

## **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" or "the Group")



### **MUTUAL CANCELLATION OF THE DISPOSAL TRANSACTION OF MHMK CAPITAL (PTY) LTD**

Security holders are referred to the announcement released on the Stock Exchange News Service (SENS) dated 25 June 2020, wherein security holders were advised that Ecsponent South Africa Proprietary Limited ("**Ecs SA**"), a wholly owned subsidiary of the Company, disposed of 70% interest in MHMK Capital Proprietary Limited ("**MHMK Capital**") to a BEE consortium led by the black founding members of Ngwedi Capital Holdings Proprietary Limited ("**NCH**") represented by Softcore Trading Proprietary Limited ("**Softcore**") (the "**Disposal**").

The Disposal amounted to less than 5% of the Company's market capitalisation as at 22 June 2020 and therefore did not constitute a categorised transaction in terms of the Listings Requirements of the JSE Limited, and accordingly did not require security holder approval.

The total cash consideration of R18 million ("**Purchase Consideration**") together with all risks and benefits of ownership, for the Disposal by Ecs SA of its shares and claims in MHMK Capital took effect from 24 June 2020. In terms of the agreement giving effect to the disposal ("**Disposal Agreement**"), the settlement date of the Purchase Consideration was set at 31 December 2020, after which the Purchase Consideration will carry interest at prime +2% until such time of payment ("Loan").

Shareholders are hereby advised that the payment of the Purchase Consideration did not occur on 31 December 2020. Despite various engagements between Afristrat and Softcore ("**the Parties**") and best efforts by the latter to commercial execute the Disposal, the Parties have agreed to mutually cancel the Disposal, due to the inability by Softcore to effect the payment of the Purchase Consideration.

Therefore, the parties have mutually agreed to reverse the Disposal transaction and return to the original position whereby Afristrat will retain its 70% shareholding in MHMK Capital.

Security holders are further advised that NCH, an associate of MHMK Capital has further entered into an agreement with a large BEE Asset Manager to acquire the shares in Ngwedi Investment Managers Proprietary Limited ("**NIM**"), a subsidiary of NCH ("**NIM Disposal**"). The NIM Disposal will result in the settlement of debts due within NCH and repayment of all Capital Contributions to MHMK Capital. The net remaining equity value in NCH after the disposal will result in no distributable equity value remaining in NCH and effectively in MHMK Capital.

Further to the mutual agreement to cancel the transaction/agreement and the subsequent disposal of NIM, the fair-value of the associate held by Afristrat in MHMK Capital has been reduced to a value of R0 (Zero Rand).

For more information about this announcement or the Afristrat group, email [investor.relations@afristrat.ltd](mailto:investor.relations@afristrat.ltd) or visit [www.afristrat.ltd/investor-relations/](http://www.afristrat.ltd/investor-relations/).

14 April 2021

Johannesburg

#### **Sponsor**

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