

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This is a copy of a registered Prospectus.

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

The definitions and interpretations commencing on page 5 of this Prospectus have been used and are applicable to this front cover and throughout this document, unless otherwise stated.

Notwithstanding that this document constitutes a prospectus, it is not an offer to the general public to subscribe for shares or other securities in the Company and only constitutes an offer as it relates to the issue of Sabcap Ordinary Shares as part of the Scheme Consideration to the Sabvest Shareholders who participate in the Scheme in South Africa, and is only addressed to persons to whom it may lawfully be made.

The release, publication or distribution of this Prospectus in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Prospectus is released, published or distributed should inform themselves about and observe any such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction.

To the extent that the release, publication or distribution of this Prospectus in certain jurisdictions outside of South Africa may be restricted or prohibited by the laws of such foreign jurisdiction, then this Prospectus is deemed to have been provided for information purposes only, and the Interim Sabcap Board and the Sabvest Board does not accept any responsibility for any failure by Sabvest Shareholders to inform themselves about, and to observe, any applicable legal requirements in any relevant foreign jurisdiction.



SABVEST

SABVEST CAPITAL LIMITED

(Incorporated in South Africa)
(Registration number 2020/030059/06)
JSE share code: SBP ISIN:
ZAE ZAE000283511
("Sabcap" or "the Company")

PROSPECTUS

Reporting accountants

Deloitte.

Legal advisors



Independent Expert

IBDO

Transaction advisors

**APEX
PARTNERS**

Merchant Bank and Sponsor



This Prospectus is prepared and issued in terms of the Companies Act, the Companies Regulations and the Listings Requirements for the purpose of providing information to Scheme Participants with regard to Sabcap and the Proposed Restructure.

This Prospectus is not an invitation to the general public to subscribe for shares or other securities in the Company.

Shareholders are referred to the Scheme Circular to which this Prospectus is accompanied for information regarding the Proposed Restructure of Sabvest's current dual share capital structure, to be implemented in terms of the following indivisible components:

- a newly incorporated company, Sabcap, was formed, the authorised share capital of which comprises Sabcap Ordinary Shares as well as one Z Share;
- the issue of the Z Share to SFT in order to preserve SFT's control post-implementation of the Proposed Restructure;
- a scheme of arrangement to be proposed by the Board (on recommendation of the Independent Board) between Sabvest and Sabvest Shareholders, in terms of section 114 of the Companies Act (read with section 115 of the Companies Act) whereby, if implemented, Sabcap will acquire all the Sabvest Shares held by Scheme Participants in exchange for the Scheme Consideration;
- the subsequent delisting of all Sabvest Shares from the Main Board of the JSE; and
- the listing of Sabcap Ordinary Shares on the Main Board of the JSE.

The **offer of Sabcap Ordinary Shares to Sabvest Shareholders and the** issue of Sabcap Ordinary Shares to Scheme Participants in terms of the Scheme constitutes an offer to the public in terms of section 95(1)(h) of the Companies Act. This Prospectus is therefore required to be issued in terms of section 99(3) of the Companies Act. This Prospectus is being issued, in terms of the Companies Act and Part C of Chapter 4 of the Companies Regulations, in respect of Sabcap as it will be constituted after the implementation of the Proposed Restructure.

Prior to the implementation of the Proposed Restructure, the authorised ordinary share capital of Sabcap comprises (i) 500 000 000 Sabcap Ordinary Shares and (ii) 1 Z Share. Following the implementation of the Proposed Restructure, the issued Ordinary Share capital will comprise (i) 41,760,242 Sabcap Ordinary Shares and (ii) 1 Z Share. Sabcap's stated capital on implementation of the Proposed Restructure will be R1,673,365 subject to Listing values. There will be no Sabcap Ordinary Shares held in treasury following implementation of the Proposed Restructure.

The Sabcap Ordinary Shares will, upon issue, be fully paid up, freely transferrable and rank *pari passu* with one another. Regard should be had to the provisions of the Z Share terms set out in **Annexure D** of this Prospectus.

The Proposed Restructure does not contemplate the raising of any capital in respect of Sabcap. In the circumstances, the listing of the Sabcap Ordinary Shares is not subject to a minimum amount being raised. The Sabcap Ordinary Shares which are the subject of the Scheme Consideration are not subject to any conversion or redemption provisions.

The JSE has granted the Company a Main Board listing of 41,760,242 Sabcap Ordinary Shares in the "*Financials – Investment Instruments – Equities*" sector of the JSE list with the abbreviated name "SABCAP", JSE share code SBP and ISIN ZAE000283511 which, in respect of the Ordinary Shares to be issued in terms of the Sabvest Scheme, will be with effect from the commencement of business on Wednesday, 13 May 2020.

The Sabcap Ordinary Shares will only be traded on the JSE trading system in electronic form.

Investing in the Scheme Consideration involves certain risks. See the material risk factors set out in **Annexure H** of this Prospectus.

The Interim Sabcap Directors, whose names are provided in Section One, paragraph 1.4.4 of this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information given in this Prospectus (but only insofar as such information relates to Sabcap and only to the extent that they are required to accept such responsibility in terms of the Companies Act and/or the Listings Requirements) and certify that, to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Prospectus contains all information required by law and the Listings Requirements.

The Sabvest Board, whose members are identified in the Sabvest Circular, collectively and individually, accept full responsibility for the accuracy of the information given in this Prospectus (but only insofar as such information relates to Sabvest and only to the extent that they are required to accept such responsibility in terms of the Companies Act and/or the Listings Requirements) and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Prospectus contains all information required by law and the Listings Requirements.

Sabcap will, upon implementation of the Proposed Restructure become the holding company of Sabvest. In this regard, as Sabvest has been listed on the JSE for an extensive period of time, the majority of information required to be disclosed in this Prospectus is in the public domain. This Prospectus does, where possible, incorporate the required information by reference to the relevant public documents in which the applicable information regarding Sabvest may be located.

The merchant bank and sponsor, legal advisors, reporting accountants, transaction advisors, bankers and transfer secretaries, whose names are included in this Prospectus, have consented in writing to act in the capacities stated and to their names being included in this Prospectus and have not withdrawn their consents prior to the publication of this Prospectus.

A copy of this Prospectus was registered by CIPC on Wednesday, 26 February 2020. CIPC takes no responsibility for the comments in the Prospectus, makes no representations as to the accuracy and completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in the reliance upon any part of the contents of this Prospectus.

This Prospectus is available in English and further copies may be obtained during normal business hours from Friday, 28 February 2020 to Friday, 27 March 2020 from Sabcap's registered offices, or from the offices of Sabcap's sponsor, details of which are set out in the "Corporate Information" section of this Prospectus. The Prospectus can also be obtained from Sabvest's website at www.sabvest.co.za.

Date of issue: Friday, 28 February 2020

FORWARD-LOOKING STATEMENTS

This Prospectus contains statements about Sabcap and Sabvest that are or may be forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditure, acquisition strategy, and expansion prospects for future capital expenditure levels and other economic factors, such as, amongst other things, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Sabcap cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Sabcap or Sabvest operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus.

All these forward-looking statements are based on estimates and assumptions, as regards Sabcap and Sabvest made by Sabcap as communicated in publicly available documents issued by Sabcap, all of which estimates and assumptions, although Sabcap believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Sabcap or not currently considered material by Sabcap.

Sabvest Shareholders should keep in mind that any forward-looking statement made in this Prospectus or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Sabcap or Sabvest not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Sabcap has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Prospectus after the date of issue of this Prospectus, except as may be required by law.

Any forward-looking information contained in this Prospectus has not been reviewed nor reported on by the Company’s external auditors.

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CORPORATE INFORMATION

Company secretary

Levitt Kirson Business Services Pty Limited
Aloe Grove, Houghton Estate Office Park
2 Osborn Road,
Houghton Estate
Johannesburg, 2198
(PO Box 225, Highlands North, 2037)

Sabcap registered office

Ground Floor, Commerce Square
Building 4
39 Rivonia Road
Sandhurst
2196
(PO Box 78677, Sandton, 2146)

Reporting accountants and auditors

Deloitte & Touche
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead
Sandton, 2196
(Private Bag X6, Gallo Manor, 2052)

Transfer secretaries*

Computershare Investor Services Proprietary
Limited
(Registration Number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue,
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Merchant bank and sponsor

Rand Merchant Bank
(A division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 78673, Sandton, 2146)

Date of incorporation

20 January 2020

Place of Incorporation

Republic of South Africa

Note:

* Will only act in the stated capacity post-implementation of the Proposed Restructure.

Transaction advisors

Apex Partners Holdings Proprietary Limited
(Registration number 2011/00794/07)
Ground Floor, Building 4
Commerce Square, 39 Rivonia Road
Sandhurst, Sandton, 2191
(Private Bag X9976, Sandton, 2146)

Legal advisors

Edward Nathan Sonnenbergs Incorporated
(Registration number 2006/018200/21)
The Marc, Tower 1
129 Rivonia Road
Sandton
2196
(PO Box 783347, Sandton, 2146)

Sabcap Bankers

ABSA Group Limited*

7th Floor, Absa Towers West, 15 Troye Street
Johannesburg, 2001
(PO Box 7735, Johannesburg, 2000)

FirstRand Bank Limited*

4 Merchant Place, corner Fredman Drive and
Rivonia Road, Sandown, 2196
(PO Box 786273, Sandton, 2196)

Standard Bank Limited*

5 Simmonds Street, Selby, Johannesburg, 2001
(PO Box 7725, Johannesburg, 2000)

UBS AG*

5 Broadgate, EC2M 2AN, London, United Kingdom

DEFINITIONS AND INTERPRETATIONS

In this Prospectus, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and *vice versa*. Words importing natural persons shall include corporations and associations of persons and *vice versa* and an expression denoting any gender shall include the other genders:

“Apex Partners”	Apex Partners Holdings Proprietary Limited (registration number 2011/002794/07), a private company duly registered and incorporated in accordance with the laws of South Africa and the transaction advisors to Sabcap;
“Appraisal Rights”	rights afforded to Sabvest Shareholders in respect of the Scheme in terms of section 164 of the Companies Act;
“Associate(s)”	will bear the meaning assigned to this term in the Listings Requirements;
“Authorised Dealer”	a person authorised to deal in foreign exchange, as contemplated in the Exchange Control Regulations;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day other than a Saturday, Sunday or an official public holiday in South Africa;
“Cash-only Shareholders”	Sabvest Shareholders who are not South African residents and who are unable to accept the Scheme Consideration other than by Sabvest complying with filing and/or other regulatory obligations within the jurisdictions in which such Sabvest Shareholders are resident;
“Certificated Shares”	Sabvest Shares that have not been Dematerialised and are represented by share certificates or other physical Documents of Title;
“Certificated Shareholders”	Sabvest Shareholders who hold Certificated Shares;
“Certificated N Ordinary Shareholders”	Sabvest Shareholders who hold Certificated N Ordinary Shares;
“Certificated Ordinary Shareholders”	Sabvest Shareholders who hold Certificated Ordinary Shares;
“CIPC”	Companies and Intellectual Property Commission;
“Class Meetings”	collectively, the N Ordinary Shareholder Class Meeting and the Ordinary Shareholder Class Meeting, or either one of them as the context may require;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Eswatini;
“Companies Act” or “Act”	the Companies Act, No. 71 of 2008, as amended;
“Companies Regulations”	the regulations promulgated in terms of section 223 of the Companies Act, published under Government Notice R351 in Government Gazette 34239 of 26 April 2011, as amended;
“Conditions Precedent”	the conditions precedent to the Proposed Restructure, which remain unfulfilled as at the Last Practicable Date, set out in Section 2, paragraph 2.4 of this Prospectus;
“CSDP”	Central Securities Depository Participant, being a “participant” as defined in section 1 of the Financial Markets Act;
“Deloitte & Touche” or “Reporting Accountants”	Deloitte & Touche South Africa, a professional partnership established in terms of South African law and the appointed reporting accountants to Sabcap;
“Dematerialised Shares”	Sabvest Shares that have been Dematerialised or have been issued in Dematerialised form;

“Dematerialised Shareholders”	Sabvest Shareholders who hold Sabvest Shares which have been dematerialised in terms of the requirements of Strate;
“Dissenting Shareholders”	Sabvest Shareholders who exercise Appraisal Rights in terms of section 164 of the Companies Act, who deliver a Valid Demand to Sabvest and in respect of whom none of the events set out in section 164(9)(a) or (b) of the Companies Act have occurred;
“Documents of Title”	valid share certificates, certified transfer deeds, balance receipts or any other proof of ownership of Sabvest Shares, reasonably acceptable to Sabvest;
“Emigrants”	former residents of the Common Monetary Area whose addresses are outside the Common Monetary Area;
“ENS”	Edward Nathan Sonnenbergs Incorporated (registration number 2006/018200/21), a personal liability company duly registered and incorporated in accordance with the laws of South Africa and the legal advisors to the Company;
“Exchange Control Regulations”	Exchange Control Regulations, 1961, as amended, issued under section 9 of the Currency and Exchanges Act No. 9 of 1933, as amended;
“FAIS”	the Financial Advisory and Intermediary Services Act No. 37 of 2002, as amended;
“Final Sabcap Board” or “Final Sabcap Directors”	the final Sabcap Board to be constituted once all Conditions Precedent have been fulfilled or waived (where capable of waiver and subject to SFT consenting to any such waiver where appropriate), which final Sabcap Board will be elected at the Sabcap General Meeting and will exactly mirror the Sabvest Board as at the Last Practicable Date and which will replace the Interim Sabcap Board;
“Financial Markets Act”	the Financial Markets Act No. 19 of 2012, as amended;
“Independent Expert”	BDO Corporate Finance Proprietary Limited (registration number 1983/002903/07), a private company duly registered and incorporated in terms of the laws of South Africa, appointed by the Independent Board in terms of the Companies Regulations;
“Interim Sabcap Board” or “Interim Sabcap Directors”	an interim Sabcap Board, appointed for purposes of, amongst other things, taking the steps required for Sabcap to procure the fulfilment of certain of the Conditions Precedent and which interim Sabcap Board will resign (and be eligible for re-election to the Final Sabcap Board) simultaneously with the appointment of the Final Sabcap Directors at the Sabcap General Meeting;
“JSE”	the Johannesburg Stock Exchange, operated by the JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the laws of South Africa and listed on the Main Board of the JSE, licensed as an exchange under the Financial Markets Act;
“King Code”	the King Code on Corporate Governance for South Africa, as applicable as at the Last Practicable Date;
“Last Practicable Date”	Monday, 24 February 2020, being the last practicable date prior to the finalisation of this Prospectus;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“MoI”	memorandum of incorporation;
“Non-resident”	a person not ordinarily resident in South Africa whose address is outside the Common Monetary Area and who is not an Emigrant;
“N Ordinary Shareholders”	registered holders of N Ordinary Shares;
“N Ordinary Shares”	N ordinary shares with a par value of 0.01 cent each in the issued share capital of Sabvest and with 1 vote each on a poll;
“Ordinary Shareholders”	registered holders of Ordinary Shares;
“Ordinary Shares”	ordinary shares with a par value of 5 cents each in the issued share capital of Sabvest and with 500 votes each on a poll;

“Proposed Restructure”	the proposed restructure of Sabvest’s current dual share capital structure, to be implemented in terms of the following indivisible components: the incorporation and registration of Sabcap; the issue of the Z Share to SFTT; the Scheme; the Sabvest Delisting; and the Sabcap Listing;
“Prospectus”	this Sabcap prospectus and its annexures, registered with the CIPC on Wednesday, 26 February 2020, which has been prepared in compliance with the Companies Act and the Listings Requirements and which is issued simultaneously with, and accompanies, the Scheme Circular;
“Prospectus Directive”	Directive 2003/71/EC of European Parliament, of 4 November 2013, read together with the New Prospectus Directive;
“Rand” or “R”	South African rand, the official currency of South Africa;
“Register”	Sabvest’s Securities register maintained by the Transfer Secretaries in accordance with section 50(1) and section 50(3) of the Companies Act, including Sabvest’s Dematerialised sub-registers maintained by the CSDPs;
“Regulations”	the regulations promulgated in terms of section 223 of the Companies Act, published under Government Notice R351 in Government Gazette 34239 of 26 April 2011, as amended;
“RMB”	Rand Merchant Bank (A division of FirstRand Bank Limited) (registration number 1929/001225/06), a public company duly registered and incorporated in accordance with the laws of South Africa and the merchant bank and sponsor to the Company;
“Sabcap” or “the Company”	Sabvest Capital Limited (registration number 2020/030059/06), a public company duly registered and incorporated in accordance with the laws of South Africa;
“Sabcap General Meeting”	the general meeting of Sabcap Shareholders to be held at 10:00 am in the Main Boardroom, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196 on 25 June 2020, or any other adjourned or postponed date and time, to be convened for the purposes of considering and, if deemed fit, approving, with or without modification, the requisite resolutions as contained in the notice of Sabcap General Meeting to be distributed as soon as reasonably practicable after the Sabcap Listing Date;
“Sabcap Group”	after the implementation of the Proposed Restructure, Sabcap and its Subsidiaries;
“Sabcap Listing”	the proposed listing of Sabcap Ordinary Shares on the Main Board of the JSE in the <i>Financials – Investment Instruments – Equities</i> sector of the list, in terms of the Proposed Restructure;
“Sabcap Listing Date”	the date on which the Sabcap Listing will be effective, expected to be Wednesday, 13 May 2020;
“Sabcap Ordinary Shares”	ordinary shares of no par value in the authorised share capital of Sabcap;
“Sabcap Shareholders”	registered holders of Sabcap Ordinary Shares;
“Sabvest”	Sabvest Limited (registration number 1987/003753/06), a public company duly registered and incorporated in accordance with the laws of South Africa and the Shares of which are listed on the Main Board of the JSE in the <i>Financials – Investment Instruments – Equities</i> sector of the list;
“Sabvest AGM”	the annual general meeting of Sabvest Shareholders to be held at 10:00 am in the Main Boardroom, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196 on Monday, 4 May 2020, or any other adjourned or postponed date and time, to be convened for the purposes of considering and, if deemed fit, approving, with or without modification, the requisite resolutions as contained in the notice of Sabvest AGM forming part of the Sabvest 2019 annual report;

“Sabvest Board” or “Sabvest Directors”	the board of directors of Sabvest, elected as such from time to time and whose names are set out in Section 1, paragraph 1.4.4 of this Prospectus;
“Sabvest Delisting”	pursuant to the Proposed Restructure and subject to the fulfilment of the Conditions Precedent detailed in paragraph 8 of the Scheme Circular and in Section Two, paragraph 2.4 of this Prospectus, the suspension from trading of the Sabvest Shares on the JSE at the commencement of business on Wednesday, 13 May 2020 and their subsequent delisting from the Main Board of the JSE, with effect from the commencement of business on Tuesday, 19 May 2020;
“Sabvest Group”	Sabvest and its Subsidiaries;
“Sabvest Financial Information”	the consolidated audited historical financial information of Sabvest for the 3 (three) years ended 31 December 2018, attached to this Prospectus as Annexure B and the consolidated reviewed historical financial information of Sabvest for the 6 (six) months ended 30 June 2019, attached as Annexure Bi to this Prospectus;
“Sabvest Independent Board”	the independent sub-committee of the Sabvest Board constituted in order to consider the terms and conditions of the Scheme in accordance with regulation 108(8) of the Companies Regulations and comprised of independent non-executive Directors, Dawn Mokhobo, Bheki Shongwe and Lindiwe Mthimunye-Bakoro;
“Sabvest Shareholders” or “Shareholders”	collectively, the N Shareholders and Ordinary Shareholders, or either one of them as the context may require;
“Sabvest Shares”	collectively, the N Ordinary Shares and the Ordinary Shares, or either one of them as the context may require;
“Scheme”	the scheme of arrangement in terms of section 114 of the Companies Act (read with section 115 of the Companies Act) proposed by the Board (on the recommendation of the Independent Board) between the Sabvest and Sabvest Shareholders, in terms of which, if implemented, Sabcap will acquire all the Sabvest Shares held by Scheme Participants in exchange for the Scheme Consideration on the terms and conditions set out in the Scheme Circular;
“Scheme Circular” or “Sabvest Circular”	the bound document, dated Friday, 28 February 2020, including all the annexures and incorporating notices of the Class Meetings and Scheme Meeting, Forms of Proxy and Form of Surrender;
“Scheme Consideration”	collectively, the N Ordinary Scheme Consideration and the Ordinary Scheme Consideration, or either one of them as the context may require;
“Scheme Meeting”	the meeting of Sabvest Shareholders to be held at 10:00 am (or so soon thereafter as the Ordinary Shareholder Class Meeting is concluded) in the Main Boardroom, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196 on Friday, 27 March 2020, or any other adjourned or postponed date and time, to be convened in connection with the Scheme for the purposes of considering and, if deemed fit, approving, without modification, the requisite resolutions as contained in the notice of Scheme Meeting forming part of the Scheme Circular;
“Scheme Participants”	Sabvest Shareholders recorded in the register on Friday, 15 May 2020 and are therefore entitled to receive the Scheme Consideration in terms of the Scheme, other than Dissenting Shareholders who do not subsequently become Scheme Participants as envisaged in paragraph 11.5 of the Scheme Circular;
“Scheme Resolution”	Special Resolution Number 1 to the notice of the Scheme Meeting attached to the Scheme Circular, required to be approved by Sabvest Shareholders in order to implement and give effect to the Scheme, and which resolution will (for the sake of caution) include an approval in terms of section 44 of the Companies Act in respect of any financial assistance that may be provided by Sabvest in respect of the Proposed Restructure (the Scheme being an indivisible component of thereof), including without limitation, the payment of legal and other transaction costs to be borne by Sabvest in respect of the Proposed Restructure, as detailed in paragraph 31 of the Scheme Circular;
“SENS”	the Stock Exchange News Service of the JSE;

“SFT”	the Seabrooke Family Trust, (Master’s Reference No. IT 10547) and the Company’s controlling shareholder as at the Last Practicable Date;
“SFT Agreement”	the agreement entered into between SFT and Sabvest on or about 5 November 2019, in terms of which, amongst other things, SFT waives its rights to exercise its voting rights at the Class Meetings and the Scheme Meeting, provided that any amendment to the Proposed Restructure after the Last Practicable Date will require the consent of SFT;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a registered central securities depository responsible for the electronic clearing and settlement of trades on the JSE, in terms of the Financial Markets Act;
“Subsidiary”	a subsidiary company as defined in the Companies Act;
“Trading Day”	any day on which trading takes place through the usual trading systems on the JSE;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the laws of South Africa and the transfer secretaries to Sabvest;
“TRP”	the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
“Valid Demand”	demand/s made in terms of section 164(5) of the Companies Act, within the time period contemplated in section 164(7) of the Companies Act, by one or more Sabvest Shareholders who comply with the requirements of section 164(5)(a) and (c) of the Companies Act, in terms of which such Sabvest Shareholder/s demand that the Company pay such Sabvest Shareholder/s the fair value for all of the Sabvest Shares held by such Shareholder/s;
“VAT”	Value-Added Tax, levied in terms of the provisions of the Value-Added Tax Act No. 89 of 1991, as amended; and
“Z Share”	one unlisted Z share issued by Sabcap to SFT at an issue price of R1,00 and having the terms set out in Annexure D to this Prospectus.

EXECUTIVE SUMMARY AND IMPORTANT INFORMATION

The definitions and interpretations commencing on pages 5 of this Prospectus apply *mutatis mutandis* to this summary.

This summary contains the salient features of the Proposed Restructure. For a full appreciation of the Proposed Restructure, this Prospectus should be read in its entirety, together with the Scheme Circular.

A. SPECIAL NOTE TO THE PROSPECTUS

This Prospectus has been prepared on the assumption that all the Conditions Precedent (including, that the special and ordinary resolutions proposed in the notices of the Class Meetings and the Scheme Meeting, will be passed at the Class Meetings and the Scheme Meeting) will be timeously fulfilled or waived (where capable of waiver and subject to SFT consenting to any such waiver where appropriate), as the case may be.

