The conditions precedent to the Proposed Transaction ("**Conditions Precedent**") contained in the Agreement are set out below.
 - 2.1.1. approval of the Circular by the JSE;
 - 2.1.2. sign-off by the independent reporting accountant on the final audited accounts;
 - 2.1.3. sign-off by the independent expert on the final transaction swap ratios and valuations;
 - 2.1.4. approval from Ordinary Shareholders of all requisite resolutions contained in the notice of general meeting forming part of the Circular, in compliance with the Companies Act and Listings Requirements;
 - 2.1.5. approval by the TRP of the Proposed Transaction, where applicable;
 - 2.1.6. exchange control approval for the Proposed Transaction, where applicable;
 - 2.1.7. approval as required by the competition authorities, where applicable;
 - 2.1.8. successful restructuring of the SATF Debt and Norsad Debt, to the satisfaction of MHMK Financial Services and the GM Trust;
 - 2.1.9. the approval of the employee share scheme (the "**2021 ESOP**"); and
 - 2.1.10. the GM Trust opening a brokerage account for the receipt of the Revised Purchase Consideration (as defined in paragraph 4.1 below), and delivering confirmation of such account details to Afristrat.
- 2.2. The Conditions Precedent set out in paragraph 2.1.1 to 2.1.7 above are regulatory in nature and cannot be waived.
- 2.3. The Conditions Precedent in paragraphs 2.1.8 to 2.1.10 may be waived at the election of Afristrat and/or the GM Trust.

3. Revised Effective Date

- 3.1. As stated in paragraph 1.3.1 of the Terms Announcement, the Proposed Transaction was subject to the fulfilment of the Conditions Precedent on or before 30 September 2021 ("**Effective Date**").

3.2. The deadline for the fulfilment or waiver of the Conditions Precedent has now been revised to 31 December 2021, and the proposed acquisition of MHMK Financial Services shall take effect on and with effect from the close of business on the last business day of the month during which the Conditions Precedent are fulfilled (“**Revised Effective Date**”).

4. Revised Purchase Consideration

4.1. In accordance with a sale of shares agreement entered into between the Company and the GM Trust on Friday, 15 October 2021 in order to give effect to the acquisition of MHMK Financial Services, the number of new Afristrat no par value ordinary shares (“**Shares**”) to be issued in settlement of the purchase consideration, has now been reduced to 17 400 000 000 Shares (“**Revised Purchase Consideration**”), which will be issued prior to the proposed share consolidation.

5. Revised Proposed Share Consolidation

5.1. The Terms Announcement stated that the issued share capital of the Company would be consolidated on the basis of 1 for 200, based on the issued share capital post the proposed acquisition of MHMK Financial Services, meaning that every 200 Shares will be consolidated into one Share (“**Share Consolidation**”).

5.2. Pursuant to the Revised Purchase Consideration, the terms of the proposed Share Consolidation have been amended such that both the authorised and issued share capital of Afristrat will now be consolidated on the basis of 1 for 120, meaning that every 120 Shares will be consolidated into one Share (“**Revised Proposed Share Consolidation**”).

6. Regulatory Implications

6.1. In terms of sections 10.1(b)(i) and (ii) of the JSE Listings Requirements, the Proposed Transaction is still classified as a related party transaction, given that Mr. George Manyere, is a beneficiary of the GM Trust, the controlling shareholder of MHMK Botswana and is the current Chief Executive Officer of the Company.

6.2. However, pursuant to the reduction in the Revised Purchase Consideration, the Proposed Transaction is no longer classified as a Category 1 reverse takeover transaction in terms of the JSE Listings Requirements and the Circular no longer needs to incorporate revised listing particulars.

6.3. Furthermore, the Proposed Transaction will not result in the GM Trust (and/or its associates and concert parties) holding more than 35% of the total issued share capital of the Company post the successful implementation of the Proposed Transaction, and accordingly, does not trigger the requirement that the GM Trust make a mandatory offer in terms of section 123 of the Companies Act, No. 71 of 2008, as amended, to the remaining shareholders of Afristrat (“**Mandatory Offer**”).

6.4. Accordingly, it is no longer a condition precedent to the Proposed Transaction that Afristrat seek shareholder approval for the waiver of the Mandatory Offer requirement.

6.5. Apart from the Revised Effective Date, Revised Purchase Consideration, the Revised Proposed Share Consolidation and the removal of the condition precedent referred to in paragraph 6.4 above, there are no other changes to the terms of the Proposed Transaction.

7. Distribution of the Circular

7.1. The Circular, setting out the revised terms of the Proposed Transaction, incorporating a fairness opinion as required by schedule 5 of the JSE Listings Requirements, the proposed share consolidation and the implementation of the 2021 ESOP (as set out in the Terms Announcement), will be distributed to shareholders in due course, seeking approval from shareholders for the various resolutions for a transaction of this nature.

15 October 2021

Johannesburg

Sponsor

Merchantec Capital

Corporate Advisor

YW Capital

Legal Advisor

Webber Wentzel