B. INTRODUCTION AND PURPOSE

Sabvest currently has two classes of shares listed on the JSE. As at Sabvest's interim financial period ended 30 June 2019, Sabvest's issued share capital comprised 16,975,293 Ordinary Shares and 24,826,919 N Ordinary Shares. On 30 September 2019, 350,000 N Ordinary Shares, which were held as treasury shares (having been repurchased by Sabvest after its interim financial period ended 30 June 2019), were cancelled. On 10 December 2019 a further 200 000 N Ordinary Shares were repurchased and cancelled. Consequently, as at the Last Practicable Date, there are 24,276,919 N Ordinary Shares and 16,975,293 Ordinary Shares in issue.

Accordingly, as at the Last Practicable Date, Sabvest has 41,252,212 shares in issue with equal economic rights, but unequal voting rights. In terms of Sabvest's MoI, on a poll, the N Ordinary Shares carry 1 vote per N Ordinary Share and the high voting Ordinary Shares carry 500 votes per Ordinary Share. As at the Last Practicable Date, SFT held 11,895,000 Ordinary Shares and 4,105,000 N Ordinary Shares, giving it a 38,78% economic interest in Sabvest and a disproportionate 69.92% voting interest. As at the Last Practicable Date, the N Ordinary Shareholders are able to exercise only 0.29% of the 8,511,923,419 voting rights at a combined Sabvest Shareholders' meeting.

It is accordingly envisaged that Sabvest's current dual Share ownership structure will be collapsed through the implementation of the Proposed Restructure and that, following the Sabcap Listing, all Sabvest Shareholders will have the same economic rights and will have one vote each, on a poll. SFT will, through its holding of the Z Share, retain 51% voting control of Sabcap, providing always that it maintains a minimum 10% interest in the issued Sabcap Ordinary Shares relative to all the Sabcap Ordinary Shares in issue from time to time.

The purpose of this Prospectus is to:

- (i) provide Sabvest Shareholders with information relating to the Proposed Restructure and Sabcap, including Sabcap's proposed directors, management and business;
- (ii) set out the salient terms of the Sabcap Ordinary Shares and the Z Share.

C. DETAILS OF THE PROPOSED RESTRUCTURE

Subject to the fulfilment or waiver (where capable of waiver and subject to SFT consenting to any such waiver where appropriate) of the Conditions Precedent, it is envisaged that the Proposed Restructure will be implemented by way of, amongst other things, the Scheme and in accordance with the following key indivisible transaction steps:

- (i) Sabcap will issue the Z Share to SFT, in order to preserve SFT's control post-implementation of the Proposed Restructure;
- (ii) in terms of the Scheme, Sabcap will make an offer to Sabvest Shareholders to acquire all the N Ordinary Shares and Ordinary Shares in issue, for the Scheme Consideration; and
- (iii) the Sabcap Ordinary Shares will be listed on the JSE in terms of the Sabcap Listing. All Sabcap Ordinary Shares will have the same economic rights and will have one vote each, on a poll;
- (iv) following implementation of the Scheme, Sabcap will own all the N Ordinary Shares and Ordinary Shares, the Shares will be delisted from the Main Board of the JSE in terms of the Sabvest Delisting and Sabvest will therefore be Sabcap's unlisted, wholly-owned subsidiary.

Sabvest Shareholders are advised that in terms of the SFT Agreement, SFT has elected to abstain from exercising any of its voting rights on all of the resolutions as contained in the notices of the Class Meetings and Scheme Meeting, provided that any amendment to the Proposed Restructure after the Last Practicable Date will require the consent of SFT.

D. DETAILS OF THE SABCAP LISTING

The JSE has granted Sabcap a listing of 41,760,242 Ordinary Shares, in the *Financials – Investment Instruments – Equities* sector of the JSE list with the abbreviated name “SABCAP”, JSE share code SBP and ISIN ZAE000283511. It is anticipated that, subject to the Conditions Precedent being fulfilled, or waived, if applicable, the Sabcap Listing in respect of the Ordinary Shares to be issued in terms of the Sabvest Scheme will be effective from the commencement of business on Wednesday, 13 May 2020.

E. REGULATORY APPROVALS

Save for the TRP issuing a compliance certificate in terms of section 121(b) of the Companies Act in respect of the Scheme, all requisite regulatory approvals regarding the Scheme, the creation and issue of the Z Share and the issue and listing of the Sabcap Ordinary Shares in terms of the Sabcap Listing, including South African Reserve Bank approval, have been obtained.

F. SALIENT TIMES AND DATES

	2020
Record date to determine which Sabvest Shareholders are eligible to receive the Scheme Circular, notice of N Ordinary Shareholder Class Meeting, notice of Ordinary Shareholder Class Meeting and notice of Scheme Meeting	Friday, 21 February
Scheme Circular posted to Sabvest Shareholders and notice convening the Class Meetings and Scheme Meeting published on SENS on	Friday, 28 February
Notice convening the Class Meetings and Scheme Meeting published in the South African press on	Monday, 2 March
Last day to trade in order to be eligible to attend and vote at the Class Meetings and Scheme Meeting	Tuesday, 17 March
Record date in order to be eligible to attend and vote at the Class Meetings and Scheme Meeting	Friday, 20 March
Last day to lodge Forms of Proxy for the Class Meetings by 10h00 on	Wednesday, 25 March
Last day to lodge Forms of Proxy for the Scheme Meeting by 10h00 on	Wednesday, 25 March
N Ordinary Shareholder Class Meeting to be held at 10h00 in the Main Boardroom, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196 on	Friday, 27 March
Ordinary Shareholder Class Meeting to be held at 10h00 (or so soon thereafter as the N Ordinary Shareholder Scheme Meeting is concluded) in the Main Boardroom, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196 on	Friday, 27 March
Scheme Meeting to be held at 10h00 (or so soon thereafter as the Ordinary Shareholder Class Meeting is concluded) in the Main Boardroom, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196 on	Friday, 27 March
Last date and time for Sabvest Shareholders to give notice to Sabvest objecting to the Scheme in terms of section 164(3) of the Companies Act, by 10h00 on	Friday, 27 March
Results of the Class Meetings and Scheme Meeting published on SENS on	Friday, 27 March
Results of the Class Meetings and Scheme Meeting published in the South African press on	Monday, 30 March

If the Conditions Precedent are fulfilled or waived (where capable of waiver and subject to SFT consenting to any such waiver where appropriate) and the Scheme is approved by Sabvest Shareholders at the Scheme Meeting

Last day for Sabvest Shareholders who voted against the Scheme Resolution to require Sabvest to seek court approval for the Scheme in terms of section 115(3)(a) of the Companies Act, if at least 15% of the total votes of Sabvest Shareholders at the Scheme Meeting were exercised against the Scheme Resolution on	Friday, 3 April
Last day for Sabvest Shareholders who voted against the Scheme to apply to the Court for leave to apply for a review of the Scheme in terms of section 115(3)(b) of the Companies Act on	Tuesday, 14 April
Last day for Dissenting Shareholders, by reason of the adoption of the Scheme Resolution, to make a demand to Sabvest that Sabvest pay such Dissenting Shareholders the fair value of all Sabvest Shares held by them, in terms of section 164(7) of the Companies Act on	Wednesday, 29 April
The following dates assume that no Court approval or review of the Scheme is required	
Compliance certificate to be received from the TRP on	Thursday, 30 April
Sabvest AGM	Monday, 4 May
Finalisation announcement published on SENS on	Monday, 4 May
Finalisation announcement published in the South African press on	Tuesday, 5 May
Delisting application in respect of the Sabvest Shares lodged with the JSE on	Wednesday, 6 May
Last day to trade in Sabvest Shares in order to be eligible to receive the Scheme Consideration	Tuesday, 12 May
Sabvest Shares suspended from trading on the JSE with effect from the commencement of business on	Wednesday, 13 May
Sabcap Ordinary Shares to be allocated to Scheme Participants and Scheme Participants can trade their entitlement to Sabcap Ordinary Shares on	Wednesday, 13 May
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements to the Ordinary Share Scheme Consideration, based on the VWAP of a Sabcap Ordinary Share traded on the JSE on Wednesday, 13 May 2020, discounted by 10%, on	Thursday, 14 May
Scheme Record Date in order to be eligible to receive the Scheme Consideration	Friday, 15 May
Dematerialised N Ordinary Shareholders' and Ordinary Shareholders' accounts with their CSDP or Broker credited with the Scheme Consideration on the Scheme Operative Date on or about	Monday, 18 May
Certificated N Ordinary Shareholders' and Ordinary Shareholders' Scheme Consideration posted by registered post at the risk of such Certificated N Ordinary Shareholders and Certificated Ordinary Shareholders on the Scheme Operative Date on or about	Monday, 18 May
Sabvest Shares delisted from the JSE with effect from the commencement of business on	Tuesday, 19 May
Sabcap General Meeting	Thursday, 25 June

Notes:

- All dates and times are subject to change by Sabvest (subject to the approval of the JSE, TRP and CIPC, if required). The dates have been determined based on certain assumptions regarding the dates by which certain shareholder and regulatory approvals including, but not limited to, that of the JSE and TRP, will be obtained and that no court approval or review of the Scheme will be required. Sabvest Shareholders will be notified of any amendments to these Salient Dates and Times on SENS and in the South African press.
- All dates and times indicated above are South African standard dates and times.
- Sabvest Shareholders should note that as transactions in Sabvest Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore persons who acquire Sabvest Shares after the last day to trade in order to be eligible to attend and vote at the Class Meetings and Scheme Meeting (i.e. Tuesday, 17 March 2020) will not be eligible to vote at the Class Meetings and Scheme Meeting, but will, provided the Scheme is approved and they acquire the Sabvest Shares on or prior to the last day to trade in Sabvest Shares in order to be eligible to receive the Scheme Consideration (i.e. Tuesday, 12 May 2020), participate in the Scheme and receive the Scheme Consideration.
- A Sabvest Shareholder may submit a Form of Proxy at any time before the commencement of the Class Meetings and Scheme Meeting (or any adjournment of the Class Meetings and Scheme Meeting) or hand it to the chairman of the Class Meetings and Scheme Meeting before the appointed proxy exercises any of the relevant Sabvest Shareholder's voting rights at the Class Meetings

and Scheme Meeting (or any adjournment of the Class Meetings and Scheme Meeting), provided that should a Sabvest Shareholder lodge a Form of Proxy with the Transfer Secretaries less than 48 hours (excluding Saturdays, Sundays and official public holidays in South Africa) before the Class Meetings and Scheme Meeting, such Sabvest Shareholder will also be required to furnish a copy of such Form of Proxy to the chairman of the Class Meetings and Scheme Meeting before the appointed proxy exercises any of such Shareholder's voting rights at the Class Meetings and Scheme Meeting (or adjourned or postponed Class Meetings and Scheme Meeting).

5. If the Class Meetings and/or Scheme Meeting is adjourned or postponed, Forms of Proxy submitted for the original Class Meetings and/or the Scheme Meeting will remain valid in respect of any such adjournment or postponement.
6. Sabvest Shareholders are advised that there may be no re-materialisation or Dematerialisation of their Sabvest Shares after Tuesday, 12 May 2020.
7. If the Scheme is approved by an insufficient number of Sabvest Shareholders at the Scheme Meeting so that a Sabvest Shareholder may require Sabvest to obtain court approval of the Scheme as contemplated in section 115(3)(a) of the Companies Act, and if a Sabvest Shareholder in fact delivers such a request, the dates and times set out above will need to be amended. Sabvest Shareholders will be notified separately of the applicable dates and times under this process.
8. If any Sabvest Shareholder who votes against the Scheme Resolution exercises its rights in terms of section 115(3)(b) of the Companies Act and applies to Court for a review of the Scheme, the dates and times set out above will need to be amended. Sabvest Shareholders will be notified separately of the applicable dates and times under this process

PROSPECTUS

1. SECTION ONE: INFORMATION ABOUT THE COMPANY WHOSE SECURITIES ARE BEING OFFERED

1.1 Name, address and incorporation

Sabcap was incorporated on 20 January 2020. Its registration number is 2020/030059/06 and its registered address is Ground Floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196.

The Interim Sabcap Directors, whose names are provided in Section One, paragraph 1.4.4 of this Prospectus, confirm that the Company is in compliance with the provisions of the Companies Act, specifically relating to its incorporation, and that Sabcap is operating in conformity with the provisions of its MoI.

1.2 Holding company

Upon implementation of the Proposed Restructure, Sabcap will issue Sabcap Ordinary Shares to the Scheme Participants in terms of the Scheme, and the major and controlling Shareholders of Sabcap will be as detailed in Section 1, paragraph 1.5.13 of this Prospectus.

1.3 Subsidiary

1.3.1 Upon implementation of the Proposed Restructure, Sabvest will become a wholly-owned subsidiary of Sabcap. Sabvest was incorporated in Johannesburg, South Africa, on 11 August 1987 and its registered address is Ground Floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196.

1.3.2 Following implementation of the Proposed Restructure, the business of Sabcap will mirror the business of Sabvest as at the Last Practicable Date. Further details regarding the business of Sabvest is provided in Section 1, paragraph 1.5.3 of this Prospectus and in paragraph 23 and Annexure 2 of the Scheme Circular.

1.4 Directors, other office holders, and material third parties

1.4.1 As at the Last Practicable Date, the business and affairs of Sabcap was managed by the the Interim Sabcap Board which board was constituted for purposes of, amongst other things, taking the steps required for Sabcap to procure the fulfilment of certain of the Conditions Precedent. The details of the Interim Sabcap Directors are set out in Section 1, paragraph 1.4.4 of this Prospectus.

1.4.2 Subject to the fulfilment or waiver (where capable of waiver and subject to SFT consenting to any such waiver where appropriate) of the Conditions Precedent, a new board of directors of Sabcap will be elected at the Sabcap General Meeting, which board will exactly mirror the Sabvest Board as at the Last Practicable Date. The Interim Sabcap non-executive Directors will resign (and be eligible for re-election to the Final Sabcap Board) simultaneously with the appointment of the Final Sabcap Directors.

1.4.3 The Sabvest Directors will, for a period of approximately 1 (one) month after fulfilment or waiver (where capable of waiver and subject to SFT consenting to any such waiver where appropriate) of the Conditions Precedent, serve on the board of Sabvest so as to ensure the continued, seamless and uninterrupted continuation of Sabvest's business. The Sabvest Board will then be reconstituted to consist of executive directors only, having regard to the fact that Sabvest will be a wholly-owned subsidiary of Sabcap, and Sabcap will be the listed investment holding company of Sabvest.

1.4.4 The name, age, nationality, occupation, qualifications and business addresses of the Interim Sabcap Directors are provided in the table below. The Interim Sabcap Directors will resign (and be eligible for re-election to the Final Sabcap Board) immediately once the Proposed Restructure becomes unconditional and simultaneously with the appointment of the Sabvest Directors to the Sabcap Board, so as to constitute the Final Sabcap Board.

Name, age, nationality, occupation	Qualification	Business address
Christopher Seabrooke (Chief Executive Officer) aged 67 South African	BCom, BAcc, MBA, FCMA	Ground Floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196
Raymond Pleaner (Chief Financial Officer) aged 65 South African	BCompt (Hons), CA(SA)	Ground Floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196
Leon Rood (Executive Director) aged 43 South African	BCom, LLB	Ground Floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196
Dawn Mokhobo (Independent Non-executive Chairperson) aged 71 South African	BA	Ground Floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196
Bheki Shongwe (Lead Independent Director) aged 64 South African	BA (Econ), MBA, ACIS, FCIBM	Ground Floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196
Lindiwe Mthimunye-Bakoro (Independent Non-executive Director) aged 46 South African	M.Com, H Dip Tax Law, CA(SA)	Ground Floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196
Kuben Pillay (Independent Non-executive Director) aged 59 South African	BA, LLB, MCJ	Ground Floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, 2196

1.4.5 The name, age, nationality, occupation, qualifications and business addresses of the Final Sabcap Directors, if the Proposed Restructure becomes unconditional, are the same as the Sabvest directors listed above.

1.4.6 Other directorships held

Annexure F to this Prospectus sets out the names of all companies and partnerships of which the Final Sabcap Directors are, or have been, either directors or partners in the 5 (five) years immediately preceding the Last Practicable Date.

1.4.7 Term of office

Subject to the fulfilment or waiver (where capable of waiver and subject to SFT consenting to any such waiver where appropriate) of the Conditions Precedent, the appointment of:

- the Interim Sabcap Directors is indefinite, but the Interim Sabcap Directors will resign (and be eligible for re-election to the Final Sabcap Board) simultaneously with the appointment of the Final Sabcap Directors at the Sabcap General Meeting; and
- the Final Sabcap Directors to Sabcap's Board will be subject to applicable laws, including the provisions of the Companies Act, Listings Requirements and Sabcap's MoI.

1.4.8 Service contracts, manner and terms and conditions of appointment

1.4.8.1 As at the Last Practicable Date, no service agreements were in place between Sabcap and any of the Interim Sabcap Directors.

1.4.8.2 Once the Final Sabcap Board has been elected at the Sabcap General Meeting, there will be service contracts in respect of the executive directors who will serve on the Sabcap Board.

1.4.8.3 The Sabcap board of directors from time to time will be appointed in accordance with the Companies Act, the Listings Requirements, and Sabcap's MoI as well as the principles detailed in Sabcap's corporate governance statement, the details of which are provided in **Annexure G**, to this Prospectus.

1.4.8.4 In this regard, Sabcap's Nominations Committee will identify individuals suitably qualified to become members of the Sabcap board of directors from time to time and the relevant appointments will be made transparently, with the involvement of the full Sabcap board of directors from time to time.

- 1.4.8.5 All non-executive directors of Sabcap from time to time will retire by rotation in accordance with the Sabcap MoI. A minimum of 1/3 (one-third) of the Directors will be obliged to retire at each annual general meeting of Sabcap, during which they may make themselves available for re-election for a further term. The Sabcap directors who retire shall be those longest in office since their last election.
- 1.4.8.6 There is no provision in the MoI of Sabcap with regard to the retirement or non-retirement of Directors under an age limit.
- 1.4.8.7 The Sabcap Board will appoint a chairperson on an annual basis.
- 1.4.9 Remuneration of Directors
 - 1.4.9.1 No remuneration or compensation is payable to the Interim Sabcap Directors for their services as directors of Sabcap. The remuneration of the Interim Sabcap Directors will not be varied as a consequence of the Proposed Restructure.
 - 1.4.9.2 Subject to the fulfilment or waiver (where capable of waiver and subject to SFT consenting to any such waiver where appropriate) of the Conditions Precedent, once the relevant Sabvest Directors have resigned from the Sabvest Board (and be eligible for re-election to the Final Sabcap Board) and have been appointed as the Final Sabcap Directors, their entitlement to receive remuneration from Sabvest will cease and they will, henceforth, be remunerated by Sabcap as detailed in paragraphs 1.4.9.4 to 1.4.9.5 of this Prospectus.
 - 1.4.9.3 The remuneration to the Final Sabcap Directors will be approved by Sabcap Shareholders at the Sabcap General Meeting. Such remuneration is detailed below and is the same as the remuneration which will be proposed and approved by Sabvest's Remuneration Committee and the Sabvest Board, and which will be put to Sabvest Shareholders for approval at the Sabvest AGM, in respect of Sabvest Directors for the 2020 financial year. For a comparison between remuneration previously paid to Sabvest Directors and the remuneration in respect of Sabvest Directors for the 2020 financial year, Sabvest Shareholders are referred to Sabvest's integrated annual reports for 2018 and 2017, copies of which can be obtained from Sabvest's website at www.sabvest.co.za.
 - 1.4.9.4 In respect of executive directors of Sabcap:
 - 1.4.9.4.1 the executive directors of Sabcap will be remunerated only for the services they render as employees and executives of the members of the Sabcap Group.
 - 1.4.9.4.2 the principles underpinning Sabcap's remuneration of executive directors on this basis is (i) to align the interests of executive directors with that of the Sabcap Shareholders; (ii) to link reward for executive directors with the performance of the Sabcap Group over the short and long term; and (iii) to ensure the retention of key executives.
 - 1.4.9.4.3 the components making up the remuneration of executive Directors will be three-fold, namely (i) guaranteed remuneration, (ii) variable, performance-related remuneration and (iii) a long-term incentive plan.
 - 1.4.9.4.4 as regards the guaranteed remuneration, the executive directors will receive an annual base pay.
 - 1.4.9.4.5 the remuneration of executive directors has not yet been determined, but is expected to be in line with the remuneration of the Sabvest Board, as set out below:

	CS			
	Seabrooke	R Pleaner	L Rood	Total
	2019	2019	2019	2019
	R'000	R'000	R'000	R'000
Salaries	2,551	2,154	3,032	7,737
Retirement and medical	372	334	288	994
Other benefits	1,481	560	480	2,521
Basic remuneration	4,404	3,048	3,800	11,252
Incentive bonuses				
– Short term ¹	5,601	2,962	2,950	11,513
– LTIP ²	4,107	1,757	0	5,864
Take on bonus	0	0	2,000	2,000
Total Remuneration	14,112	7,767	8,750	30,629

1. As per Sabvest's remuneration policy, part of the executive bonuses is calculated on profit after tax and this figure is only finalised once the financial statements have been audited. The short-term bonus is an interim bonus paid before year-end based on a conservatively estimated PAT. An accrual will be created for the estimated balance and will be paid in the following year once the final PAT figure is calculated.

2. Paid in 2019 relative to 2018 financial year.

1.4.9.5 In respect of non-executive Directors of Sabcap:

1.4.9.5.1 remuneration will be paid to the non-executive directors of Sabcap for their services as such, as detailed below. Non-executive directors will receive annual fees for their roles as such, as Sabcap Board committee members and for sitting on the boards of investee companies on behalf of the Sabcap Group. Separate meeting attendance fees are not considered necessary or appropriate, unless the time allocated for meetings at which non-executive directors are required to attend is materially more than normal in a particular year.

1.4.9.5.2 non-executive directors will not be entitled to participate in any incentive schemes offered by Sabcap and will not receive any performance-based remuneration.

1.4.9.5.3 the remuneration of non-executive directors will be reviewed annually by the Remuneration Committee of Sabcap and recommendations for increases will be made to Sabcap Shareholders for consideration and approval at Sabcap's annual general meetings from time to time.

1.4.9.5.4 the fees which will be payable to the non-executive Final Sabcap Directors for the 2020 financial year, as recommended and approved by the Sabvest Remuneration Committee, subject to the Proposed Restructure being implemented and the Remuneration Committee of Sabcap, once appointed, ratifying same, were benchmarked against fees payable by other JSE-listed companies with a similar profile and are as detailed below. Comparative figures for the annual amounts which non-executive directors of Sabvest received are also provided (in rand) below:

Committee role	2019	2020
Board Chairperson	340,000	360,000
Board member	235,000	250,000
Lead Independent Director	35,000	45,000
Audit and Risk chairperson	160,000	170,000
Audit and Risk member	50,000	60,000
Remuneration chairperson	85,000	100,000

Committee role	2019	2020
Remuneration member	50,000	60,000
Social, Ethics and Transformation chairperson	80,000	85,000
Social, Ethics and Transformation member	50,000	60,000
Nominations chairperson	85,000	85,000
Nominations member	50,000	60,000

1.4.10 Borrowing powers of Directors

1.4.10.1 Sabcap's MoI does not provide for any restrictions on the borrowing powers that can be exercised by the Sabcap Directors, nor have such powers been amended or varied since Sabcap's incorporation.

1.4.10.2 In the circumstances, the Interim Sabcap Directors have not exceeded their borrowing powers since Sabcap's incorporation.

1.4.10.3 Extracts of Sabcap's MoI are provided in **Annexure C** to this Prospectus.

1.4.10.4 The business to be carried on by Sabcap, namely that of an investment holding company, will not be managed by a third party under contract or otherwise.

1.4.11 Directors interests in Securities

As at the Last Practicable Date, the sole shareholder of Sabcap is SFT, being an Associate of Sabvest's Chief Executive Officer, Christopher Seabrooke. No other Interim Sabcap Director or Final Sabcap Directors (or any of their Associates) held any direct or indirect beneficial interest in the share capital of Sabcap. The interests of the Interim Sabcap Directors and the Final Sabcap Directors in the share capital of Sabvest is disclosed in paragraph 27 of the Scheme Circular.

1.4.12 Directors' interests in contracts/transactions

Sabcap is a newly incorporated company and has not entered into any transactions since its incorporation. In the circumstances, neither the Interim Sabcap Directors nor the Final Sabcap Directors have, and have since incorporation of Sabcap had, any direct or indirect beneficial interest in transactions entered into by Sabcap.

1.4.13 Loans granted to management and Directors

As at the Last Practicable Date, no loans have been granted by Sabcap to the Interim Sabcap Directors nor to the Final Sabcap Directors.

1.4.14 Directors' declarations

In anticipation of the Sabcap Listing, the required Schedule 13 Director's declarations have been made and signed by each of the Final Sabcap Directors, in terms of which, it is confirmed, amongst other things, that none of the Final Sabcap Directors have:

1.4.14.1 been adjudged bankrupt or insolvent, or entered into any individual voluntary compromise arrangement;

1.4.14.2 been a director of a company that has proposed or adopted a business rescue plan and/or a resolution to commence business rescue proceedings or in respect of which application was made to commence business rescue proceedings, or in respect of which the board of such company has issued a notice in terms of section 129(7) of the Companies Act, or that has been placed in receivership, compulsory liquidation, creditor's voluntary liquidation, administration, entered into any compromise or arrangement with such company's creditors generally or any class of such company's creditors, during the period which he was (or within the preceding 12 (twelve) months had been) one of its directors;

1.4.14.3 been a partner of a partnership that has been placed under receivership, compulsory liquidation, administration or entered into any arrangements with such partnership's creditors generally, during the period which he was (or within the preceding 12 (twelve) months had been) one of its partners;

1.4.14.4 been publically criticised by any statutory or regulatory authority, including recognised professional bodies, nor disqualified by a court from acting as a director of a company, or from acting in the management or conduct of the affairs of a company;

- 1.4.14.5 been convicted of any offence involving dishonesty;
- 1.4.14.6 been removed from an office of trust on grounds of misconduct and involving dishonesty;
- 1.4.14.7 had any court grant an order declaring him to be a delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, 1984 (Act 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the Companies Act.
- 1.4.15 Code of corporate practice and conduct
- The corporate governance principles to be applied by Sabcap, pursuant to the King Code, replicate those applied by Sabvest, and are set out in **Annexure G** of this Prospectus.
- 1.4.16 Chief Executive Officer and Chairperson
- Upon implementation of the Proposed Restructure, the Chief Executive Officer of Sabcap will be Christopher Seabrooke, the independent non-executive Chairperson of Sabcap will be Dawn Mokhobo and the Lead Independent Director will be Bheki Shongwe.
- 1.4.17 Expertise and experience of Directors
- A brief curriculum vitae of each of the Final Sabcap Directors is provided in **Annexure E** to this Prospectus.
- 1.4.17.1 Chief Financial Officer
- The Audit and Risk Committee of Sabvest considered and has satisfied itself that Raymond Pleaner has the appropriate experience and expertise to fulfil his role as Chief Financial Officer of Sabvest. The Audit and Risk Committee of Sabvest will be replicated and appointed as the Audit and Risk Committee of Sabcap, as more fully detailed in paragraph 1.4.18.1 below and it is envisaged that Raymond Pleaner will be appointed as Chief Financial Officer of Sabcap at the Sabcap General Meeting.
- 1.4.17.2 Company secretary
- 1.4.17.2.1 As at the Last Practicable Date, Sabcap's company secretary was Levitt Kirson Business Services Proprietary Limited.
- 1.4.17.2.2 Subject to the fulfilment or waiver (where capable of waiver and subject to SFT consenting to any such waiver where appropriate) of the Conditions Precedent, the same position will apply in relation to Sabcap following implementation of the Proposed Restructure and it is envisaged that Levitt Kirson Business Services Proprietary Limited will fulfil the company secretarial function for Sabcap.
- 1.4.17.2.3 Each Sabvest Director conducted an assessment of the eligibility, skills, knowledge and execution of duties of Levitt Kirson Business Services Proprietary Limited, to perform the duties of company secretary in relation to Sabvest. Based on the outcome of such assessment, the Sabvest Directors were of the opinion that Levitt Kirson Business Services Proprietary Limited suitably fulfils the role of company secretary of Sabcap as it possesses the requisite competence and knowledge to carry out the company secretarial function for a public company. The assessment also confirmed that the Sabcap Directors believe that Levitt Kirson Business Services Proprietary Limited is independent of the Sabvest Board and, accordingly, maintains an arm's length relationship with the Sabcap Directors.
- 1.4.17.2.4 As indicated above, it is envisaged that Levitt Kirson Business Services Proprietary Limited will be appointed as company secretary to Sabcap simultaneously with the election of the Final Sabcap Board.
- 1.4.17.2.5 The same independence and arm's length relationship between Levitt Kirson Business Services Proprietary Limited and the Final Sabcap Board as exists in relation to Sabvest will be maintained in relation to Sabcap.
- 1.4.18 As at the Last Practicable Date, Sabcap had no board committees. However, the board committees in place in respect of Sabvest as at the Last Practicable Date will be replicated and appointed in respect of Sabcap at the Sabcap General Meeting. The board committees of Sabvest as at the Last Practicable Date, which will, subject to the fulfilment or waiver (where capable of waiver and subject to SFT consenting to any such waiver where appropriate) of the Conditions Precedent, be replicated in respect of Sabcap, are as follows:

1.4.18.1 Audit and Risk Committee

The members of the Sabvest Audit and Risk Committee, who will be appointed to the Sabcap Audit and Risk Committee, are Lindiwe Mthimunye-Bakoro, Dawn Mokhobo and Bheki Shongwe.

1.4.18.2 Remuneration Committee

The members of the Sabvest Remuneration Committee, who will be appointed to the Sabcap Remuneration Committee, are Dawn Mokhobo, Lindiwe Mthimunye-Bakoro, Bheki Shongwe and Kuben Pillay.

1.4.18.3 Social and Ethics Committee

The members of the Sabvest Social and Ethics Committee, who will be appointed to the Sabcap Social and Ethics Committee are Christopher Seabrooke, Dawn Mokhobo, Lindiwe Mthimunye-Bakoro, Bheki Shongwe and Kuben Pillay.

1.4.18.4 Nominations Committee

The members of the Sabvest Nominations Committee, who will be appointed to the Sabcap Nominations Committee are Dawn Mokhobo, Lindiwe Mthimunye-Bakoro, Bheki Shongwe and Kuben Pillay.

1.4.19 General

1.4.19.1 As at the Last Practicable Date, there are no prescribed officers of Sabcap.

1.4.19.2 Sabcap's:

- auditors are Deloitte & Touche, with business address at Deloitte Place, The Woodlands, 20 Woodlands Drive, Woodmead, Sandton, 2196;
- legal advisors are Edward Nathan Sonnenbergs Incorporated, with business address at The Marc, Tower 1, 129 Rivonia Road, Sandton, 2196;
- bankers post-implementation of the Proposed Restructure will be ABSA Group Limited, with business address at 7th Floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001; FirstRand Bank Limited, with business address at 4 Merchant Place, corner Fredman Drive and Rivonia Road, Sandown, 2196; Standard Bank Limited, with business address at 5 Simmonds Street, Selby, Johannesburg, 2001 and UBS AG, with business address at 5 Broadgate, London, EC2M 2AN, United Kingdom; and
- company secretary is Levitt Kirson Business Services Proprietary Limited, with business address at Aloe Grove, Houghton Estate Office Park, 2 Osborn Road, Houghton Estate, Johannesburg, 2198.
- Sabcap does not have stockbrokers or underwriters.

1.4.20 Experts' consents

1.4.20.1 The details of Sabcap's legal advisors are set out in the section headed "Corporate Information" in this Prospectus. The consent letter by the legal advisors of Sabcap, as contemplated in section 102(2) of the Companies Act, has been provided to the CIPC and the JSE, and is available for inspection as detailed in Section 4, paragraph 4.8 of this Prospectus. The consent granted in terms of such consent letter has not been withdrawn prior to the publication of this Prospectus.

1.4.20.2 The details of Sabcap's merchant bank and sponsor are set out in the section headed "Corporate Information" in this Prospectus. The consent letter by the JSE and transaction sponsor of Sabcap, as contemplated in section 102(2) of the Companies Act, has been provided to the CIPC and the JSE, and is available for inspection as detailed in Section 4, paragraph 4.8 of this Prospectus. The consent granted in terms of such consent letter has not been withdrawn prior to the publication of this Prospectus.

1.4.20.3 The details of Sabcap's bankers post-implementation of the Proposed Restructure are set out in the section headed "Corporate Information" in this Prospectus.

1.4.20.4 The details of Sabcap's transfer secretaries post-implementation of the Proposed Restructure are set out in the section headed "Corporate Information" in this Prospectus.

1.4.20.5 The details of Sabcap's independent reporting accountant are set out in the section headed "Corporate Information" in this Prospectus. The consent letter by the independent reporting accountant of Sabcap, as contemplated in section 102(2) of the Companies Act, has been provided to the CIPC and the JSE, and is available for inspection as detailed in Section 4, paragraph 4.8 of this Prospectus. The consent granted in terms of such consent letter has not been withdrawn prior to the publication of this Prospectus.

1.4.21 As at the Last Practicable Date, the Sabvest Directors were:

1.4.21.1 Christopher Seabrooke;

1.4.21.2 Raymond Pleaner;

1.4.21.3 Leon Rood;

1.4.21.4 Dawn Mokhobo;

1.4.21.5 Bheki Shongwe;

1.4.21.6 Lindiwe Mthimunye-Bakoro; and

1.4.21.7 Kuben Pillay.

1.5 **History, state of affairs and prospects of Sabcap**

1.5.1 History of Sabcap

Sabcap was incorporated in South Africa under the name Sabvest Capital Limited on 20 January 2020. Sabcap is a newly incorporated public company and was not conducting any business from the date of its incorporation until the Last Practicable Date. As such, there has been no change in the controlling shareholder or the trading object of the Company during the previous 5 (five) years. As at the Last Practicable Date, SFT is Sabcap's sole shareholder.

1.5.2 Sabcap's business

Upon implementation of the Proposed Restructure, Sabcap's only asset will be its 100% (one hundred per cent) holding of the Sabvest Shares. Sabcap will serve primarily as an investment holding company and as a vehicle for the holding of Sabvest Shares.

Further information relating to Sabcap, including its investment policy, is disclosed in **Annexure I** to this Prospectus. The investment policy of Sabcap will be approved at the Sabcap General Meeting.

1.5.3 Sabvest's business

1.5.3.1 As at the Last Practicable Date, the Sabvest Group is an investment group with significant interests in nine unlisted groups, long-term direct and indirect holdings in six JSE-listed investments and equity funds, and offshore bond portfolios, all accounted for on a fair value basis. In addition, the Sabvest Group makes finance advances, participates in debt instrument portfolios and undertakes other fee and profit-earning activities

1.5.3.2 Sabvest became a public company in 1988. There has been no material change in the business of the Sabvest Group during the 3 (three) years preceding the Last Practicable Date.

1.5.3.3 Sabvest operates in South Africa through its head office in Johannesburg and internationally through its office in Monaco, which it shares with certain of its investee companies. Its activities are conducted through 3 (three) wholly-owned Subsidiaries in South Africa and one wholly-owned subsidiary registered in the British Virgin Islands and managed in Monaco.

1.5.3.4 Further information relating to Sabvest, including its investment policy, is available in the Sabvest Circular, the Sabvest Financial Information and on Sabvest's website, www.sabvest.co.za.

1.5.4 Impact of the Proposed Restructure on Sabvest

The Sabvest Independent Board has considered the impact of the Proposed Restructure on Sabvest and has concluded that none of Sabvest's material contracts will be affected.

- 1.5.5 Opinion of the Sabvest Independent Board
- 1.5.5.1 The rationale proposed to the Sabvest Independent Board, of which the Sabvest Independent Board is in agreement in principle, is that although the Proposed Restructure preserves SFT's voting control of Sabcap (for the reasons set out in Section 2, paragraph 2.3.3 of this Prospectus), the Proposed Restructure will nonetheless be beneficial to Sabvest Shareholders, for the reasons detailed in Section 2, paragraph 2.3.3 of this Prospectus.
- 1.5.5.2 In relation to the prospects of Sabcap and Sabvest, the opinion of the Sabvest Board the portfolio is expected to deliver satisfactory growth and returns in the period ahead. This assessment is based on the fact that the Group's eight unlisted long-term investee companies are all budgeting improved profitability in 2020 which will in turn increase their valuations. In addition, while it is obviously not possible to predict the share prices of the Group listed investments, the improving fundamentals of those retained are likely to enhance value and thereby share prices in due course.
- 1.5.5.3 Sabvest Shareholders are cautioned to have regard to the material risk factors detailed in Section 1, paragraph 1.5.6 and **Annexure H** of this Prospectus.
- 1.5.6 Material risk factors
- 1.5.6.1 Within the context of the business and investment strategy, plans and philosophy that will apply to Sabcap, the Sabvest Board has identified material issues and risks which it believes could impact Sabcap's ability to sustain future value and growth.
- 1.5.6.2 The Sabvest Board believes that the material issues and risks detailed in **Annexure H** to the prospectus are those that will affect the performance and longer-term viability of the Sabcap Group.
- 1.5.6.3 If any of the risk factors detailed in this Prospectus or any other risks and uncertainties not known to the Sabvest Board at the time of the Sabcap Listing, or which the Sabvest Board currently believes are not material, materialise, then Sabcap's business, financial condition and results of operations could be materially adversely affected. This may mean that the trading price of the Sabvest Ordinary Shares may decline.
- 1.5.7 State of affairs
- 1.5.7.1 Sabcap is a newly incorporated public company which has not traded and has no operating history. As at the Last Practicable Date, Sabcap does not have any Subsidiaries. Details of the Share capital of Sabcap is provided in Section 1, paragraph 1.5.11 and 1.5.12 of this Prospectus.
- 1.5.7.2 As at the Last Practicable Date:
- Sabvest is a listed investment company with a dual share ownership structure comprising 80 000 000 authorised and 24,276,919 issued N Ordinary Shares and 24,000,000 authorised and 16,975,293 issued Ordinary Shares. In terms of the Company's MoI, on a poll, the N Ordinary Shares carry 1 vote per N Ordinary Share and the high voting Ordinary Shares carry 500 votes per Ordinary Share. The N Ordinary Shares and Ordinary Shares rank *pari passu* for earnings and dividends, but not in respect of voting rights. Accordingly, Sabvest has 41,252,212 Sabvest Shares in issue as at the Last Practicable Date with equal economic rights, but unequal voting rights.
- 1.5.8 Immovable property
- As at the Last Practicable Date, Sabcap does not own, occupy or lease any immovable property other than its head office premises.
- 1.5.9 Commitments to purchase, construct or installation
- As at the Last Practicable Date, Sabcap has no commitments for the purchase, construction or installation of buildings, plant or machinery.
- 1.5.10 Financial information
- 1.5.10.1 Sabcap is a newly incorporated company which has not traded since its incorporation on 20 January 2020. Sabcap does not have any operating history or turnover and has never declared any dividends. Sabcap has no historical financial information or *pro forma* financial information. The audited opening statement of financial position of Sabcap is attached to this Prospectus as **Annexure A** and the Independent

Reporting Accountant's report in respect of Sabcap's aforesaid financial statements is attached to this Prospectus as **Annexure Ai**. Sabcap will adopt accounting policies of Sabvest, on implementation of the Proposed Restructure and going forward.

1.5.10.2 In simplistic terms, the Scheme entails a swap by Sabvest Shareholders of their Sabvest Shares for Sabcap Ordinary Shares, with the result that Sabvest Shareholders will hold Sabcap Ordinary Shares and Sabvest will become a subsidiary of Sabcap. The financial position of Sabvest Shareholders will, before and after, implementation of the Scheme (being an indivisible component of the Proposed Restructure) be substantially similar, more particularly in that in relation to Sabvest Shareholders, such Sabvest Shareholders will retain their investment in Sabvest but will hold such investment through Sabcap. However, Sabvest Ordinary Shareholders, other than SFT will hold 10% more Sabcap shares due to the agreed exchange ratio of 1,1:1.

1.5.10.3 Having regard to the above and the fact that Sabcap is a newly incorporated company which has never traded, the business of Sabcap will, after the implementation of the Proposed Restructure, effectively be a "mirror" of the business of Sabvest.

1.5.10.4 The following historical financial information is provided with this Prospectus:

1.5.10.4.1 Sabcap

The audited opening statement of financial position of Sabcap is attached to this Prospectus as **Annexure A** and the Independent Reporting Accountant's report in respect of Sabcap's aforesaid financial statements is attached to this Prospectus as **Annexure Ai**.

1.5.10.4.2 Sabvest

- **Annexure B** to this Prospectus contains the consolidated audited financial information of Sabvest for the 3 (three) years ended 31 December 2018, prepared in accordance with IFRS. **Annexure Bii** contains the Independent Reporting Accountant's report thereon.
- **Annexure Bi** to this Prospectus contains the consolidated reviewed financial information of Sabvest for the 6 (six) months ended 30 June 2019. **Annexure Bii** contains the Independent Reporting Accountant's report thereon.
- Further historical financial information regarding Sabvest can be obtained from the Scheme Circular and Sabvest's website www.sabvest.co.za. The *pro forma* financial in respect of the Proposed Restructure is disclosed in paragraph 19 and Annexure 3 to the Scheme Circular.

1.5.10.5 Dividends and distributions

1.5.10.5.1 Subject to the Companies Act, the Listings Requirements and Sabcap's MoI, Sabcap directors from time to time will have absolute discretion as to the payment of any dividends, including interim, final and special dividends, in respect of the Sabvest Ordinary Shares. Any dividends declared by the Sabcap directors from time to time will be paid in accordance with the laws of South Africa.

1.5.10.5.2 The Z Share is not entitled to participate in any dividends or distributions of Sabcap, except if the Z Share is repurchased by Sabcap, in which event the Z Share is to be repurchased at its issue price.

1.5.10.5.3 No dividend shall be declared or paid unless the Sabcap directors from time to time are satisfied on reasonable grounds that, immediately after payment of the dividend, the value of Sabcap's assets will exceed its liabilities and Sabcap will be able to pay its debts as they fall due.

1.5.10.5.4 As at the Last Practicable Date, no dividends had been declared by Sabcap.

1.5.10.5.5 As at the Last Practicable Date, no Sabcap Ordinary Shares were in issue with a fixed date on which entitlement to dividends arises. There are no arrangements in force whereby future dividends are waived or agreed to be waived after the issue of such Sabcap Ordinary Shares in terms of the Scheme.

1.5.11 Share capital of Sabcap

Sabcap was incorporated with an authorised share capital of 500 000 000 Sabcap Ordinary Shares and 1 Z Share. There have been no alterations to Sabcap's Share capital since its incorporation.

1.5.12 Accordingly:

- there have been no consolidations of Sabcap securities since Sabcap's incorporation;
- save in relation to the Scheme, no offers for Sabcap Ordinary Shares were made to the public since Sabcap's incorporation;
- no share repurchases were undertaken by Sabcap;
- there have been no securities issued by Sabcap, in terms of which, an amount was payable by way of a premium;
- the directors of Sabcap from time to time will, subject to the requisite Sabcap Shareholders' and/or JSE approval, control the issue and disposal of authorised but unissued Sabcap Ordinary Shares; and
- the Sabcap Ordinary Shares will be listed on the Main Board of the JSE.

Sabcap's Share capital, prior to and post implementation of the Proposed Restructure, is and will be as follows:

Prior to implementation of the Proposed Restructure:

Authorised Ordinary Share capital	500,000,000
Issued Ordinary Share capital	0
Authorised Z Share capital	1
Issued Z Share capital	1

Post implementation of the Proposed Restructure:

Authorised Ordinary Share capital	500,000,000
Issued Ordinary Share capital	41,760,242
Stated Capital (subject to listing values)	1,673,365
Authorised Z Share capital	1
Issued Z Share capital	1

As at the Last Practicable Date, no Sabvest Shares were held in treasury and no Sabcap Ordinary Shares were held in treasury.

1.5.13 Major and controlling shareholders

As at the Last Practicable Date, SFT holds 11,895,000 Ordinary Shares and 4,105,000 N Ordinary Shares, giving it a 38.78% economic interest in Sabvest and a 69.92% voting interest.

Following implementation of the Proposed Restructure, Sabcap Shareholders who will hold more than 5% (five percent) of the economic interest or voting rights, as the case may be, in Sabcap are expected to be (approximately):

	Economic interest	Voting rights
SFT	38.31%	69.83%*
Valderoma Investments SA	7.68%	3.76%
Eric Ellerrine Trust	6.94%	3.40%

* Inclusive of the 51% voting rights included in the Z share.

Note:

1. As at the Last Practicable Date, the controlling shareholder of Sabcap is SFT. There will be no change in the controlling shareholder of Sabcap as a result of the Proposed Restructure and SFT will continue to control Sabcap via its holding of Sabcap Ordinary Shares and the Z Share.

1.5.14 Options and preferential rights

As at the Last Practicable Date, there were no preferential conversion, redemption and/or exchange rights in respect of any of the Sabcap Ordinary Shares or other securities of Sabcap, nor are there any contracts, arrangements or proposed contracts or arrangements whereby any option or preferential right of any kind was or is proposed to be given to any person to subscribe for any securities in Sabcap.

1.5.15 Commissions paid or payable in respect of underwriting

No commission or consideration has been paid by Sabcap in respect of the allotment or issue of securities since Sabcap's incorporation. No commission was or shall be paid in respect of the allotment or issue of the Sabcap Ordinary Shares to be issued in terms of the Scheme.

No contract or arrangement has been concluded or is to be concluded whereby any option or preferential right of any kind was or is proposed to be given to any person to subscribe for any securities in Sabcap.

No commissions, discounts, brokerages or other special terms have been granted by Sabcap during the 3 (three) years preceding the date of this Prospectus, in connection with the issue or sale of any securities of the Company.

1.5.16 Material contracts

1.5.16.1 As at the Last Practicable Date, Sabcap has not entered into, and it is not proposed that it will enter into any contracts relating to the Sabcap Directors' and managerial remuneration, royalties, secretarial and technical fees or any agreement in terms of which any restraint payment will be payable by Sabcap. Details regarding the Sabcap Directors' remuneration is provided in Section 1, paragraph 1.4.9 above.

1.5.16.2 Save as detailed below, Sabcap has not, for the 2 (two) years preceding the Last Practicable Date, entered into any material contracts which are out of the ordinary course of business of Sabcap, including any restrictive funding arrangements, which contain an obligation or settlement that is material to the Sabcap Group.

1.5.17 Interests of directors and promoters

1.5.17.1 None of the Interim Sabcap Directors nor any of the Final Sabcap Directors participated in the promotion of Sabcap.

1.5.17.2 No amount has been paid to any Interim Sabcap Director or Final Sabcap Director or any company in which he is interested (directly or indirectly) or of which he is a director, or to any partnership, other association in which he is a member, since the incorporation of Sabcap (whether in cash, securities or otherwise) by any person either to induce him to become or to qualify him as a director or otherwise for services rendered by him (or by the associated entity) in connection with the promotion or formation of Sabcap.

1.5.17.3 No Interim Sabcap Director or Final Sabcap Director has any material beneficial interest, direct or indirect, in the promotion of Sabcap, or in any assets acquired or to be acquired by Sabcap through the Scheme or otherwise in the 3 (three) years preceding the Last Practicable Date and no amount has been paid during this period, or is proposed to be paid, to any such director.

1.5.18 Loans

1.5.18.1 Advances, loan capital and borrowings

1.5.18.1.1 No loans have been advanced to Sabcap as at the date of this Prospectus.

1.5.18.1.2 The borrowing powers of Sabcap have not been exceeded since its incorporation. The borrowing powers of the Final Sabcap Directors are set out in Section 1, paragraph 1.4.10 of this Prospectus.

1.5.18.2 Loans receivable

1.5.18.2.1 No loans have been made by Sabcap, or by a major subsidiary of Sabcap (or by any other subsidiary where the loan is material to Sabcap), as at the date of this Prospectus.

1.5.18.2.2 Sabcap has not made any loans to or for the benefit of any Interim Sabcap Director or Final Sabcap Director, manager or any Associate of any Interim Sabcap Director or Final Sabcap Director or manager of Sabcap.

1.5.18.3 Capital commitments, lease payments and contingent liabilities

1.5.18.3.1 Sabcap had no outstanding material commitments for capital expenditure or lease payments as at the Last Practicable Date.

1.5.18.3.2 Sabcap had no contingent liabilities at the Last Practicable Date.

1.5.18.4 Subsidiary companies and inter-company loans

As at the Last Practicable Date, Sabcap did not have any Subsidiaries and has not made or received any inter-company loans.

1.5.19 Shares to be issued otherwise than for cash

No securities of Sabcap have been issued or agreed to be issued to any person other than for cash within the 3 (three) years immediately preceding the Last Practicable Date.

1.5.20 Acquisition or disposal of property

Sabcap has not acquired or disposed of any immovable or leasehold properties since its incorporation, nor does it propose to do so. Sabcap has also not made any material acquisition of securities in another company since its incorporation.

1.5.21 Amounts paid or payable to promoters

No amount has been paid within the 3 (three) years immediately preceding the Last Practicable Date, or is payable, to any promotor, or to any partnership, or other association of which that promoter is or was a member in connection with the promotion of Sabcap.

1.5.22 Preliminary expenses and issue expenses

There have been no preliminary expenses relating to the Proposed Restructure and incurred by Sabvest in the three years immediately preceding the date of this Prospectus.

The approximate expenses relating to the Proposed Restructure (exclusive of VAT) are expected to be:

Expense	Payable to:	R'000
Independent Expert	BDO	175
Merchant bank and sponsor ¹	RMB	3,500
Reporting accountant	Deloitte & Touche	50
Legal advisors	ENS	3,600
Transaction advisors ²	Apex Partners	–
TRP fees	TRP	23
JSE fees	JSE	67
Printing and posting costs	Ince	120
Total		8,795

Notes:

¹ Acting under one mandate.

² Acting under ongoing advisory mandate.

1.5.23 Statement regarding Sabvest

1.5.23.1 As at the Last Practicable Date, Sabcap had no Subsidiaries. However, upon implementation of the Proposed Restructure, Sabvest will become a wholly-owned subsidiary of Sabcap.

1.5.23.2 In the circumstances, the following statements are made in respect of Sabvest, as at the Last Practicable Date:

1.5.23.2.1 Sabvest holds interests in various companies, as detailed in the Sabvest Financial Information. The details of Sabvest's material acquisitions and disposals in the 3 (three) years immediately preceding the Last Practicable Date can be obtained from Sabvest's historical financial information, which is available on Sabvest's website at www.sabvest.co.za under the sections 'Our Company/Investment Portfolio' and 'Investor Centre/Financials 2019' and 'Financials 2018';

1.5.23.2.2 Sabvest has no commitments for the purchase, construction or installation of buildings, plant or machinery;

1.5.23.2.3 Sabvest has not, for the 2 (two) years preceding the Last Practicable Date, entered into any material contracts which are out of the ordinary course of business of Sabvest, including any restrictive funding arrangements, which contains an obligation or settlement that is material to Sabvest or the Sabvest Group save and except for:

- 1.5.23.2.3.1 the SFT Agreement, referred to in paragraph 4.8.5 above, was concluded;
- 1.5.23.2.3.2 Sabvest has not entered into any contracts relating to Sabvest Directors' and managerial remuneration, royalties, secretarial and technical fees or any agreement in terms of which any restraint payment will be payable by Sabvest;
- 1.5.23.2.3.3 Sabvest's business is not managed by a third party under contract or otherwise; and
- 1.5.23.2.3.4 Sabvest has no commitment to incur capital expenditure nor any contingent liabilities.
- 1.5.24 In relation to the Sabvest Directors:
- 1.5.24.1 the Sabvest Directors have, and have since 31 December 2018 had, no direct or indirect beneficial interest in any transactions entered into by Sabvest as at the Last Practicable Date; and
- 1.5.24.2 no loans have been granted by Sabvest to any of the Sabvest Directors.
- 1.5.25 In relation to Sabvest's loans and borrowings:
- 1.5.25.1 Sabvest's MoI does not provide for any restrictions on the borrowing powers that can be exercised by the Sabvest's Directors. In the circumstances, Sabvest's Directors have not exceeded their borrowing powers for the 3 (three) year period immediately preceding the Last Practicable Date; and
- 1.5.25.2 for details regarding Sabvest's loans and borrowings, Sabvest Shareholders are referred to **Annexure B**.
- 1.5.26 In relation to Sabvest's share capital as detailed in Section 1, paragraph 1.5.11 and 1.5.12:
- 1.5.26.1 there are no preferential conversion, redemption and/or exchange rights in respect of any of the Sabvest shares or other securities of Sabvest as at the Last Practicable Date;
- 1.5.26.2 no debentures have been created in terms of any trust deed;
- 1.5.26.3 there are no contracts, arrangements or proposed contracts or arrangements whereby any option or preferential right of any kind was or is proposed to be given to any person to subscribe for any Sabvest Shares as at the Last Practicable Date;
- 1.5.26.4 no Sabvest Shares have been issued, or agreed to be issued, within 3 (three) years immediately preceding the Last Practicable Date, to any person other than for cash;
- 1.5.26.5 no offers for the issue of Sabvest Shares were made within 3 (three) years immediately preceding the Last Practicable Date; and
- 1.5.26.6 no share repurchases were undertaken by Sabvest within 3 (three) years immediately preceding the Last Practicable Date, other than as set out below:

Date	No. of N Ordinary Shares	Average price R
4 April 2017	27,657	24.00
7 April 2017	97,343	24.00
31 May 2017	56	24.00
5 March 2018	31,000	35.00
13 November 2018	3,471,602	34.60
20 September 2019	350,000	32.00
6 December 2019	163,374	32.76
9 December 2019	36,626	34.51

Date	No. of Ordinary Shares	Average price R
11 April 2017	1,226	25.00
21 April 2017	2,800	25.00
2 May 2017	7,085	24.82
3 May 2017	14,000	25.00
4 May 2017	25,000	25.50
25 May 2017	16,143	24.94
31 May 2017	16,118	25.50
27 March 2018	1,271	40.00

2. SECTION TWO – INFORMATION ABOUT THE OFFERED SECURITIES

2.1 Purpose of the offer

The purpose of the offer is to give effect to the Scheme (being an indivisible component of the Proposed Restructure). The rationale for the Proposed Restructure is set out below.

The purpose of this Prospectus is to:

- 2.1.1 provide Sabvest Shareholders with information relating to Sabcap, its proposed business, directors and management (which, pursuant to the implementation of the Proposed Restructure, will mirror the business of Sabvest as at the Last Practicable Date);
- 2.1.2 provide information regarding the issue by Sabcap of 41,760,242 Sabcap Ordinary Shares to Scheme Participants and the issue by Sabcap of the Z Share to SFT, pursuant to the implementation of the Proposed Restructure, including particularly the Scheme, and to bring about the Sabcap Listing; and
- 2.1.3 set out the salient features of the Sabcap Ordinary Shares and the salient features of the Z Share.

2.2 Time and date of the opening and of the closing of the offer

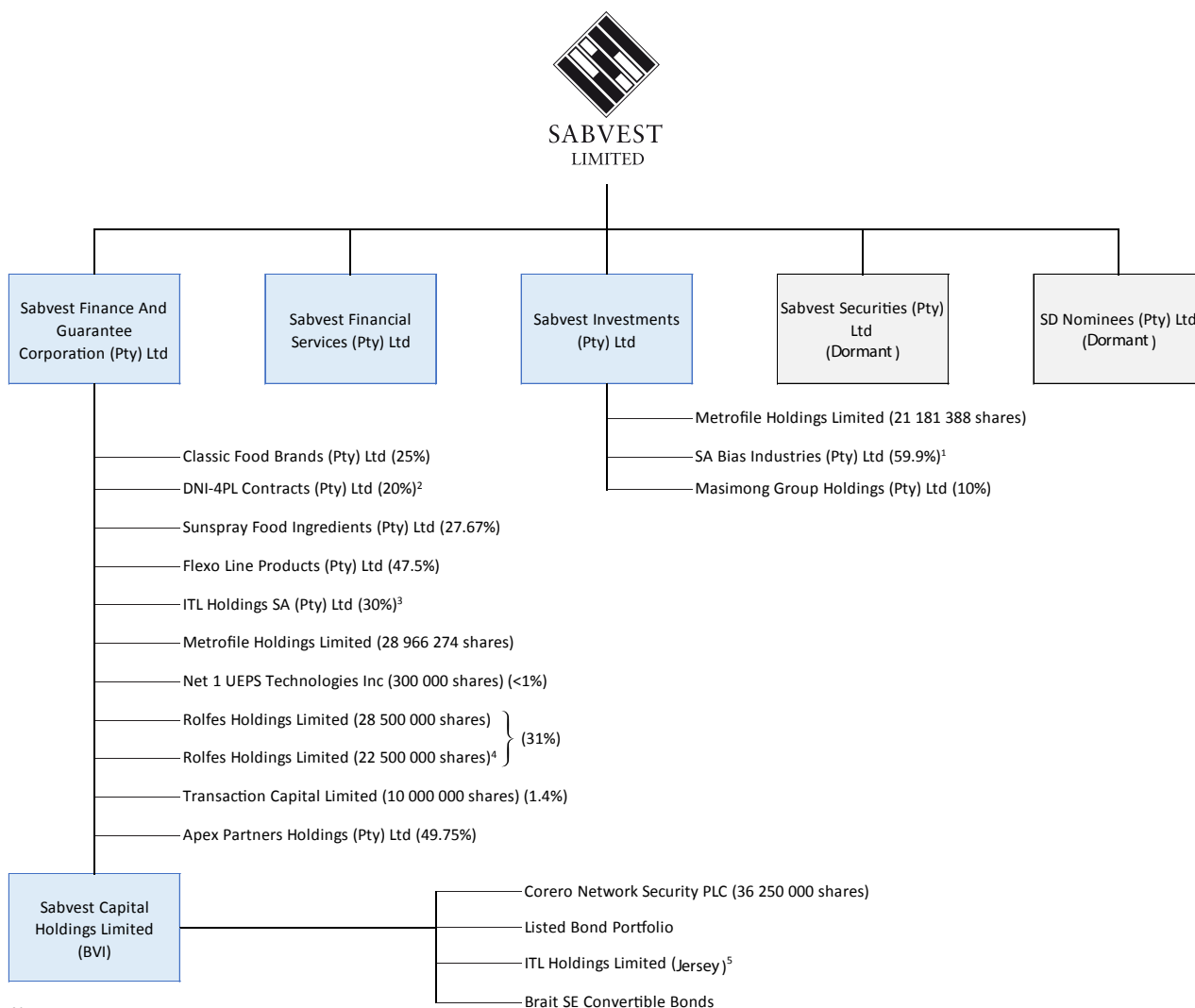
Sabvest Shareholders are referred to the details contained in Paragraph F of the executive summary of this Prospectus, which appears on page 11 of this Prospectus, for the salient dates and times applicable to the Proposed Restructure. Further details of the Proposed Restructure can also be obtained in the Scheme Circular.

2.3 Particulars of the offer

2.3.1 Intended Proposed Restructure

The Proposed Restructure is intended to simplify the current dual listed Share structure of Sabvest and, effectively, amounts to a swapping of Sabvest Shares for Sabcap Ordinary Shares in terms of the Scheme. A diagrammatic representation of Sabvest's ownership structure before and after the implementation of the the Proposed Restructure is set out below.

Pre-Proposed Restructure:



Notes

- 49% voting rights
- Effective interest of 20% in DNI through 34.78% of JAA Holdings (Pty) Ltd
- Effective interest of 30% in ITL Holdings SA (Pty) Ltd through Mandarin Holdings (Pty) Ltd
- Held indirectly through participating preference shares in Masimong Chemicals (Pty) Ltd linked to the performance of 22 500 000 shares in Rolfes Holdings Limited
- Held through Mandarin Industries Limited BVI.

Post-Proposed Restructure:

The structure will be the same as above, except that Sabvest will be delisted, and owned 100% by (listed) Sabcap, the ordinary shares of which will be listed on the Main Board of the JSE.

- 2.3.2 It is envisaged that the Proposed Restructure will be implemented by way of, amongst other things, the Scheme and in accordance with the following key indivisible transaction steps:
- 2.3.2.1 Sabcap will issue the Z Share to SFT, in order to preserve SFT's control post-implementation of the Proposed Restructure;
 - 2.3.2.2 in terms of the Scheme, Sabcap will make an offer to Shareholders to acquire all the N Ordinary Shares and Ordinary Shares in issue, for the Scheme Consideration; and
 - 2.3.2.3 the Sabcap Ordinary Shares will be listed on the JSE in terms of the Sabcap Listing. The Sabcap Ordinary Shares will have the same economic rights and will have one vote each, on a poll; and
 - 2.3.2.4 following implementation of the Scheme, Sabcap will own all the N Ordinary Shares and Ordinary Shares, the Shares will be delisted from the Main Board of the JSE and Sabvest will therefore be Sabcap's unlisted, wholly-owned subsidiary.

The Proposed Restructure steps are inextricably linked, each of which is conditional on the others and none of which shall occur without the others. Accordingly, the various steps should be viewed as indivisible and part of a single Proposed Restructure mechanism.

2.3.3 Rationale for the Proposed Restructure

The Independent Board believes that the Proposed Restructure will be beneficial to Sabvest and Sabvest Shareholders as it is expected, amongst other things, to:

- 2.3.3.1 result in the elimination of the current dual ownership structure, creating a simplified, clear structure of one class of listed share with equal voting and economic rights;
- 2.3.3.2 improve the demand, liquidity and marketability of the Sabcap Ordinary Shares;
- 2.3.3.3 enhance Sabcap's ability to raise capital should it need to do so in order to support its long-term growth strategy;
- 2.3.3.4 create enhanced voting for current Sabvest N Ordinary Shareholders, from 0.29% currently to approximately 29% post-implementation of the Proposed Restructure;
- 2.3.3.5 result in shareholder participation in a higher market capitalisation share; and
- 2.3.3.6 require SFT to hold a materially higher economic interest in Sabcap in order to retain its voting control, in the event of new issues of Sabcap Ordinary Shares post-implementation of the Proposed Restructure.

Accordingly, the Independent Board resolved that the Proposed Restructure be proposed by the Board to Sabvest Shareholders for their consideration.

2.4 Conditions Precedent

The Proposed Restructure is subject to the fulfilment or waiver (where capable of waiver and subject to SFT consenting to any such waiver where appropriate) of the following Conditions Precedent (which remain unfulfilled as at the Last Practicable Date) by no later than Monday, 1 June 2020, or such later date as Sabvest in its discretion determines in writing:

- 2.4.1 all of the resolutions as contained in the notices of the Class Meetings and Scheme Meeting, each being necessary to approve and implement the Proposed Restructure, are adopted at the Class Meetings and Scheme Meeting;
- 2.4.2 the Scheme Special Resolution has been passed and, to the extent required under section 115(3)(a) of the Companies Act:
 - 2.4.2.1 approval of the implementation of the Scheme Resolution by the Court is obtained; and
 - 2.4.2.2 if applicable, Sabvest not having treated the Scheme Resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;
- 2.4.3 if the Scheme Resolution has been passed at the Scheme Meeting by the requisite majority of Shareholders entitled to vote on the Scheme Resolution and any person who voted against the Scheme Resolution applies to court within 10 Business Days after the vote for a review of the Scheme in accordance with the requirements of section 115(3)(b) of the Companies Act:
 - 2.4.3.1 no leave is granted by the Court to such person to apply to Court for a review of the Scheme in accordance with the requirements of section 115(6) of the Companies Act; or
 - 2.4.3.2 if leave is granted by the Court to apply to Court for a review of the Scheme in accordance with the requirements of section 115(6) of the Companies Act, the Court has not set aside the Scheme Resolution in terms of section 115(7) of the Companies Act;
- 2.4.4 in respect of Shareholders' Appraisal Rights, no Valid Demands are received by Sabvest; and
- 2.4.5 the TRP has issued a compliance certificate in respect of the Proposed Restructure in terms of section 121(b) of the Companies Act.

The Conditions Precedent in:

- paragraph 2.4.4.4 has been stipulated for the sole benefit of Sabvest, and Sabvest shall be entitled to waive the fulfilment of the aforesaid Condition Precedent (in whole or in part) on or before the date for fulfilment thereof or at any time before the Scheme Resolution to approve the Scheme is voted on at the Scheme Meeting; and
- paragraphs 2.4.4.1, 2.4.4.2; 2.4.4.3 and 2.4.4.5 are regulatory in nature and may not be waived, unless Sabvest determines to waive any of the aforesaid Conditions Precedent (or part thereof) on or before the date for fulfilment thereof on the basis that any such regulatory conditions are no longer (or are not) applicable to the Proposed Restructure.

2.5 Regulatory Approvals

Save for the TRP issuing a compliance certificate in terms of section 121(b) of the Companies Act in respect of the Scheme, all requisite regulatory approvals regarding the Scheme, the creation and issue of the Z Share and the issue and listing of the Sabcap Ordinary Shares in terms of the Sabcap Listing, including South African Reserve Bank approval, have been obtained.

2.5.1 Applicable law

The Proposed Restructure, including the Scheme, will be exclusively governed by the laws of South Africa.

2.5.2 Authorisations

On Tuesday, 11 February 2020, the Interim Sabcap Directors approved the entry into and implementation of the Proposed Restructure, subject to the fulfilment or waiver (where capable of waiver and subject to SFT consenting to any such waiver where appropriate) of the Conditions Precedent.

2.6 Salient preferences, rights, limitations and other terms attaching to the Sabcap Ordinary Shares

2.6.1 The Sabcap Ordinary Shares are non-convertible, no par value shares, which rank *pari passu* with one another and which have the preferences, rights, limitations and other terms as detailed in Sabcap's MoI, extracts of which are provided in **Annexure C** to this Prospectus.

2.6.2 There are no restrictions as to the transferability, and no prohibitions on the disposal, of the Sabcap Ordinary Shares. Regard should be had to the Z Share Terms which are provided in Annexure 7 of the Scheme Circular and **Annexure D** of this Prospectus.

2.6.3 If the Proposed Restructure is implemented, the Sabcap Ordinary Shares will be listed on the Main Board of the JSE.

2.6.4 The Sabcap Ordinary Shares will afford Scheme Participants the same economic interest and participation in Sabvest, via Sabcap, as such participants held prior to implementation of the Proposed Restructure, except that an additional 508,030 Sabcap Ordinary Shares will be issued to Sabvest Ordinary Shareholders other than SFT, in terms of the Scheme, resulting in a total of 41,760,242 Sabcap Ordinary Shares in issue on the Sabcap Listing Date. The resultant economic dilution to all N Ordinary Shareholders (and to SFT's entire holding of N Ordinary Shares and Ordinary Shares) is approximately 1.2% and is considered necessary in order to facilitate the implementation of the Proposed Restructure. Section 1, paragraph 1.5.10.5 of this Prospectus provides details regarding dividends and distributions which may be paid or distributed by Sabcap in relation to the Sabcap Ordinary Shares.

2.6.5 Each Sabvest Ordinary Share will entitle the holder thereof to 1 (one) vote per Sabvest Ordinary Share on a poll.

2.6.6 Subject to the terms and conditions of Sabcap's MoI, pre-emptive rights apply in respect of the issue of Sabvest Ordinary Shares.

2.6.7 The extracts of the Sabcap MoI provided in **Annexure C** to this Prospectus sets out the requirements to amend Sabcap's MoI, including the preferences, rights, limitations and other terms attaching to the Sabcap Ordinary Shares.

2.7 Rights, limitations and other terms attaching to Z Share

The Z Share Terms are set out in Annexure 7 to the Scheme Circular and **Annexure D** of this Prospectus.

2.8 Tax implications of the Proposed Restructure on Scheme Participants

The tax consequences of the Scheme will depend on the individual tax circumstances and residency of each Sabvest Shareholder. Sabvest Shareholders should seek advice from appropriate professional advisors if they are in any doubt as to their tax positions.

In general, Sabvest Shareholders who are South African tax residents will qualify for roll-over relief in terms of the corporate restructuring provisions of the Income Tax Act No. 58 of 1962.

Sabvest Shareholders who are not South African tax residents will be required to determine the tax effects of the share exchange in their applicable foreign tax jurisdiction.

2.9 Minimum subscription and underwriting

- 2.9.1 The Sabcap Ordinary Shares to be issued in terms of the Scheme will be being issued as consideration for the acquisition by Sabcap of the Sabvest Shares from Sabvest Shareholders. Accordingly, no minimum amount for subscription, as contemplated in section 108(2) of the Companies Act, as read with Regulation 73, will apply.
- 2.9.2 No underwriting is applicable in respect of the Proposed Restructure, including the Scheme.

2.10 Issue and allotment of Sabcap Ordinary Shares to Scheme Participants pursuant to Scheme

- 2.10.1 If the Conditions Precedent are timeously fulfilled or waived (where capable of waiver and subject to SFT consenting to any such waiver where appropriate), and subject to there being no legal impediment to the implementation of the Scheme immediately prior to its proposed implementation on Monday, 18 May 2020, the Scheme (being an indivisible component of the Proposed Restructure) will be implemented.
- 2.10.2 Pursuant to the Proposed Restructure:
- 2.10.2.1 In terms of the Scheme, Sabcap will make an offer to Sabvest Shareholders to acquire all the Sabvest Shares held by them for the Scheme Consideration.
- 2.10.2.2 In settlement of the Scheme Consideration, Sabcap will acquire all the N Ordinary Shares in issue on the Scheme Record Date in exchange for Sabcap Ordinary Shares on a 1:1 basis and all the Ordinary Shares in issue on the Scheme Record Date in exchange for Sabcap Ordinary Shares, on a 1,1:1 basis – other than in respect of the Ordinary Shares held by SFT, which will be acquired on a 1:1 basis.
- 2.10.2.3 The higher exchange ratio applicable to the Ordinary Shares means that Ordinary Shareholders (other than SFT) will hold 10% more Sabcap Ordinary Shares post-implementation of the Scheme than the number of Ordinary Shares they held as at the Last Practicable Date. On implementation of the Proposed Restructure, Ordinary Shareholders as at the Last Practicable Date will accordingly control 1.2% more of the Sabcap Ordinary Shares in issue than they otherwise would (if the exchange ratio applicable to Ordinary Shareholders (other than SFT) had been on a 1:1 basis, rather than the 1:1,1 basis proposed).
- 2.10.2.4 Of the 16,975,293 Ordinary Shares in issue as at the Last Practicable Date, 5,080,293 are not held by SFT. An additional 508,030 Sabcap Ordinary Shares will therefore be issued in terms of the Scheme, resulting in a total of 41,760,242 Sabcap Ordinary Shares in issue on the Sabcap Listing Date. The resultant economic dilution to all N Ordinary Shareholders (and to SFT's entire holding of N Ordinary Shares and Ordinary Shares) is approximately 1.2% and is considered necessary in order to facilitate the implementation of the Proposed Restructure.
- 2.10.3 Payment in respect of Shares:
- No cash is payable in respect of the issue of Sabcap Ordinary Shares in terms of the Scheme. The consideration payable by each Scheme Participant to Sabcap in respect of the issue and allotment of the Sabcap Ordinary Shares to such Scheme Participant is the delivery and transfer of such Scheme Participant's Sabvest Shares to Sabcap.
- 2.10.4 Issue and allotment of the Sabcap Ordinary Shares:
- 2.10.4.1 All Sabcap Ordinary Shares will be issued at the expense of Sabcap.
- 2.10.4.2 All Sabcap Ordinary Shares to be issued are subject to the provisions of Sabcap's MoI.
- 2.10.4.3 The Sabcap Ordinary Shares will rank pari passu in all respects with each other. **Annexure C** contains relevant extracts from Sabcap's MoI.
- 2.10.4.4 As required in terms of the FMA, the Sabcap Ordinary Shares will be issued in Dematerialised form.
- 2.10.4.5 The Sabcap Ordinary Shares can only be traded on the JSE trading system in electronic form, as detailed more fully in Section 1, paragraph 2.10.6.1 of this Prospectus, below.
- 2.10.4.6 Sabcap will adhere to the recognised and standardised electronic clearing and settlement procedures operating within the JSE environment.
- 2.10.4.7 Subsequent to implementation of the Scheme, Sabcap Shareholders will be entitled to certificate their Sabcap Ordinary Shares at any time, should they so wish.

2.10.5 Non-resident Shareholders

If receipt by a Sabvest Shareholder of the Scheme Consideration, which such Sabvest Shareholder is entitled to, would otherwise require Sabvest to comply with filing and/or other regulatory obligations in the jurisdiction in which such Sabvest Shareholder is resident or has its registered address (including but not limited to the United States of America, Canada, Australia and Japan) the relevant Scheme Consideration shall not be issued or transferred to such Cash-only Shareholder personally, but shall instead be retained by the Transfer Secretaries who shall be obliged to dispose of such Scheme Consideration and to remit the proceeds of such disposal (net of applicable fees, expenses, taxes and charges) to such Cash-only Shareholders.

2.10.6 Trading of Ordinary Shares

2.10.6.1 Sabcap Ordinary Shares may only be traded on the JSE in electronic form (dematerialised shares) and will be trading for electronic settlement in terms of Strate immediately following the Sabcap Listing on the JSE.

2.10.6.2 Strate is a system of “paperless” transfer of shares. If any Sabvest Shareholder has any doubt as to the mechanics of Strate, such Sabvest Shareholder should consult with its CSDP or broker or other appropriate advisor and is also referred to the Strate website at www.strate.co.za for more information.

2.10.6.3 Some of the principal features of Strate are as follows:

2.10.6.3.1 trades executed on the JSE must be settled on a T+3 basis, being 3 (three) Business Days after the date of the trade;

2.10.6.3.2 there are penalties for late settlement;

2.10.6.3.3 electronic record of ownership replaces share certificates and physical delivery thereof; and

2.10.6.3.4 all Scheme Participants are required to appoint either a broker or CSDP to act on their behalf and to handle their settlement requirements.

2.10.7 Selling restrictions

2.10.7.1 General

2.10.7.1.1 Save for obtaining the required approvals in South Africa for the issue of this Prospectus, no action has been or will or may be taken in any jurisdiction that would permit a public offering of the Sabcap Ordinary Shares.

2.10.7.1.2 The Sabcap Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering, material or advertisement in connection with the Sabcap Ordinary Shares may be distributed or published in or from any country or jurisdiction other than South Africa, except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

2.10.7.1.3 Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

2.10.7.1.4 This Prospectus does not constitute an offer to subscribe for any of the Sabcap Ordinary Shares in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

2.10.8 United States

The Sabcap Ordinary Shares have not been and will not be registered under the US Securities Act of 1933 (the “**Securities Act**”) and, subject to certain exceptions, may not be offered or sold within the United States. The Sabcap Ordinary Shares are being offered and issued outside of the United States in reliance on Regulation S of the United States Securities Act, 1933.

2.10.9 European Economic Area

In relation to each member state (as referred to in the Prospectus Directive, hereinafter (“**Member State**”), an offer to the public of any Sabcap Ordinary Shares which are the subject of the Scheme (being an indivisible component of the Proposed Restructure) contemplated in this Prospectus may not be made in that Member State save for an offer pursuant to any

of the following exemptions under the Prospectus Directive, if they have been implemented in the Member State:

- 2.10.9.1 solely to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- 2.10.9.2 to any legal entity which has two or more of: (i) an average of at least 250 (two hundred and fifty) employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 (forty three million euro) and (iii) an annual net turnover of more than €50,000,000 (fifty million euro), as shown in its last annual or consolidated accounts;
- 2.10.9.3 to fewer than 100 (one hundred) natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- 2.10.9.4 in any other circumstances falling within Article 3(2) of the Prospectus Directive, it being recorded that sub-articles (a) and (g) of Article 4(2) of the Prospectus Directive have been repealed and replaced with Article 1(5)(1) of the New Prospectus Directive (regulation (EU) 2017/1129 of the European Parliament, of 14 June 2017),

provided that no such offer of Sabcap Ordinary Shares shall result in a requirement for the publication by Sabcap or the lead sponsor of a prospectus pursuant to Article 3 of the Prospectus Directive.

3. SECTION THREE – STATEMENTS AND REPORTS RELATING TO THE OFFER

3.1 Statement as to adequacy of capital

3.1.1 The Interim Sabcap Board is of the opinion that the issued capital of Sabcap and its Subsidiaries will be adequate for the purposes of the business of Sabcap for a period of at least 12 (twelve) months from the Last Practicable Date.

3.1.2 Working capital

As a newly incorporated company, Sabcap does not have overdraft facilities with its bankers as at the Last Practicable Date. However, the Interim Sabcap Directors nonetheless anticipate that, subsequent to implementation of the Proposed Restructure:

3.1.2.1 Sabcap will be able, in the ordinary course of business, to pay its debts;

3.1.2.2 the assets of Sabcap will be in excess of the liabilities of Sabcap;

3.1.2.3 the share capital and reserves of Sabcap will be adequate for its ordinary business requirements; and

3.1.2.4 Sabcap will have sufficient working capital that is adequate for its future requirements.

3.2 Report by Directors as to material changes

The Interim Sabcap Board reports that, as from Sabcap's incorporation on 20 January 2020 and until the Last Practicable Date, there have been no material changes in the assets and liabilities of Sabcap (including there being no vendors of material assets to Sabcap) or of its financial or trading position other than in the ordinary course of business.

3.3 Statement as to listing on stock exchange

3.3.1 The Sabcap Ordinary Shares will, upon implementation of the Proposed Restructure, be listed on the Main Board of the JSE in terms of the Sabcap Listing. The approval for the Sabcap Listing has been obtained from the JSE.

3.3.2 The Sabcap Ordinary Shares will not be listed on any other securities exchange and, as at the Last Practicable Date, it is not intended to apply for a listing of the Sabcap Ordinary Shares on any other securities exchange.

3.3.3 Upon implementation of the Proposed Restructure, the Sabvest Shares will be delisted and removed from the Main Board of the the JSE in terms of the Sabvest Delisting.

3.4 Report by auditor where business undertaking to be acquired

Sabcap will not receive any cash proceeds from the issue of Sabcap Ordinary Shares in terms of the Scheme and therefore, does not intend to apply any funds derived from the issue of Sabcap Ordinary Shares in terms of the Scheme in order to acquire any business or undertaking. In the circumstances, regulation 77 of the Companies Regulations is not applicable.

3.5 Report by auditor where company will acquire Subsidiary

Sabcap will not receive any cash proceeds from the issue of Sabcap Ordinary Shares to the Scheme Participants in terms of the Scheme, nor will it apply the Sabvest Shares (being the consideration Sabcap receives for the issue of Sabcap Ordinary Shares) to acquire any other juristic person. In the circumstances, regulation 78 of the Companies Regulations is not applicable.

3.6 Report by auditor of company

Having regard to the fact that Sabcap's audited opening statement of financial position is included in this Prospectus, Sabcap was granted dispensation by the CIPC from compliance with regulation 79 of the Companies Regulations, which requires a report by the auditor of Sabcap. Such dispensation was granted because Sabcap is, as at the Last Practicable Date, a newly incorporated company with no assets or liabilities, other than certain minor and administrative expenses associated with its incorporation.

4. SECTION FOUR – ADDITIONAL MATERIAL INFORMATION

4.1 General Shareholder resolutions and authorisations

- 4.1.1 After the implementation of the Proposed Restructure, in order to ensure that the business and affairs of Sabcap replicates that of Sabvest as at the Last Practicable Date, Sabcap Shareholders will be required to approve the following resolutions in relation to Sabcap at the Sabcap General Meeting, which resolutions mirror those which will be proposed or would ordinarily be proposed to the Sabvest Shareholders at the Sabvest AGM, namely:
- 4.1.1.1 the approval of the appointment of Deloitte & Touche as auditors of Sabcap;
 - 4.1.1.2 the approval of the appointment of the Final Sabcap Directors;
 - 4.1.1.3 the approval of the appointment of Lindiwe Mthimunye-Bakoro, Dawn Mokhob and Bheki Shongwe as members of Sabcap's Audit and Risk Committee. In this regard, the Sabvest Directors, through Sabvest's Nominations Committee, nominated the aforesaid persons as members of the Audit and Risk Committee of Sabvest, having satisfied themselves that each aforesaid future member of the Audit and Risk Committee of Sabcap satisfies the requirements of sections 94(4) and 94(5) of the Companies Act, regulation 42 of the Companies Regulations and the King Code;
 - 4.1.1.4 5% (five percent) of the authorised but unissued Sabcap Ordinary Shares (after implementation of the Proposed Restructure) being placed under the control of the Final Sabcap Directors who will be authorised to allot, issue and otherwise dispose of such Sabcap Ordinary Shares upon such terms and conditions as the Final Sabcap Directors in their sole discretion deem fit, subject to the provisions of the Companies Act, Sabcap's MoI and the Listings Requirements, where applicable;
 - 4.1.1.5 the remuneration policy being endorsed through a non-binding advisory vote of Sabcap Shareholders, in accordance with principle 14 of the King Code;
 - 4.1.1.6 the remuneration implementation report being endorsed through a non-binding advisory vote, in accordance with principle 14 of the King Code;
 - 4.1.1.7 the approval of the remuneration of non-executive directors of Sabcap, financial year ending 31 December 2020, payable quarterly in arrears;
 - 4.1.1.8 the approval of the granting of authority to the Final Sabcap Board to remunerate non-executive directors of Sabcap (other than the Interim Sabcap Directors) for any additional services which such Sabcap directors may be asked to perform on behalf of Sabcap, over and above attending formal board and committee meetings, the approval and quantification of which additional remuneration is to be carried out by Sabcap's Remuneration Committee consisting of disinterested Sabcap directors; and
 - 4.1.1.9 as contemplated in section 45(3)(a)(ii) of the Companies Act, Sabcap being authorised, as a general approval, to provide financial assistance, whether directly or indirectly, to any related or inter-related company or corporation, including by way of the company lending money, guaranteeing a loan or other obligation and/or securing any debt or obligation, for a period of 2 (two) years commencing on the date the resolution was adopted at the Sabcap General Meeting.
- 4.1.2 Approval of a general authority to repurchase Sabcap ordinary shares limited to 20% of the Sabcap shares in issue in any one financial year.
- 4.1.3 In addition, the Interim Sabcap Directors and/or if applicable, SFT as sole Shareholder of Sabcap as at the Last Practicable Date, have adopted the resolutions required to implement the Proposed Restructure, including but not limited to approving the issue of the Z Share to SFT.

4.2 Tax, FAIS and other considerations

Sabvest Shareholders should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and should consult their own professional advisors concerning the consequences of them disposing of their Sabvest Shares and acquiring the Sabcap Ordinary Shares in terms of the Scheme. Sabvest Shareholders should inform themselves as to all relevant aspects of the Prospectus, including but not limited to:

- 4.2.1 the legal requirements within their own countries for the purchase, holding, transfer or disposal of Sabvest Shares;

- 4.2.2 any foreign exchange restrictions applicable to the purchase, holding, transfer or disposal of Sabvest Shares which they might encounter; and
- 4.2.3 the income and other tax consequences which may apply to them as a result of the subscription, purchase, holding, transfer or disposal of Sabvest Shares. Sabvest Shareholders should rely upon their own representatives, including their own legal advisors and accountants, and not those of Sabcap, as to legal, tax, investment or any other related matters concerning Sabcap and an investment therein.

The information contained in this Prospectus constitutes factual information as contemplated in section 1(3)(a) of FAIS and should not be construed as an express or implied recommendation, guidance or proposal that any particular transaction in respect of the Sabvest Shares is appropriate to the particular investment objective, financial situation or need of a prospective investor.

4.3 South African Exchange Control Regulations

The following summary is provided for information purposes only. It is therefore not comprehensive and should not be construed as advice (refer to Section Four, paragraph 4.5 above). Scheme Participants must consult their own advisors in this regard.

4.3.1 Residents of the Common Monetary Area

In the case of:

Scheme Participants holding Dematerialised Shares 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 will have their accounts with their CSDP or Broker credited with the relevant Scheme Consideration in accordance with paragraph 10.6 of the Scheme Circular;

or

Scheme Participants holding Certificated Shares 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 will have their relevant Scheme Consideration dealt with in accordance with paragraph 10.5 of the Scheme Circular.

4.3.2 Emigrants from the Common Monetary Area

The Scheme Consideration accruing to a Scheme Participant holding Dematerialised Shares who is an Emigrant from the Common Monetary Area and have not been restrictively designated in terms of the Exchange Control Regulations, will be issued and transferred to their CSDP or Broker, Securities forming part of an Emigrant's remaining assets will be returned to the Authorised Dealer controlling such Emigrant's remaining assets for control in terms of the Exchange Control Regulations.

The Scheme Consideration accruing to a Scheme Participant holding Certificated Shares who is an Emigrant from the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations will be forwarded to the Authorised Dealer in foreign exchange in South Africa controlling the Scheme Participant's blocked assets in accordance with the Exchange Control Regulations.

4.3.3 All other non-residents of the Common Monetary Area

The Scheme Consideration accruing to a Scheme Participant holding Dematerialised Shares, who is a non-resident of South Africa and who has never resided in the Common Monetary Area, whose registered address is outside the Common Monetary Area will be credited to its CSDP or Broker and be restrictively endorsed as "Non-Resident".

The Scheme Consideration accruing to a Scheme Participant holding Certificated Shares who is a non-resident of South Africa and who has never resided in the Common Monetary Area, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited with the Authorised Dealer in foreign exchange in South Africa nominated by such Scheme Participant.

4.3.4 Information not provided

If the information regarding Authorised Dealers is not given or the instructions are not given and no bank account or address details for the Sabvest Shareholder in question appears in the Register, the Scheme Consideration will be held in trust by Sabvest or the Transfer Secretaries on behalf of Sabvest.

4.4 **Government protection and investment encouragement law**

Sabcap does not operate a business, and will, upon the implementation of the Proposed Restructure, serve primarily as an investment holding company, holding all the Sabvest Shares.

4.5 **Litigation statement**

As at the Last Practicable Date, there are no legal or arbitration proceedings against Sabcap, nor are the Interim Sabcap Directors aware of any such proceedings which are pending or threatened against Sabcap, which may have or have had, in the 12 (twelve) month period preceding the Last Practicable Date, a material effect on Sabcap's financial position.

4.6 **Advisors' interests**

The sponsors, legal advisors and auditors of Sabcap do not have any interest in the issued share capital of Sabcap as at the Last Practicable Date.

4.7 **Statement regarding Sabvest**

4.7.1 As at the Last Practicable Date, Sabcap had no Subsidiaries. However, upon implementation of the Proposed Restructure, Sabvest will become a wholly-owned subsidiary of Sabcap.

4.7.2 In the circumstances, the following statements are made in respect of Sabvest:

4.7.2.1 the Sabvest Board is of the opinion that the issued capital of Sabvest will be adequate for the purposes of the business of Sabvest for a period of at least 12 (twelve) months from the Last Practicable Date;

4.7.2.2 the Sabvest Board reports that, as from the end of Sabvest's financial year on 31 December 2019 and until the Last Practicable Date, other than in the ordinary course of business and as detailed in the Scheme Circular and this Prospectus, there have been no material changes in the assets and liabilities of Sabvest, or of its financial or trading position;

4.7.2.3 there are no legal or arbitration proceedings against Sabvest, nor is the Sabvest Board aware of any such proceedings which are pending or threatened against Sabvest, which may have or have had, in the 12 (twelve) month period preceding the Last Practicable Date, a material effect on Sabvest's financial position;

4.7.3 There is no government protection or any investment encouragement law affecting the business operated by Sabvest as at the Last Practicable Date.

4.8 **Documentation available for inspection**

Copies of the following documents will be available for inspection at Sabcap's registered office during business hours from date of issue of this Prospectus up to and including the date of the listing of the Sabcap shares:

4.8.1 the signed copy of this Prospectus;

4.8.2 the Scheme Circular;

4.8.3 Sabcap's MoI, incorporating the Z Share Terms;

4.8.4 Sabvest's MoI;

4.8.5 the SFT Agreement;

4.8.6 Subscription agreement (issue of Z Share to SFT);

4.8.7 Directors' service contracts entered into in the 3 (three) years preceding the Last Practicable Date;

4.8.8 Sabcap audited opening statement of financial position;

4.8.9 the Independent Reporting Accountant's Report in respect of Sabcap's audited opening statement of financial position;

4.8.10 Sabvest's consolidated audited financial information for the 3 (three) years ended 31 December 2018 and consolidated reviewed financial information for the 6 (six) months ended 30 June 2019;

4.8.11 the Independent Reporting Accountant's Report in respect of the Sabvest Financial Information;

4.8.12 the consent letters referred to in Section 1, paragraph 1.4.20 above.

5. **SECTION FIVE – INAPPLICABLE OR IMMATERIAL MATTERS**

For purposes of this Prospectus, the following provisions of the Regulations are not applicable:

Regulation number	Regulation heading
57(1)(b)(i)	Name, address and incorporation
57(2)	Name, address and incorporation
58(3)(d)	Directors, other office holders, or material third parties
59(3)f)	History, state of affairs and prospectus of the company
60(a)(iii)	Share capital of the company
61	Options or preferential rights in respect of shares
62	Commissions paid or payable in respect of underwriting
63	Material contracts
64	Interest of directors and promoters
65	Loans
66	Shares issued or to be issued otherwise than for cash
67	Property acquired or to be acquired
68	Amounts paid or payable to promoters
70(b)	Purpose of the offer
72(1)(c)	Particulars of the offer
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SIGNATURE OF PROSPECTUS

Leon Rood
Director of Sabcap

Signed in **SANDTON** on 26 February 2020 on behalf of all the Interim Sabcap Directors in terms of powers of attorney signed by such directors

SABCAP'S AUDITED FINANCIAL STATEMENTS

SABVEST CAPITAL LIMITED

(Registration number: 2020/030059/06)

AUDITED FINANCIAL STATEMENTS

at date of incorporation (20 January 2020)

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Sabvest Capital Limited, a company incorporated in the Republic of South Africa, will hold long-term investments in listed and unlisted companies. Its registered address is Four Commerce Square, 39 Rivonia Road, Sandhurst, 2196.

The directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records, for the safeguarding of assets and for developing and maintaining a system of internal control that, among other things, will ensure the preparation of financial statements that achieve fair presentation. After conducting appropriate procedures the directors are satisfied that the company will be a going concern for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

The directors are responsible for the preparation and integrity of the financial statements. The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and JSE Listings Requirements.

The shareholders have nominated Deloitte & Touche as Auditor of the Company.

The financial statements set out on pages 43 to 44 were approved by the board of directors on Tuesday, 11 February 2020 and are signed on its behalf by:

DIRECTOR**DIRECTOR****SABVEST CAPITAL LIMITED**

REPORT OF THE DIRECTORS

At date of incorporation

The directors have pleasure in presenting their report on the activities of the company at 20 January 2020. This report forms part of the audited financial statements of the company at incorporation.

NATURE OF BUSINESS

The Company's business is that of an Investment Company.

FINANCIAL REPORTING

The directors are of the opinion that the financial statements fairly present the financial position of the company as at 20 January 2020. As the company has not yet traded, the statement of comprehensive income, the statement of comprehensive income has not been prepared.

SHARE CAPITAL

The authorised and issued share capital of the company is 500 million Ordinary Shares and 1 'Z' Share.

FINANCIAL RESULTS

The financial results of the company are set out in the attached financial statements.

DIRECTORS

The following were directors of the company as at 20 January 2020:

Christopher Stefan Seabrooke

Raymond Pleaner

Leon Rood

BUSINESS ADDRESS

4 Commerce Square
39 Rivonia Road
Sandhurst
2196

POSTAL ADDRESS

PO Box 78677
Sandton
2196

SUBSEQUENT EVENTS

The company will, by way of a scheme of arrangement, undertake a share restructure transaction with Sabvest Limited, in terms of which it will issue 41 760 242 Ordinary Shares to the Holders of Sabvest Limited's issued 16 975 293 Ordinary and 24 276 919 'N' Shares. Accordingly, post the transaction, all of Sabvest Limited's shares will be owned by the company.

PREPARATION OF FINANCIAL STATEMENTS

The preparation of these financial statements was supervised by the Chief Financial Officer, R Pleaner CA (SA).

STATEMENT OF FINANCIAL POSITION

At date of incorporation

	Notes	20 Jan 2020 R
ASSETS		
Current assets		
Receivables – inter company		1
TOTAL ASSETS		1
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	3	1
TOTAL EQUITY AND LIABILITIES		1

STATEMENT OF CHANGES IN EQUITY

At date of incorporation

	20 Jan 2020 R
Share capital	
Share issued on incorporation	1

STATEMENT OF CASH FLOWS

At date of incorporation

	20 Jan 2020 R
Cash effect of financing acts	
Issue of company shares	(1)
Increase in receivables – inter company	1
	0

NOTES TO THE FINANCIAL STATEMENTS

At date of incorporation

1. Accounting Policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No. 71 of 2008, SAIGA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. They have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements of Sabvest Capital Limited have been prepared on the going concern basis.

The company's functional currency used for the preparation of the financial statements is South African Rand.

2. Statement of Comprehensive Income

No statement of comprehensive income has been prepared as the company has not yet traded.

3. Share Capital

	20 Jan 2020 R
Authorised	
500 000 000 Ordinary Shares of no par value	–
1 'Z' Share of no par value	–
Issued	
1 'Z' Share of no par value	1

The 'Z' share has a net asset value of R1

4. Subsequent Events

The company will, by way of a scheme of arrangement, undertake a share restructure transaction with Sabvest Limited, in terms of which it will issue 41 760 242 Ordinary Shares to the Holders of Sabvest Limited's issued 16 975 293 Ordinary and 24 276 919 'N' Shares. Accordingly, post the transaction, all of Sabvest Limited's shares will be owned by the company.

5. Critical judgements and estimates

No critical judgements or estimates were applied on these incorporation accounts.

INDEPENDENT REPORTING ACCOUNTANT'S AUDIT REPORT ON THE AUDITED FINANCIAL STATEMENTS

24 February 2020

The Directors
Sabvest Capital Limited
4 Commerce Square
Sandton
2196

Dear Sirs/Mesdames

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION INCLUDED IN THE PROSPECTUS

Introduction

We have audited the historical financial information of Sabvest Capital Limited ("the Company") as at 20 January 2020 as presented in **Annexure A** to the prospectus dated 28 February 2020 ("the Prospectus").

Historical Financial Information as at 20 January 2020

Opinion

The historical financial information as at 20 January 2020 as presented in **Annexure A** to the Prospectus comprises the statements of financial, changes in equity and cash flows as at 20 January 2020, and the notes to the historical financial information, including a summary of significant accounting policies.

In our opinion, the historical financial information presents fairly, in all material respects, the statements of financial position of the Company, changes in equity and cash flows as at 20 January 2020 in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Historical Financial Information* section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the historical financial information as at 20 January 2020. We have determined that there are no key audit matters to communicate in our report.

Directors' Responsibility for the Historical Financial Information

The Company's directors are responsible for the preparation and fair presentation of the historical financial information as at 20 January 2020 in accordance International Financial Reporting Standards and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

In preparing the historical financial information, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Historical Financial Information as at 20 January 2020

Our objectives are to obtain reasonable assurance about whether the historical financial information as at 20 January 2020 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the historical financial information, including the disclosures, and whether the historical financial information represents the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Historical Financial Information as at 20 January 2020

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the historical financial information of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Purpose of the report

The purpose of our report is for the prospectus of the Company and is not to be used for any other purpose.

Deloitte & Touche

Registered Auditor

Per: A Dennis

Partner

Deloitte & Touche

Deloitte Place

The Woodlands

20 Woodlands Drive

Woodmead

SABVEST'S CONSOLIDATED AUDITED FINANCIAL INFORMATION FOR THE 3 YEARS ENDED 31 DECEMBER 2018

This annexure contains a report of the historical information of Sabvest. The information is an extraction from the full audited consolidated financial statement of Sabvest, which were prepared in accordance with the International Financial Reporting Standards (IFRS), the JSE Limited's Listings Requirements and the requirements of the Companies Act, No. 71 of 2008.

The information presented in this annexure is the responsibility of the directors of Sabvest.

The preparation of these financial statements was supervised by the Chief Financial Officer R Pleaner CA(SA).

Full sets of these financial results can be found on the Sabvest website www.sabvest.com

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Audited 31 December 2018 R'000	Audited 31 December 2017 R'000	Restated Audited 31 December 2016 R'000
Non-current assets	2 367 060	1 135 885	2 009 727
Property, plant and equipment	2 688	1 050	1 365
Investment holdings	2 364 372	1 134 835	2 008 362
Unlisted equity investments	1 707 546	652 547	1 421 820
Listed investments	566 699	332 279	474 492
Listed investments held indirectly	90 127	150 009	112 050
Current assets	452 538	1 514 928	158 207
Finance advances and receivables	34 987	1 388 447	3 858
Listed investments held indirectly (held-for-sale)	65 985	–	151 262
Listed equity portfolio	–	101 556	–
Equity investment	–	24 867	23 003
Listed bond portfolio	101 993	–	128 259
Cash balances	249 573	58	3 087
Total assets	2 819 598	2 650 813	2 167 934
Ordinary shareholders' equity	2 446 148	2 303 945	1 659 255
Share capital and premium	851	29 288	34 400
Non-distributable reserves	143 818	42 295	54 513
Accumulated profit	2 301 479	2 232 362	1 570 342
Non-current liabilities	277 109	235 807	413 689
Interest-bearing debt	100 000	110 000	90 000
Deferred tax liabilities	177 109	125 807	323 689
Current liabilities	96 341	111 061	94 900
Interest-bearing debt	66 176	70 897	77 732
Current portion of interest-bearing debt	40 000	30 000	30 000
Equity portfolio finance	–	7 685	36 577
Interest-bearing debt	26 176	33 212	11 155
Accounts payable	12 654	10 728	5 343
Provisions	17 511	29 436	11 915
Total equity and liabilities	2 819 598	2 650 813	2 167 934
Net asset value per share–cents *	5 852	5 085	3 646

* Additional disclosure to comply with Rule 8.11 of the JSE Listings Requirements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Audited 31 December 2018 R'000	Audited 31 December 2017 R'000	Restated Audited 31 December 2016 R'000
Gross income from operations and investments	364 351	570 934	111 329
Dividends received	53 557	94 273	63 340
Interest received	27 758	7 117	10 980
Forex gain	21 681	–	–
Income/(loss) on financial instruments and shares	68 405	(22 558)	5 313
Fees and sundry income	2 047	1 362	1 147
Fair value adjustments to investments	190 903	490 740	30 549
– Listed	(89 653)	(44 022)	(170 103)
– Listed held indirectly	6 103	(67 091)	42 678
– Unlisted	274 453	601 853	157 974
Transactional costs	(11 877)	(633)	(518)
Net reversal of impairment/(impairments)	851	(1 506)	–
Fair value loss on initial recognition of interest-free loans	(3 907)	–	–
Interest paid	(16 752)	(15 839)	(15 175)
Net income before operating expenses	332 666	552 956	95 636
Less: Expenditure	(43 281)	(62 474)	(24 329)
Operating costs – fixed	(27 222)	(26 323)	(23 943)
Operating costs – variable	(15 487)	(35 785)	–
Depreciation	(572)	(366)	(386)
Net income before taxation	289 385	490 482	71 307
Taxation	(51 302)	197 882	(67 133)
– current year	(51 302)	197 882	(11 422)
– CGT arising from change in inclusion rate	–	–	(55 711)
Net income for the year attributable to equity shareholders	238 083	688 364	4 174
Translation of foreign subsidiary *	101 523	(12 217)	(15 961)
Total comprehensive income for the year attributable to equity shareholders	339 606	676 147	(11 787)
Earnings per share – cents **/**	531,3	1 517,3	9,2
Headline earnings per share – cents **/**	530,9	1 517,3	9,2
Dividends per share – cents ***	68,0	61,0	55,0
Special dividend per share – cents ***	0	0	100

* This item may subsequently be classified to profit and loss.

** There are no diluting instruments.

*** Additional disclosure to comply with Rule 8.11 of the JSE Listings Requirements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Audited 2018 R'000	Audited 2017 R'000	Audited 2016 R'000
Cash flows (utilised in)/from operating activities	(52 477)	20 766	(2 077)
Net income for the year	238 083	688 364	4 174
Adjustments for:			
Depreciation	572	366	386
Fair value adjustments to investments	(190 903)	(490 740)	(30 549)
Fair value loss on initial recognition of interest-free loans	3 907	–	–
Interest received	(377)	–	–
Deferred taxation	51 302	(197 882)	67 133
(Net reversal of impairments)/impairment	(851)	1 506	(15)
Other (loss)/income on financial instruments and shares	(68 405)	22 591	(5 419)
Loss on sale of property, plant and equipment	(155)	–	5
Provisions	(13 253)	17 199	(11 854)
Increase in accounts payable	3 254	5 706	(2 210)
Cash flows from operations	23 174	47 110	21 651
Dividends paid – ordinary	(30 345)	(26 344)	(23 728)
Dividends paid – special	(45 306)	–	–
Cash flows from investing activities	438 465	(31 848)	(101 748)
Purchase of property, plant and equipment	(2 355)	(51)	(387)
Purchase of investment holdings and offshore portfolios	(1 557 661)	(240 877)	(328 014)
Proceeds from sale of investment holdings and offshore portfolios	643 431	207 675	156 450
Decrease in offshore cash investment portfolio	–	–	66 954
Proceeds from sale of fixed assets	300	–	–
Increase in loans to subsidiaries	–	–	–
Proceeds of special dividend	1 387 500	–	–
Decrease in finance advances and receivables	(32 750)	1 405	3 249
Cash effects of financing activities	(136 473)	8 053	51 881
Increase in long-term loan	–	20 000	20 000
(Decrease)/increase in other interest-bearing debt	(7 036)	22 057	1 915
Purchase of company shares held in treasury	(1 143)	(5 112)	(6 611)
Repurchase of company shares	(120 609)	–	–
Distribution received from share trust	–	–	–
Decrease in loan from share trust	–	–	–
Decrease in equity portfolio finance	(7 685)	(28 892)	36 577
Change in cash and cash equivalents	249 515	(3 029)	(51 944)
Cash and cash equivalents at beginning of year	58	3 087	55 031
Cash and cash equivalents at end of year	249 573	58	3 087

CONSOLIDATED CHANGES IN EQUITY

	Share- capital R'000	Share premium R'000	Non- distribut- able reserves R'000	Accu- mulated profit R'000	Total R'000
Balance as at 1 January 2016	856	40 155	70 475	1 589 896	1 701 382
Total comprehensive (loss)/income for the year	–	–	(15 961)	4 174	(11 787)
Accumulated loss in share trust	–	–	(1)	–	(1)
Shares held in treasury – written back	–	5 593	–	–	5 593
Shares held in treasury	(1)	(12 203)	–	–	(12 204)
Dividends paid	–	–	–	(23 728)	(23 728)
Balance as at 1 January 2017 (Audited)	855	33 545	54 513	1 570 342	1 659 255
Total comprehensive (loss)/income for the year	–	–	(12 217)	688 364	676 147
Accumulated loss in share trust	–	–	(1)	–	(1)
Shares held in treasury – written back	1	12 203	–	–	12 204
Shares held in treasury	(5)	(17 311)	–	–	(17 316)
Dividends paid	–	–	–	(26 344)	(26 344)
Balance as at 1 January 2018 (Audited)	851	28 437	42 295	2 232 362	2 303 945
Total comprehensive (loss)/income for the year	–	–	101 523	238 083	339 606
Shares held in treasury – written back	5	17 311	–	–	17 316
Shares cancelled	(5)	(45 748)	–	(93 315)	(139 068)
Dividends paid	–	–	–	(75 651)	(75 651)
Balance as at 31 December 2018 (Audited)	851	–	143 818	2 301 479	2 446 148

ACCOUNTING POLICIES

for the year ended 31 December 2018

Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act, No. 71 of 2008, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost. The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous financial year, other than the standards which were adopted in the current year.

The group has adopted the revised or amended accounting standards which includes IFRS 9 and IFRS 15, issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) which were effective and applicable to the group from 1 January 2018. In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) that is effective for an annual period that begins on or after 1 January 2018. No adjustments were required on adoption of this standard and there has been no impact on financial instruments that have previously been reported. In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. The application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 December each year. Control is achieved when the company has the power over the investee, is exposed or has rights to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair value. Any excess of the cost at acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the cost is less than the fair value of the identifiable net assets acquired (ie a discount on acquisition), this difference is credited to profit or loss in the period of acquisition.

All inter-company transactions and balances are eliminated on consolidation.

Investments

All investments are accounted for at fair value in terms of Investment Entities.

Where investments are listed equities, fair value is calculated as market value. Should the disposal of any investment be restricted, then the market value is reduced by a discount to arrive at fair value. Gains and losses arising from changes in the fair value are included in the statement of comprehensive income for the period. On disposal of the investments the profit or loss is accounted for as the difference between the consideration received and the fair value of the investment at the commencement of the financial year.

Where investments are unlisted equities, fair value is calculated using the maintainable earnings model. Maintainable earnings are based on historic and projected Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) as appropriate. The multiples are selected after considering peer group multiples and adjusting as appropriate. The resultant valuations are then adjusted for net cash or net debt balances. They may be measured for reasonableness against net asset value (if this is a relevant metric), recent transaction prices and/or Discounted Cash Flow (DCF) valuations.

For other unlisted investments fair value is determined using an appropriate valuation model.

Financial instruments

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group has become a party to the contractual provisions of the instrument.

Financial instruments recognised on the statement of financial position include cash and cash equivalents, investments, finance advances and receivables, accounts payable and borrowings.

Equity instruments issued are recorded as the proceeds received net of direct issue costs.

Accounts payable are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised in other comprehensive income. Amounts deferred in equity are recognised in the statement of comprehensive income in the same period in which the hedged firm commitment or forecast transaction affects net profit or loss.

Interest-bearing loans and overdrafts are recorded as the amounts of the proceeds received, net of direct raising costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Originated loans and receivables are measured initially at cost. The loans and receivables are measured subsequently at amortised cost using the effective interest rate method. If the terms of a loan or receivable are not market-related, the payments are discounted at a market-related rate to determine the fair value at initial recognition.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, offset by other current interest-bearing debt.

Long-term investments are measured at fair value. They are recognised as being held for trading purposes and gains or losses in fair value are included in the statement of comprehensive income for the period. Where investments are listed equities, the fair value is calculated using market value and where the investments are unlisted equities the fair value is calculated using inputs that are observable either directly or indirectly.

On disposal of investments the profit or loss is accounted for as the difference between the consideration received and the carrying value of the investment and is included in the statement of comprehensive income.

Redeemable or callable reset bonds purchased to hold to maturity or to call/reset dates are recognised at cost. Any surplus or discount to the maturity or call values are accounted for over the period to maturity/call and the investments are accounted for accordingly. The carrying values calculated on this basis are regarded as appropriate estimates of fair value at the reporting date.

Specific impairment provisions or debt write-offs may be deducted from finance advances and receivables or investments where in the opinion of the directors, taking into account that as a result of one or more events that occurred after the initial recognition of the asset, the estimated future cash flows from the asset have been impacted, recoverability is doubtful or unlikely.

Treasury shares

Ordinary and 'N' ordinary shares in Sabvest Limited held by any subsidiary are classified as treasury shares in the Statement of Changes in Equity. Treasury shares are treated as a reduction from the issued and weighted average number of shares in issue and the cost price of the shares is presented as a deduction from equity.

Property, plant and equipment

Property, plant and equipment is reflected at cost less accumulated depreciation and any recognised impairment loss on the following basis:

Office furniture, equipment, computers and leasehold improvements 10% – 33%

Motor vehicles 20%

Depreciation is charged so as to write-off the cost or valuation of assets to residual value over their estimated useful lives, using the straight-line basis.

The gain or loss arising on disposal of assets is determined as to the difference between the sale proceeds and the carrying amount of the assets and is recognised in profit or loss.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Rands, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Rands using exchange rates prevailing at the end of each reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and transferred to the group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Impairment provisions

Associate companies and investments are considered annually for impairments in value. If, in the opinion of the directors there is an impairment, an impairment provision is deducted from the carrying value of the associate company or investment. Impairment provisions created or reversed during the year are written off/written back through the statement of comprehensive income. Where there is a reversal of an impairment loss the asset is increased to the estimated recoverable value which will not be greater than the carrying value had no impairment loss been recognised in the prior years.

At the end of each reporting date, the group reviews the carrying amounts of its other tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for the long-term incentive plan (LTIP), measured annually and calculated on the growth in the notional investments, is expensed annually and the total amount expected to be paid is shown as a liability.

The amount recognised as a provision is a best estimate of the consideration to settle the obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a service to a customer.

Revenue also includes dividends which are recorded in accordance with IFRS 9. Dividends are recognised in profit or loss when:

- (a) the entity's right to receive payment of the dividend is established;
- (b) it is probable that the economic benefits associated with the dividend will flow to the entity; and
- (c) the amount of the dividend can be measured reliably.

Interest is recognised on a time proportion basis.

Capitalisation shares elected in lieu of a cash dividend are accounted for in investment income at the cash dividend equivalent

Lease agreements

Rentals payable under lease agreements entered into for premises occupied by the group are expensed on a straight-line basis over the term of the relevant lease.

Related party transactions

All related party transactions are, unless otherwise disclosed, in the normal course of business. Refer to note 22.

Retirement benefits and medical aid schemes

Payments to defined contribution retirement benefit plans are charged and expensed as they fall due.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, long-term and short-term investments and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Cash and cash equivalents

Cash and cash equivalents represent cash at bank.

Borrowing costs

Borrowing costs are recognised in profit and loss in the period in which they are earned.

Critical judgements and key estimates

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financial statements where applicable.

With regard to the fair value presentation of the investment holdings, both long-term and current, for the listed investments, critical judgement and estimates are limited as external observable market data is used to determine carrying value.

In respect of the unlisted investments which are carried at fair value, significant judgement and estimate is used to select the appropriate valuation model, determine maintainable earnings and estimate the earnings multiple.

With regard to investments held through other entities or instruments, critical judgement is used to consider the underlying investments of the entity/instrument to ensure the appropriate classification of the investment in the group is attained.

New/Revised International Financial Reporting Standards Issued

IFRS 16–Leases: original issue effective 1 January 2019

IAS 28–Investments in Associates and Joint Ventures: amendments regarding long-term interests in Associates and Joint Ventures effective 1 January 2019

IFRIC 23–Uncertainty of Income Tax Treatment: original issue effective 1 January 2019

The group does not expect these new or revised accounting standards to have a material impact on the results or financial position. In respect of IFRS 16, the group anticipates the recognition of an use asset and corresponding liability not exceeding R5,5m. Our investee companies results may be impacted in the future.

Commentary of Historical Financial Information

Report on historical information for the year ended 31 December 2018

Profile

Sabvest is an investment group which has been listed on the JSE since 1988. Its ordinary and 'N' ordinary shares are quoted in the Equity Investments Instruments sector. Sabvest has significant interests in six unlisted groups, long-term direct and indirect holdings in seven listed investments and equity funds, and an offshore bond portfolio, all accounted for on a fair value basis. In addition, Sabvest invests in debt instruments and portfolios and undertakes other fee, finance and profit-earning activities from time to time.

Changes in investment holdings

During the period Sabvest:

- increased its interest to 47,5% and provided loan funding to Flexo Line Products (Pty) Ltd;
- purchased 30% of Mandarin Industries Limited (BVI) which owns 100% of the ITL Group (International Trimmings & Labels) internationally for \$33,6m (R398,5m);
- purchased effective 30% and provided funding to ITL Holdings RSA indirectly through Mandarin Holdings (Pty) Ltd (RSA) for R93m, of which R90m is a preference share in Mandarin with a coupon of 11% redeemable 39 months from issue;
- increased its interest in Sunspray Food Ingredients (Pty) Ltd from 22% to 28% as a result of a share buy-back from a retiring shareholder for R9,2m;
- purchased 35,72% of JAA Holdings (Pty) Ltd (JAA) which owns 21,24% of DNI 4PL Contracts (Pty) Ltd (DNI) resulting in Sabvest having a look-through interest of 7,59% in DNI for R159,7m;
- purchased 3,2m shares in Brait for R128,5m thereby increasing its holding to 4m shares;
- purchased 21,5m shares in Metrofile Holdings for R69,6m thereby increasing its holding to 46,5m shares, representing 11,3% of Metrofile;
- purchased 250 000 shares in Net1 UEPS Technologies Inc for R30m thereby increasing its holding to 300 000 shares;
- purchased 17m Rolfes shares for R53,5m thereby increasing its direct and indirect holdings in Rolfes to 50m shares, representing a 31% economic interest in Rolfes;
- purchased 6m shares in Corero Network Security Plc for GBP443 000 (R7,9m) thereby increasing its holding to 28m shares, representing a 6,6% interest in Corero;
- invested \$17,5m in a bespoke offshore technology portfolio in February which was realised in full in August;
- invested \$7m in an offshore bond ETF;
- disposed of its offshore general equity portfolio in September for \$7,9m (R116,9m) which is currently held in cash in US dollars;
- repurchased 1 271 Sabvest ordinary shares and 3 502 602 Sabvest 'N' shares for R121,7m and cancelled all the treasury shares held, with the result that at the year end 16 975 293 ordinary shares and 24 826 919 'N' ordinary shares remained in issue;
- Subsequent to the reporting date:
 - on 30 January 2019 JAA increased its interest in DNI to 34,92%, partially funded by the issue of new JAA shares, which diluted Sabvest's interest in JAA to 28,4% but increased its lookthrough interest in DNI to 9,92%;
 - effective on 1 March 2019 Sabvest purchased a 10% interest in Masimong Group Holdings (Pty) Ltd, the major investments of which are 25% of Seriti Resources (Pty) Ltd (which owns 90% of Seriti Coal), 49% of Lephalale Coal Mines (Pty) Ltd and 18,1% of Mouton Holdings (Pty) Ltd (which owns 100% of Mouton Citrus and 65% of Carmien Tea);
 - disposed of its offshore bond portfolio of \$7,3m, the proceeds of which are currently held in cash.

Financial results

PAT reduced to R238,1m which Sabvest regards as a more normalised level relative to the exceptional and record results in 2017.

PAT was, however, negatively affected by reductions in the share prices of the group's RSA listed holdings other than Transaction Capital and the Value Capital Partners Fund which performed strongly.

Operating costs reduced due mainly to performance linked incentives in the current year based on a lower level of PAT. Pursuant to the reduction in PAT, HEPS reduced to 530,9 cents.

NAV per share increased by 15,1% to a new high of 5 852 cents per share and shareholders' funds increased to R2 446,1m, notwithstanding the payment of a special dividend of 100 cents per share. The increase in NAV per share was aided by the material share buyback during the year and the resulting 41,8m shares in issue at the reporting date (2017: 45,4m).

Listed investments

- Brait's share price reduced materially pursuant to concerns relating to its interests in the UK with the Brexit uncertainty, the weakness in the retail sector and the effects of the recapitalisation initiatives in New Look.
- The Corero share price continues to be volatile on small volumes but strategically its new relationship with Juniper Networks holds considerable promise.
- Metrofile's earnings have been below expectations and its share price has been weak most of the year.
- Net1 has suffered difficult trading conditions in its post SASSA contract period and its share price has been weak accordingly.
- Rolfes is trading well and has good prospects but has experienced a sideways share price performance.
- Torre Industries has paid a special dividend and its shareholders, including Sabvest, have accepted an offer for the company. The investment is accordingly held for sale
- Transaction Capital continues to trade very satisfactorily. It produced good growth for the year and its share price continues to strengthen.
- The Value Capital Partners Fund experienced a satisfactory increase in value driven in particular by its holding in Altron.
- The group's offshore, technology and general portfolios were sold in Q3 with a satisfactory gain on sale, both in terms of performance and currency.

Unlisted industrial investments

- Classic Food Brands has established its start-up manufacturing facilities, has reached profitability and has material growth prospects.
- DNI is growing strongly with profitability ahead of projections.
- Flexo Line Products traded below expectations due primarily to labour and management issues. Both have been resolved and the company is now trading at improved levels of profitability;
- ITL traded well notwithstanding a competitive market place. Its customer base continues to grow in line with expectations, its comprehensive RFID solution is gaining traction both in South Africa and internationally, it has concluded agreements to increase its interest from 50% to 100% in ITL Bangladesh and its new ITL Ethiopian operation will come on line shortly to service certain new US retail accreditations.
- SA Bias Industries' results were mixed. Flowmax in the UK traded satisfactorily despite disruptions caused by Brexit, Narrowtex and Apparel Components in South Africa experienced challenging local market conditions.
- Sunspray is trading well with profitability ahead of budget.

Unlisted investments are valued using the maintainable earnings model. Current earnings are calculated on an EBITDA basis and also referenced to NOPAT and are moderated if appropriate relative to forward earnings projections.

EBITDA multiples are based on transaction multiples usual for small/medium cap private companies and are in the range of 4 to 6 times. The ITL Group multiple is at a higher level of 9,25 times but which is below the 2018 acquisition multiple. Each resulting calculation is then adjusted for net cash/debt/equivalents to determine net EV.

Future investments

Sabvest remains focused on unlisted investments but will also hold some listed investments where it is represented on the board and has influence to execute particular strategies. It will use its surplus cash and debt capacity if appropriate. It may also issue new shares but only if the value exchange in the capital allocation decision is compelling.

Partnership principle

Sabvest has currently and will in the future usually only invest alongside a family, operating or financial partner. This is presently the case in all of its unlisted investments and most of its listed investments.

Capital restructure

The group is in discussions which may lead to proposals to shareholders to simplify the group's dual share structure. Shareholders will be advised as these progress.

Dividends

Dividends are determined relative to Sabvest's own cash flows from investments and services and capital receipts or special dividends that are not earmarked for new investments.

Dividends are considered twice annually. The normal dividends for the twelve months have been increased by 11% to 68 cents per share.

A special dividend of 100 cents per share was paid in February 2018.

Related parties

Related party transactions exist between subsidiaries and the holding company, fellow subsidiaries and investee companies, and comprise fees, dividends and income.

Transactions with directors relate to fees and monies lent to the group by individuals and companies controlled by the directors.

Restatement of comparative information

The group has enhanced its disclosure of total operating costs by separating fixed and variable costs to enable shareholders to assess the variability of costs. This has not resulted in any changes to the total amounts reflected in the statements of financial position and comprehensive income.

Directorate

As advised in the interim results, Ms Lindiwe Mthimunye-Bakoro, M.Com, H.Dip Tax Law, CA(SA) joined the board as an independent non-executive director on 5 June 2018 and is a member of all board committees.

Mr BJT Shongwe has joined the social and ethics committee.

On 1 January 2019 Mr Leon Rood, B.Com, LLB joined Sabvest as an executive director.

King IV compliance

Sabvest's King IV compliance report is on the Sabvest website and will be updated in the 2018 integrated annual report.

Prospects

All of the group's unlisted investee companies are budgeting improved profitability in 2019.

In the listed portfolio, Corero, Rolfes, Transaction Capital and Value Capital Partners are performing to expectations but it is obviously not possible to project likely listed share prices. In certain of the investees actions are being taken with the intention of unlocking value appropriately.

We anticipate a satisfactory year in 2019.

Commentary of Historical Financial Information

Report on historical information for the year ended 31 December 2017

Profile

Sabvest is an investment group which has been listed on the JSE since 1988. Its ordinary and "N" ordinary shares are quoted in the Equity Investment Instruments sector.

Sabvest has significant interests in four unlisted industrial groups, long-term direct and indirect holdings in seven listed investments and equity funds, and offshore share and bond portfolios, all accounted for on a fair value basis. In addition, Sabvest invests in debt instruments and portfolios and undertakes other fee and profit earning activities from time to time.

Changes in Investment Holdings

During the year Sabvest:

- purchased 30% of Classic Food Brands (Pty) Ltd and provided loan seed capital;
- purchased 41 523 shares in Brait for R3,1m, thereby increasing its holding to 800 000 shares;
- purchased 4,5m shares in Rolfes for R12,3m, thereby increasing its direct and indirect holding to 33m shares representing a 20,5% economic interest in Rolfes;
- purchased 50 000 shares in Net1 for R7,4m;
- purchased 200 000 units in Value Capital Partners Fund for R20m;

- purchased and sold 2m shares in Long4Life;
- restructured the form of its investment in Torre Industries Limited by disposing of its Torre shareholding to Newshelf 1400 (Pty) Ltd in exchange for ordinary shares in Newshelf with the result that it holds 48,67% of Newshelf, representing a look-through holding in Torre of 62 842 500 shares;
- increased its offshore listed share portfolio to R101,5m from RNil and reduced its offshore bond portfolio from R128,3m to RNil;
- purchased 6,5m shares in Corero Network Securities for R6,7m (GBP385,000), thereby increasing its interest in Corero to 22,0m shares representing 7,0% of Corero; and
- was credited with a special dividend of R1,387bn by SA Bias Industries pursuant to the sale by SA Bias of its International Trimmings and Labels (ITL) divisions for approximately US\$186,9m (R2,3 bn at the exchange rates at the time) on 31 December 2017.

Subsequent to the reporting date Sabvest:

- purchased 200 000 shares in Brait for R7,6m, thereby increasing its holding to 1m shares;
- purchased 200 000 shares in Net1 for R24,6m thereby increasing its holding to 250 000 shares;
- purchased 4 000 000 shares in Rolfes Holdings for R12,8m increasing its holdings to 14 500 000 shares;
- purchased 30% of Mandarin Industries Limited (BVI), the holding company of the ITL Group internationally, for \$33,6m (R414m at the exchange rates at the time);
- received the payment of the special dividend at the year-end by SA Bias in the amount of R1,387bn;
- purchased 30% of ITL Holdings South Africa (Pty) Ltd through Mandarin Holdings (Pty) Ltd (RSA) for R33m and made a preference share investment of R60m in Mandarin Holdings;
- concluded an asset swap of R300m into US dollars;
- invested the dollar equivalent of R208m (\$17,4m) from the asset swap in a bespoke offshore technology portfolio comprising 15 large cap technology companies and one technology fund, the details of which were advised to shareholders on 14 February 2018;
- retained the balance of \$7,3m (R92m) in cash and liquid interest-bearing instruments abroad; and
- refocused its general offshore equity portfolio to an increased overweight position in biotech and pharmaceutical stocks.

Financial Results

PAT increased materially to R688,3m primarily due to the increase in valuation of SA Bias Industries and the subsequent credit received for its special dividend. PAT was further enhanced by the reversal of a portion of the deferred tax provisions.

PAT was negatively affected by reductions in the share prices of the group's RSA listed holdings other than Transaction Capital and the Value Capital Partners Fund which performed strongly.

Operating costs increased materially due to performance linked incentives in the current year and virtually none in the prior year.

HEPS increased to a record 1 517,3 cents and NAV per share increased by 39,5% to a new high of 5 085 cents per share. Shareholders' funds increased by 38,8% to R2,3bn. Normal DPS for the year increased by 10,9% to 61 cents per share and a special dividend of 100 cents per share was declared. With regard to the accounting for the SA Bias transactions, the increase in the value of SA Bias arising from the sale of ITL and the subsequent decrease arising from the special dividend have both been accounted for as fair value adjustments to unlisted investments.

Listed Investments

- Brait's share price reduced materially pursuant to concerns relating to its interests in the UK after the Brexit vote and in particular the weakness in the retail sector and the effects on its investment in New Look.
- Metrofile produced stable earnings and concluded acquisitions of Tidy Files and G4S Kenya. Its share price has been weak most of the year.
- Net1 traded satisfactorily but its share price has been weak due to the uncertainty surrounding its SASSA contract.
- Rolfes experienced share price weakness after restating its published results and effecting changes in management. Its interim results were satisfactory and its operating prospects are good.
- Torre Industries' share price fell materially due to poor operating performances, particularly in the divisions affected by weakness in the mining and industrial sectors. Its interim results indicate that its prospects have stabilised.
- Transaction Capital continues to trade very satisfactorily. It produced good growth for the year and its share price strengthened in response.
- The Value Capital Partners Fund experienced a satisfactory increase in value, driven in particular by its holdings in Altron and Adcorp.

- The group's offshore share portfolio performed satisfactorily with an increase in value on average holdings for the year of 16,0% in US dollars.
- The Corero share price continues to be volatile on small volumes.

Unlisted Industrial Investments

- SA Bias Industries' results for the year were satisfactory. Pursuant to the sale of its ITL divisions, its business units comprise:
 - Narrowtex Group;
 - Apparel Component Manufacturers;
 - Flowmax Group (UK); and
 - Sabias Investments (BVI).
- Sunspray traded well with profitability ahead of budget.
- Flexo Line traded below expectations due primarily to labour issues.
- Classic Food Brands has established its start-up manufacturing facilities and its projections for 2018 are satisfactory.

Unlisted investments are valued using the maintainable earnings model. The earnings are calculated on an EBITDA basis and also referenced to NOPAT, and are considered relative to current and forward earnings. Multiples are based on transaction multiples usual for small cap private company transactions and recent actual transactions. Each resultant calculation is then adjusted for net cash/debt/equivalents to determine EV.

Subsequent Events

- An offshore subsidiary purchased a 30% interest in Mandarin Industries Limited (BVI) for \$33,6m (R416m);
- A subsidiary purchased a 30% in ITLSA Holdings Limited through Mandarin Holdings (Pty) Ltd for R93m;
- A special dividend of R1,387bn from SA Bias Industries was received in January 2018;
- Concluded an asset swap of R300m into US dollars; and
- A special dividend of a 100 cents per share was paid to ordinary and "N" ordinary shareholders.

The above were all non-adjusted.

Dividends

Dividends are determined relative to Sabvest's own cash flows from investments and services, and capital receipts or special dividends that are not earmarked for new investments.

Dividends are considered twice annually. The normal dividend has been increased by 11% to 61 cents per share and a special dividend of 100 cents per share has been declared. Both dividends were declared in January 2018 and paid in February 2018.

Related Parties

Related party transactions exist between subsidiaries and the holding company, fellow subsidiaries and investee companies, and comprise fees, dividends and income.

Transactions with directors relate to fees and monies lent to the group by individuals and companies controlled by the directors.

Restatement of Comparative Information

In line with the JSE monitoring process, the group has reported its investment in listed shares in two categories, those directly held and those indirectly held through other vehicles. This restatement also aligns with the disclosure of the fair value hierarchy and had the result of correcting the classification of listed investments held indirectly from a level 1 to a level 2. This is still based on observable quoted share prices and has not resulted in any change in value with the consolidated statement of financial position or consolidated statement of comprehensive income. Furthermore, more detailed disclosure on the consolidated summarised statement of cash flows has been presented.

Directorate

During the year Philip Coutts-Trotter retired from the board. Philip has been a director of Sabvest since listing and was previously Chairman of the company. His input over the years has been immensely valuable and we wish him well in his retirement.

Carl Coutts-Trotter also resigned during the year in order to focus his efforts solely on the ITL transactions and subsequently on the growth and development of SA Bias Industries of which he is CEO. Carl's participation has been valuable and considerable and although he is no longer on the Board, our partnership in SA Bias continues as will our interaction to the mutual benefit of both groups.

King Compliance

Sabvest's King III compliance report is on the Sabvest website and it expects to lodge its King IV report shortly.

Prospects

The group's major unlisted investee companies are budgeting improved profitability in 2018. Its small investee companies are not expected to contribute significantly to Sabvest's results at this stage but their prospects remain promising.

The group's listed investee companies are performing to expectations but it is obviously not possible to project likely listed share prices.

We anticipate a satisfactory year in 2018.

Commentary of Historical Financial Information

Report on historical information for the year ended 31 December 2016

Profile

Sabvest is an investment group which has been listed on the JSE since 1988. Its ordinary and "N" ordinary shares are quoted in the Equity Investment Instruments sector. Sabvest has significant interests in three unlisted industrial groups, long-term holdings in five JSE listed investments, and offshore share, bond and cash portfolios, all accounted for on a fair value basis. In addition, Sabvest makes finance advances, participates in debt instrument portfolios and undertakes other fee and profit earning activities from time to time.

Changes in investment holdings

During the year Sabvest:

- purchased 5m shares in Metrofile for R20,4m, thereby increasing its holding to 25m shares representing a 5,5% interest in Metrofile;
- purchased 1,2m shares in Torre Industries for R2,8m, thereby increasing its holding to 62,2m shares representing a 12% interest in Torre;
- purchased 3m shares in Rolfes Holdings for R10,8m, thereby increasing its direct holding in Rolfes to 6m shares;
- purchased additional participating preference shares of R23,5m in Masimong Chemicals, the value of which is directly linked to the performance of 7,5m ordinary shares in Rolfes Holdings, thereby increasing its holding in preference shares to an amount linked to the performance of 22,5m Rolfes shares, which, together with the 6m Rolfes shares referred to above, constitute direct and indirect interests of 17,5% in Rolfes;
- purchased and sold 500 000 shares in Datatec;
- purchased 2,38m shares in Corero Network Security for R3,6m (GB213 000), thereby increasing its interest in Corero to 15,5m shares representing an interest of 7,6% in Corero;
- increased its offshore bond portfolio to R128m;
- purchased 25% of Flexo Line Products (Pty) Ltd; and
- purchased 9 455 Sabvest ordinary shares and 225 526 Sabvest "N" ordinary shares for R6,6m, and which are presently held as treasury shares in a subsidiary.

Subsequent to the reporting date Sabvest:

- has contracted to purchase 26% of Classic Food Products (Pty) Ltd;
- has reduced its offshore bond portfolio by R46,9m (\$3,4m) to R81,3m (\$5,9m); and
- has re-opened its offshore share portfolio in an amount of R59,5m (\$4,5m).

Financial results

PAT decreased by 99% and headline earnings per share decreased by 99% to 9 cents per share.

The results for 2016 have been affected by negative fair value adjustments in the listed share portfolio arising from falls in the share prices of Sabvest's holdings in Brait, Corero and Torre during the year, and by a one-off increase in the deferred tax liability on fair value adjustments relating to prior years due to the increase in the enacted rate of CGT.

All of the group's unlisted investments and its listed investments in Metrofile, Rolfes and Transaction Capital performed satisfactorily.

NAV per share decreased by 2% to 3 646 cents per share. Shareholders' funds decreased by 2% to R1,659bn.

DPS for the year increased by 10% to 55 cents per share.

Listed investments

- Brait's share price reduced materially pursuant to concerns relating to its interests in the United Kingdom after the Brexit vote and in particular the uncertain outlook for sterling and the weakness in the retail sector and the effects on its investment in New Look.
- Metrofile produced slightly lower growth in earnings than in prior years. Its share price was stable during the period.
- Torre Industries' share price fell materially due to poor operating performances across the group and in particular in the divisions affected by weakness in the mining and industrial sectors. Prospects are satisfactory once activity in these sectors improves.
- Rolfes Holdings produced excellent results ahead of expectations and its share price increased materially.
- Transaction Capital continues to trade very satisfactorily and in line with expectations. It produced good growth for the year and its share price strengthened in response.
- The group's geared offshore bond portfolio performed satisfactorily with US dollar returns of 9,4% for the year. The portfolio comprised 29 fixed date redeemable bonds 2018 – 2022 with an average rating of BB.
- The group's offshore share portfolio was re-opened after the year-end in an initial amount of \$4,5m. It comprises a spread of large cap shares but primarily focused on the IT and biotech sectors. The bond and share portfolios are listed on Sabvest's website.
- The Corero share price continues to be volatile on small volumes and reduced materially during the year. Corero continues to extend its customer base and prospects remain satisfactory.

Unlisted industrial investments

- SA Bias Industries' results for the year showed satisfactory growth assisted by its increased interest from 60% to 100% in the UK based Flowmax Group, effective 31 December 2015. Its business units comprise:
 - International Trimmings & Labels Group (ITL);
 - Narrowtex Group;
 - Apparel Components;
 - Flowmax Group; and
 - Sabias Investments.
- Sunspray traded well with profitability ahead of budget.
- Flexo Line is trading to expectations since its acquisition in October 2016. Flexo Line is a manufacturing business that specialises in high quality injection moulded plastic products primarily for the spice industry locally and internationally.
- Subsequent to the year-end Sabvest has contracted to acquire 26% of Classic Food Products (Pty) Ltd which is a Durban based producer of fresh and packaged food products to the retail and food distribution centres, and its production facilities are also Halaal accredited.
- Unlisted investments continue to be valued using the maintainable earnings model (NOPAT) adjusted for net cash/debt. The earnings multiples utilised were unchanged from prior periods. The investment in Flexo Line will be carried at cost for the first twelve months.

Subsequent events

There were no subsequent events.

Dividends

Dividends are determined relative to Sabvest's own cash flows from investments and services and capital receipts that are not earmarked for new investments.

Dividends are considered twice annually. The dividend has been increased by 10% to 55 cents per share (2016: 50 cents per share).

Shareholders are referred to the final cash dividend declaration included in this report.

Related parties

Related party transactions exist between subsidiaries and the holding company, fellow subsidiaries and investee companies, and comprise fees, dividends and income.

Transactions with directors relate to fees and monies lent to the group by individuals and companies controlled by the directors.

Directorate

There were no changes during the period.

Changes within the existing directorate were advised to shareholders on SENS on 19 January 2017 and will be effective on 15 May 2017.

King III compliance

Sabvest's compliance report has been updated on the Sabvest website.

Prospects

The group's unlisted investee companies are budgeting for improved profitability in 2017.

Most of the group's listed investee companies are performing to expectations except for those trading in the industrial and mining sectors in Africa where performance is difficult to project. It is obviously not possible to project likely listed share prices. Overall we anticipate a satisfactory year in 2017.

**SABVEST'S REVIEWED INTERIM FINANCIAL RESULTS FOR
THE SIX MONTHS ENDED 30 JUNE 2019**

Consolidated Condensed Statement of Financial Position

as at 30 June 2019

	Reviewed 30 June 2019 R'000	Unaudited 30 June 2018 R'000	Audited 31 Dec 2018 R'000
Non-current assets	2 714 267	2 086 623	2 367 060
Property, plant and equipment	3 995	2 972	2 688
Right of use asset	988	–	–
Investment holdings	2 709 284	2 055 050	2 364 372
Unlisted investments	2 187 770	1 375 589	1 707 546
Listed investments	470 889	573 295	566 699
Listed investments held indirectly	50 625	134 767	90 127
Current assets	261 447	749 754	452 538
Finance advances and receivables	112 488	28 210	34 987
Listed investments held indirectly (held-for-sale)	–	–	65 985
Listed share portfolios	–	394 201	–
Equity investment	–	41 222	–
Bond portfolio	71 761	101 819	101 993
Cash balances	77 198	184 302	249 573
Total assets	2 975 714	2 836 377	2 819 598
Ordinary shareholders' equity	2 469 699	2 471 137	2 446 148
Non-current liabilities	410 805	299 641	277 109
Interest-bearing debt	230 000	140 000	100 000
Deferred tax liabilities	180 805	159 641	177 109
Current liabilities	95 210	65 599	96 341
Interest-bearing debt	46 614	40 235	66 176
Equity/bond portfolio finance	–	32 130	–
Current portion of non-current interest-bearing debt	40 000	–	40 000
Interest-bearing debt	6 614	8 105	26 176
Accounts payable and provisions	48 596	25 364	30 165
Total equity and liabilities	2 975 714	2 836 377	2 819 598

Consolidated Condensed Statement of Comprehensive Income

for the six months ended 30 June 2019

	Reviewed 30 June 2019 R'000	Unaudited Restated ² 30 June 2018 R'000	Audited 31 Dec 2018 R'000
Gross income from operations and investments	95 407	227 247	364 351
Dividends received	66 478	15 271	53 557
Interest received	9 265	15 602	27 758
Foreign exchange (loss)/gain	(6 975)	12 101	21 681
Income/(loss) on financial investments and shares	5 052	(2 780)	68 405
Fees and sundry income	942	966	2 047
Fair value adjustment to investments	20 645	186 087	190 903
– Listed	(99 696)	64 637	(89 653)
– Listed investments held indirectly	(14 625)	(15 242)	6 103
– Unlisted	134 966	136 692	274 453
Transactional costs	(3 659)	(6 755)	(11 877)
Impairments written back	419	435	851
Fair value loss on initial recognition of interest-free loans	(274)	–	(3 907)
Interest paid	(9 976)	(8 442)	(16 752)
Net income before expenses and exceptional items	81 917	212 485	332 666
Less: Expenditure	(25 670)	(18 686)	(43 281)
Operating costs – fixed	(16 820)	(15 166)	(27 222)
Operating costs – variable	(8 441)	(3 289)	(15 487)
Depreciation	(409)	(231)	(572)
Net income before taxation	56 247	193 799	289 385
Taxation – deferred	(3 696)	(33 834)	(51 302)
Net income for the year attributable to equity shareholders	52 551	159 965	238 083
Translation of foreign subsidiary ¹	(13 951)	69 533	101 523
Total comprehensive income attributable to equity shareholders	38 600	229 498	339 606

¹ This item may subsequently be classified to profit and loss

² Refer to restatement of comparative information

Consolidated Condensed Statement of Cash Flows

for the six months ended 30 June 2019

	Reviewed 30 June 2019 R'000	Unaudited 30 June 2018 R'000	Audited 31 Dec 2018 R'000
Cash (utilised in)/generated by operating activities	27 780	(65 928)	(52 477)
Net income for the period	52 551	159 965	238 083
Adjusted for non-cash items	(9 722)	(164 730)	(214 909)
Cash flows from operations	42 829	(4 765)	23 174
Dividends paid			
– ordinary	(15 049)	(15 857)	(30 345)
– special	–	(45 306)	(45 306)
Cash flows (utilised in)/from investing activities	(310 593)	251 977	438 465
These include:			
Purchase of investment holdings and offshore portfolio	(427 665)	(1 205 143)	(1 557 661)
Proceeds from sale of investment holdings and offshore portfolio	195 664	94 446	643 431
Proceeds from sale of fixed assets	–	300	300
Proceeds of special dividend	–	1 387 500	1 387 500
Finance advances and other	(78 592)	(25 126)	(35 105)
Cash effects of financing activities	110 438	(1 805)	(136 473)
These include:			
Increase in long-term loans	130 000	–	–
Interest-bearing debt	(19 562)	(25 107)	(7 036)
Decrease in offshore portfolio finance	–	24 445	(7 685)
Purchase of company shares	–	–	(120 609)
Other	–	(1 143)	(1 143)
Change in cash and cash equivalents	(172 375)	184 244	249 515
Cash and cash equivalents at beginning of period	249 573	58	58
Cash and cash equivalents at end of period	77 198	184 302	249 573

Other Information

as at 30 June 2019

	Reviewed 30 June 2019 R'000	Unaudited 30 June 2018 R'000	Audited 31 Dec 2018 R'000
Net asset value per share with investments at fair value – cents	5 908	5 458	5 852
Number of shares in issue less held in treasury – 000's	41 802	45 274	41 802
Earnings per share – cents	125,7	353,3	531,3
Weighted average number of shares in issue – 000's	41 802	45 279	44 813
Reconciliation of headline earnings (R'000)			
Net income for the period	52 551	159 965	238 083
Profit on sale of property, plant and equipment	–	(155)	(155)
Headline earnings for the period	52 551	159 810	237 928
Headline earnings per share – cents ¹	125,7	352,9	530,9

¹ There are no diluting instruments.

Consolidated Condensed Statement of Changes in Equity

for the six months ended 30 June 2019

	Share capital R'000	Share premium R'000	Non- distribu- table reserve R'000	Distribut- able reserve R'000	Total R'000
Balance as at 1 January 2018	851	28 437	42 295	2 232 362	2 303 945
Total comprehensive profit for the period	-	-	101 523	238 083	339 606
Shares held in treasury – written back	5	17 311	-	-	17 316
Shares cancelled	(5)	(45 748)	-	(93 315)	(139 068)
Dividends paid	-	-	-	(75 651)	(75 651)
Balance as at 31 December 2018 (Audited)	851	-	143 818	2 301 479	2 446 148
Total comprehensive profit for the period	-	-	(13 951)	52 551	38 600
Dividends paid	-	-	-	(15 049)	(15 049)
Balance at 30 June 2019 (Reviewed)	851	-	129 867	2 338 981	2 469 699
			Reviewed 30 June 2019 R'000	Unaudited 30 June 2018 R'000	Audited 31 Dec 2018 R'000
Dividends per share (proposed after interim/year-end) – cents			36,0	32,0	68,0
Special dividends per share – cents			-	100,0	100,0

Investment Holdings

as at 30 June 2019

	Number of Ordinary shares/units	Economic interest %	Fair value R'000
Unlisted Investments			
Classic Food Brands (Pty) Ltd		25,0	29 114
DNI-4PL Contracts (Pty) Ltd ¹		20,0	478 728
Flexo Line Products (Pty) Ltd		47,5	35 206
ITL Holdings Group ²		30,0	788 862
Masimong Group Holdings (Pty) Ltd		10,0	114 000
Revix Group ⁶		30,0	–
SA Bias Industries (Pty) Ltd ³		59,9	683 140
Sunspray Food Ingredients (Pty) Ltd ⁴		28,2	58 720
			2 187 770
Listed Investments			
Brait S.E.	4 000 000		74 000
Corero Network Security Plc	28 000 000		37 109
Metrofile Holdings Limited	49 000 000		79 380
Net1 UEPS Technologies Inc	300 000		16 575
Rolfes Holdings Limited	28 500 000		64 125
Transaction Capital Limited	10 000 000		199 700
			470 889
Listed Investments Held Indirectly			
Rolfes Holdings Limited ⁵	22 500 000		50 625
			50 625
Non-current investment holdings			
			2 709 284
Current investments			
			71 761
– Listed bond portfolio			71 761
– Listed investments held-for-sale			–
TOTAL HOLDINGS			2 781 045

1 Effective interest of 16.06% in DNI through 34.78% of JA Holdings which owns 46.08% of DNI, and 4% direct interest in DNI.

2 ITL Holdings Limited (Jersey) held through Mandarin Industries Limited BVI and ITL Holdings SA (Pty) Ltd held through Mandarin Holdings (Pty) Ltd.

3 Voting interest 49%.

4 Held indirectly through ordinary shares in Famdeen Investments (Pty) Ltd.

5 Held indirectly through participating preference shares in Masimong Chemicals (Pty) Ltd linked to the performance of 22,5m shares in Rolfes Holdings Limited.

6 Revix UK Limited, Revix Technologies Limited and Revix SA Holdco (Pty) Ltd.

Investment Holdings per Sector

as at 30 June 2019

	Fair value R'000
Industrial and Services	
DNI-4PL Contracts (Pty) Ltd	478 728
ITL Holdings Group	788 862
Metrofile Holdings Limited	79 380
SA Bias Industries (Pty) Ltd	683 140
	2 030 110
Industrial – Food and Related Products	
Classic Food Brands (Pty) Ltd	29 114
Flexo Line Products (Pty) Ltd	35 206
Sunspray Food Ingredients (Pty) Ltd	58 720
	123 040
Information Technology	
Corero Network Security Plc	37 109
Revix Group	–
	37 109
Mining, Chemicals and Agriculture	
Masimong Group Holdings (Pty) Ltd	114 000
Rolfes Holdings Limited	114 750
	228 750
Specialised Financial	
Brait SE	74 000
Net1 UEPS Technologies Inc	16 575
Transaction Capital Limited	199 700
	290 275
	2 709 284

Contingent Liabilities

as at 30 June 2019

1. The group has rights and obligations in terms of shareholder and purchase and sale agreements relating to its present and former investments.
2. Guarantees for the bank borrowings of two investees utilised at 30 June 2019 in amounts totalling R133m (utilisation by investees at 30 June 2018, R139m).

Commentary

PROFILE

Sabvest is an investment group which has been listed on the JSE since 1988. Its 17,0m ordinary shares and 24,8m 'N' ordinary shares are quoted in the Equity Investment Instruments sector of the JSE.

Sabvest has interests in eight unlisted investments, direct and indirect interests in six listed investments and an offshore bond portfolio, all accounted for on a fair value basis. In addition Sabvest makes finance advances, holds general debt, share and cash portfolios, and undertakes other fee, finance and profit earning activities from time to time.

CHANGES IN INVESTMENT HOLDINGS

During the reporting period, Sabvest has

- Purchased an additional 2,5m shares in Metrofile for R3,9m thereby increasing its interest in Metrofile to 49m shares representing an 11,6% interest in Metrofile;
- Purchased an additional 1,0m shares in Rolfes for R2,4m thereby increasing its direct and indirect economic interests in Rolfes to 51m shares representing a 31% economic interest in Rolfes;

- Disposed of its 200 000 units in Value Capital Partners Fund for R26,9m;
- Purchased a 10% interest in Masimong Group Holdings (Pty) Limited, as advised on SENS;
- Purchased a 30% interest in Revix Group in the UK and RSA, as advised on SENS;
- Increased its direct and indirect interests in DNI-4PL Contracts (Pty) Limited to 20% through its 34,78% interest in JAA Holdings (Pty) Limited which now owns 46% of DNI and 4% directly in DNI, as advised on SENS; and
- Varied its bond and money market holdings to optimise returns on surplus cash without general equity risk at this time. Subsequent to the reporting date, Sabvest has purchased a 49% interest in Apex Partners Holdings (Pty) Limited, as advised on SENS.

During the reporting period, Sabvest's major unlisted investees have concluded various transactions as follows:

- ITL Group has increased its interest in ITL Bangladesh from 50% to 100%, established new manufacturing facilities in Ethiopia and Mauritius, approved a new business unit in North Vietnam and commenced its first roll out of RFID contracts in RSA and to a major global customer; and
- The Flowmax UK division of SA Bias Industries has acquired 76% of Whisper Pumps Limited in the UK and 60% of Petroy B.V. in the Netherlands. No Sabvest shares were purchased or issued during the reporting period.

FINANCIAL RESULTS

NAV per share increased by 8% to 5 908c over the twelve months from the prior interim reporting date.

PAT reduced materially to R52,6m for the reporting period primarily due to fair value losses of R114m on direct and indirect listed investments (2018: gain R49,4m) due to lower listed share prices at the reporting date, and forex losses of R6,9m (2018: gain R12,1m). The gain of R134,9m on unlisted investments was substantially the same as in the prior interim period but is stated after the SA Bias valuation was reduced by a special dividend paid during the period of which Sabvest's share was R41,25m.

The balance sheet remained strong and liquid with shareholders' funds of R2,469bn, interest-bearing debt net of cash and bonds of R128m and indebtedness of investees under Sabvest financial guarantees of R133m. The guarantees are expected to be released or run down to zero over the forthcoming 24 months.

Dividends for the interim period have been increased by 12,5% to 36c per share (2018: 32c per share).

LISTED INVESTMENTS

- Brait's share price reduced materially primarily due to uncertainties concerning the refinancing of its balance sheet debt. Those are expected to be resolved in the period ahead.
- The Corero share price continues to be volatile on small volumes. However Corero's expanded relationship with Juniper Networks should continue to bolster its volumes and revenues, and therefore its intrinsic value in due course.
- Metrofile had a number of one off negatives in the current year and in particular relating to debt and effective taxation rates and the share price reduced materially in response. The position is expected to correct in the coming period (as announced by it on SENS).
- Net1 has suffered difficult trading conditions in its post SASSA contract period and uncertainties relating to the value of its investment in Cell-C and its holdings in KSNNet in Korea. Its share price has been weak as a result. It has however eliminated its net on balance sheet debt completely and more certainty over trading, Cell-C and KSNNet is likely in the period ahead.
- Rolfes is trading satisfactorily, except in the agricultural division, but has experienced a weak share price. Rolfes has recently issued a cautionary announcement relating to negotiations now in progress and has announced the sale of its colour division.
- Transaction Capital continues to trade very well with good growth continuing in both of its operating divisions. Its share price continues to strengthen as a result. Growth prospects continue to be strong.
- The investment in Value Capital Partners, a non-core holding, was realised during the period resulting in a satisfactory return over the investment period.

UNLISTED INVESTMENTS

- Classic Food Brands, a start-up business, has now reached profitability and has good prospects.
- DNI is growing strongly, is highly cash generative and has exciting strategic and financial prospects.
- Flexo Line has traded below expectations and is carried at an impaired value. However it has now implemented a revised pricing model with customers and improved production efficiencies and prospects are at last encouraging.

ITL traded exceptionally well during the period. Growth prospects continue to be strong as its market penetration, production capabilities geographically and technically and customer reach globally are at the forefront of the industry internationally.

- Masimong has a portfolio of high performing growth assets and in particular its mining interests in Seriti Coal and Lephalale Coal and Power, and its agricultural interests in Mouton Citrus, Carmien Tea and Southern Cross grape and date farms. It has continuing new growth and investment opportunities as Masimong is one of the most highly regarded and preferred bidders/owners in these sectors in RSA. Sabvest will increase its investment in Masimong if the opportunity arises.
- Revix has launched its cryptocurrency portfolio application portal successfully and is focusing on gaining brand and functional recognition, traction and volumes internationally.
- SA Bias Industries had a fair overall performance in the period with its Flowmax UK fluid handling operations trading well but with weakness in its South African Narrowtex and ACM divisions. While Brexit uncertainty may temporarily impact trading, continued organic and acquisitive growth is expected in the Flowmax Group. Demand from South African industrial markets remains weak, however improvements to the business model in Narrowtex to further enhance export prospects should enable a return to growth in the coming year.
- Sunspray Food Ingredients continues to trade satisfactorily and achieve year on year growth in earnings.

Unlisted investments, except Revix and Masimong, are valued using the maintainable earnings model based on historic normalised EBITDA adjusted for future prospects if appropriate. EBITDA multiples are based on transaction multiples usual for small/medium cap private companies except for ITL which is at a higher international level but below recent transaction multiples. Each resulting calculation is then adjusted for cash/debt/equivalents to determine net EV. The multiples for this period are Classic 5, DNI 6,5, Flexo 4, ITL 9,25, SA Bias – Flowmax 6, Narrowtex 5, ACM 4, and Sunspray 5. Revix as a start-up is fully impaired. Masimong is carried at attributable NAV after its own fair value calculations of its holdings on a DCF basis, net of minority and liquidity discounts and deferred CGT, and audited.

FUTURE INVESTMENTS

Sabvest remains focused on unlisted investments but will also hold some listed investments where it is represented on the board and/or has influence to execute particular strategies. It may issue new shares but only if the value exchange in the capital allocation decision is compelling.

Sabvest anticipates making one further industrial investment in the period ahead and possibly increasing its interest in Masimong. Sabvest's current capital, with a conservative level of gearing to enhance returns, will then be fully invested.

PARTNERSHIP PRINCIPLE

Sabvest usually only invests alongside a family, operating or financial partner. Its current partners in each investment are recorded in the 2018 integrated annual report on its website.

CAPITAL STRUCTURE

Sabvest has formulated a proposal to simplify the groups' dual share structure and is in discussion with the JSE over its terms and acceptability. Shareholders will be advised further in due course.

DIVIDENDS

Dividends are determined relative to Sabvest's own cash flows from investments and services with a target of achieving a 10% compound growth rate in dividends over a period.

Dividends are considered twice annually. The interim dividend proposed for the six months is 36c which is a 12,5% increase over the previous interim dividend of 32c.

RELATED PARTIES

Related party transactions exist between subsidiaries and the holding company, fellow subsidiaries and investee companies, and comprise fees, dividends and income. Transactions with directors relate to fees and monies lent to the group by individuals and companies controlled by the directors.

ACCOUNTING POLICIES

The reviewed consolidated condensed interim financial statements (interim financials) have been prepared in accordance with and containing the information required on the Standard 34: Interim Financial Reporting as issued by the International Accounting Practices Standards Board (IASB), the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Pronouncements issued by the Financial Reporting Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

These have been prepared on a historical cost basis, except for financial instruments and investments which are measured at fair value. The significant accounting policies and methods of computation are consistent in all material aspects of those applied in the previous financial year other than the adoption of various new standards.

The group has adopted IFRS16 – *Leases* with effect from 1 January 2019. IFRS16 – *Leases* sets out the principals of leases for both parties in a contract, ie, the customer (Lessee) and the supplier (Lessor). IFRS16 replaces the previous leases, IAS17 – *Leases and related interpretations*. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has used this practical expedient. The impact on the group’s Condensed Consolidated Statement of Financial Position is the asset (the right of use for the leased premises) and the financial liability to pay rentals are capitalised and recognised. The impact on the group’s Condensed Consolidated Statement of Comprehensive Income, is the depreciation and financial cost that replaces the rent charges under IFRS17.

There have been no material change in judgements or estimates of the amounts reported in prior reporting periods. The preparation of the interim financial statements were supervised by the Chief Financial Officer, R Pleaner, CA(SA), and are available for inspection at the group’s registered office.

RESTATEMENT OF COMPARATIVE INFORMATION

The group has enhanced its disclosure of total operating costs by separating fixed and variable costs to enable shareholders to assess the variability of costs. The group has combined the direct transactional cost and investment acquisition costs into one line item, namely transactional costs. Neither of these have resulted in any changes to the total amounts reflected in the statements of financial position or comprehensive income.

DIRECTORATE

There have been no changes in the reporting period

KING IV™ COMPLIANCE

Sabvest’s compliance report is on the Sabvest website and in the 2018 integrated annual report.

SUBSEQUENT EVENTS

The Company (and its shareholders) will undertake a share restructure transaction with Sabvest Capital Limited in terms of which all of the Company’s 24 276 919 ‘N’ shares and 16 975 293 Ordinary shares held by its shareholders, which will be exchanged for the issuance of 41 760 242 Sabvest Capital Limited Ordinary Shares.

This transaction will be implemented by way of a scheme of arrangement, the result of which all of the Company’s issued share capital will be held by Sabvest Capital Limited.

PROSPECTS

Overall the unlisted portfolio is expected to deliver satisfactory growth and returns in the period ahead.

While it is obviously not possible to predict share prices of the group’s listed investments, the improving fundamentals of each and/or possible corporate actions relating to some of them are likely to enhance perceptions of value and thereby share prices in due course.

References to future financial information in this announcement have not been reviewed or reported on by the group’s auditors.

CASH DIVIDEND DECLARATION

Notice is hereby given that an interim dividend of 36 cents (2018: 32 cents) per ordinary and ‘N’ ordinary share for the six months ended 30 June 2019 has been declared out of income reserves.

The issued share capital of the company at the declaration date is 16 975 293 ordinary and 24 826 919 ‘N’ ordinary shares. The income tax number of the company is 9375/105/716.

Withholding tax on dividends at a rate of 20% will be deducted for all shareholders who are not exempt in terms of the legislation. This will result in a final net cash dividend of 28,8 cents per ordinary and ‘N’ ordinary share to non-exempt shareholders.

Last date to trade “CUM” dividend	Tuesday, 27 August 2019
Trading “EX” dividend commences	Wednesday, 28 August 2019
Record date	Friday, 30 August 2019
Dividend payment date	Monday, 2 September 2019

No dematerialisation or rematerialisation of share certificates will be allowed during the period Wednesday, 28 August 2019 to Friday, 30 August 2019, both days inclusive.

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON SABVEST'S
AUDITED FINANCIAL INFORMATION FOR THE 3 YEARS ENDED
31 DECEMBER 2018 AND REVIEWED INTERIM FINANCIAL RESULTS FOR
THE SIX MONTHS ENDED 30 JUNE 2019**

24 February 2020
The Directors
Sabvest Limited
4 Commerce Square
Sandton
2196

Dear Sirs/Madams

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE CONSOLIDATED HISTORICAL
FINANCIAL INFORMATION AND THE CONSOLIDATED CONDENSED HISTORICAL INTERIM
FINANCIAL INFORMATION INCLUDED IN THE PROSPECTUS**

Introduction

We have:

- audited the consolidated historical financial information of Sabvest Limited (the Company) and its subsidiaries (the Group) in respect of the years ended 31 December 2018, 31 December 2017 and 31 December 2016 as presented in **Annexure B** to the prospectus dated 28 February 2020 (the Prospectus); and
- we have reviewed the consolidated condensed interim historical financial information of the Group for the six months period ended 30 June 2019 as presented in **Annexure Bi** to the Prospectus.

Consolidated historical Financial Information for the years ended 31 December 2018, 31 December 2017 and 31 December 2016

Opinion

The consolidated historical financial information in respect of the years ended 31 December 2018, 31 December 2017 and 31 December 2016 as presented in **Annexure B** to the Prospectus comprises the consolidated statements of financial position as at 31 December 2018, 31 December 2017 and 31 December 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, including a summary of significant accounting policies.

In our opinion, the consolidated historical financial information presents fairly, in all material respects, the consolidated statements of financial position of the Group as at 31 December 2018, 31 December 2017 and 31 December 2016, and its consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

Consolidated historical Financial Information for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 (continued)

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Historical Financial Information for the years ended 31 December 2018, 31 December 2017 and 31 December 2016* section of our report. We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our report, we draw your attention to consolidated historical financial information in respect of the years ended 31 December 2018, 31 December 2017 and 31 December 2016 as presented in **Annexure B** to the Prospectus. This Annexure excludes the detailed notes to the consolidated historical financial information per the dispensation granted by the JSE Limited. This information is publicly available on the Company's website at www.sabvest.com.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated historical financial information for the years ended 31 December 2018, 31 December 2017 and 31 December 2016. These matters were addressed in the context of our audit of the consolidated historical financial information for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How the matter was addressed in the audit

Year ended 31 December 2018

Valuation of unlisted investments

By nature the assumptions used in the valuation of unlisted investments requires significant judgement and therefore the valuation of unlisted investments is considered a key audit matter.

In respect of the unlisted investments, the executive directors prepare valuation workings based on their selected valuation model of Earnings before interest, tax, depreciation and amortisation (EBITDA) multiplied by the determined earnings multiple. These valuations incorporated a number of assumptions, the primary assumptions in notes 2 and 21 to the consolidated financial statements being:

1. Determination of maintainable earnings; and
2. Earnings multiple.

Maintainable earnings are derived from the management account information and budgets of the underlying investments and earnings multiples are derived from market data and analysis of comparable companies.

The consolidated financial statements provide details of the valuation method. The requirements of IFRS 13: *Fair value measurements* has been considered.

We assessed the appropriateness of the valuation methodology applied and the valuations prepared by the executive directors.

Where appropriate, we involved our valuation experts and we completed the procedures below:

1. assessed the application of the fair value principles of the valuation method;
 2. assessed the reasonability of the earnings multiple;
 3. assessed the reasonability of the maintainable earnings with reference to the latest management accounts available for investee companies;
 4. performed procedures to ensure that the management information used in the prior period, agreed materially to the audited financial statements for the investee companies; and
 5. assessed whether adjustments processed by management to the maintainable earnings calculation are appropriate and consistent.
-

Key Audit Matter	How the matter was addressed in the audit
<p>The Group adopts IFRS 10: Consolidated Financial Statements for Investment Entities and as such reports on the fair values of its investments</p>	<p>We concluded that the valuation method is widely applied and appropriate for valuing unlisted investments. We assessed the earnings and earnings multiples used and found the basis of determination appropriate and consistent resulting in a conservative fair value.</p> <p>In notes 2 and 21 to the consolidated financial statements details are provided of the valuation method and key assumptions for the level 3 fair value measurements. We assessed the adequacy of the Group's disclosures in relation to the judgement and estimation applied to investments.</p> <p>We found the overall valuation and disclosure of investments to be appropriate</p>
Year ended 31 December 2017	
Valuation of investments	
<p>In respect of the unlisted investments, the executive directors prepare valuation workings based on their selected valuation model of Earnings before interest, tax, depreciation and amortisation (EBITDA) multiplied by the determined earnings multiple. These valuations incorporated a number of assumptions, the primary assumptions in note 2 and 21 to the consolidated financial statements being:</p> <ol style="list-style-type: none"> 1. Determination of maintainable earnings; and 2. Earning multiple. <p>Maintainable earnings are derived from the financial statements and budgets of the underlying investments and earnings multiples are derived from market data and analysis of comparable companies. By nature, these assumptions applied to value the investments require significant judgement and therefore considered this to be a key audit matter.</p>	<p>A detailed review of the assumptions and valuation was performed for each of these investments. The variables used to value investments were agreed to readily available market information and/or Brokers' notes. The consolidated and separate financial statements provided details of the valuation method. The requirements of IFRS 13: Fair value measurements has been considered.</p> <p>We assessed the appropriateness of the EBITDA valuation methodology applied in the current year and that the valuations prepared by management are within acceptable valuation ranges using the assumptions provided.</p> <p>We involved our valuation experts, as appropriate, in completing our procedures below:</p> <ol style="list-style-type: none"> 1. assessed the application of the fair value principles of the valuation method; 2. assessed the reasonability of the maintainable earnings and earnings multiple; 3. tied in the valuations to the latest management accounts available for investment companies; and assessed whether adjustments processed by management to the maintainable earnings calculation are appropriate. <p>We concluded that the valuation method is widely applied and appropriate for valuing unlisted investments. We assessed the earnings and earnings multiples used and found the basis of determination appropriate resulting in a conservative fair value.</p> <p>In note 2 and 21 to the consolidated financial statements details are provided of the valuation method and key assumptions for the level 3 fair value measurements. We assessed the adequacy of the Group's disclosures in relation to the judgement and estimation applied to investments.</p> <p>We found the overall valuation and disclosure of investments to be appropriate.</p>

Key Audit Matter**How the matter was addressed in the audit**

SA Bias Industries (Pty) Limited's disposal of its International Trimmings and Labels (ITL) divisions

Effective on 31 December 2017 the Group's largest investee company, SA Bias Industries (Pty) Limited (SA Bias), disposed of its International Trimmings and Labels divisions to a consortium of investors for consideration of R165 million for ITL South Africa (Pty) Ltd and \$173,5 million for ITL International division.

In addition, on 31 December 2017, SA Bias declared a special dividend of R37 per share to all existing shareholders; which was subsequently received by the Group in January 2018.

Due to the significant nature of the transaction, the accounting for the investment and resultant special dividend we considered this to be a key audit matter, refer notes 2.2 and 3.

Our assessment included a detailed review of the transaction concluded on 31 December 2017, including consideration of the terms of the sales agreements. The requirements of IAS 39: Financial Instruments: Recognition and Measurement (IAS 39) have been evaluated to assess the appropriate presentation and disclosure of both the disposal and subsequent special dividend declaration in the consolidated financial statements. This evaluation included assessing whether the disposal, as well as the special dividend declared by SA Bias, have been appropriately disclosed. In consideration of IAS 39 and the evaluation above, we consulted with our internal accounting experts to consider the appropriateness of the disclosure of the special dividend as a realisation in part of the investment in SA Bias. We found the overall presentation and disclosure of the transaction to be appropriate.

Year ended 31 December 2016

Valuation of investments

The Group has adopted IFRS 10: Consolidated Financial Statements for Investment Entities and as such reports on the fair values of its investments.

In respect of the unlisted investments, the executive directors prepare valuation workings based on their selected valuation model of Net operating profit after taxation ("NOPAT") X determined earnings multiple. These valuations incorporate a number of assumptions, the primary assumptions being:

1. determination of maintainable earnings; and
2. earnings multiple.

Maintainable earnings are derived from the financial statements and budgets of the underlying investments and earnings multiple is derived from market data. By nature, these assumptions require significant judgement and is therefore considered to be a key audit matter.

A detailed review of the assumptions and valuation was performed for each of these investments. The variables used to value investments were agreed to readily available market information and/or Brokers' notes. The financial statements provide details of the valuation method. The requirements of IFRS 13: Fair value measurements has been considered.

Our assessment is that the valuations prepared are within acceptable valuation ranges that could be arrived at, using the assumptions provided.

The following procedures were performed:

1. assess the application of the fair value principles of the valuation method;
2. assess the reasonability of the maintainable earnings and earnings multiple;
3. tie in the valuations to the latest management accounts available for investment companies; and
4. assess whether adjustments processed by management to the maintainable earnings calculation are supported by appropriate supporting documentation.

The financial statements provide details of the valuation method and key assumptions for the level 3 fair value measurements. We assessed the adequacy of the Group's disclosures in relation to the judgement and estimation applied to investments.

We assessed the earnings and earnings multiples used and found the basis of determination consistent with prior year resulting in a conservative, yet appropriate fair value.

We found the overall valuation and disclosure of the investments to be appropriate.

Directors' Responsibility for the Consolidated Historical Financial Information

The Company's directors are responsible for the preparation and fair presentation of the consolidated historical financial information for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 in accordance International Financial Reporting Standards and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of consolidated historical financial information that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated historical financial information, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our objectives are to obtain reasonable assurance about whether the consolidated historical financial information for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated historical financial information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- Evaluate the overall presentation, structure and content of the consolidated historical financial information, including the disclosures, and whether the consolidated historical financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated historical financial information of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Consolidated Interim Historical Financial Information for the six months period ended 30 June 2019

We have reviewed the consolidated condensed interim historical financial information of Sabvest Limited, as presented in **Annexure Bi** to the Prospectus, which comprise the consolidated condensed statements of financial position as at 30 June 2019 and the consolidated condensed statements of comprehensive income, changes in equity and cash flows for the six months period then ended, including a summary of significant accounting policies.

Directors' Responsibility for the Consolidated Condensed Interim Historical Financial Information

The directors are responsible for the preparation and presentation of this consolidated condensed interim historical financial information in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated interim historical financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Consolidated Historical Interim Financial Information for the six months period ended 30 June 2019

Our responsibility is to express a conclusion on the consolidated condensed interim historical financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated condensed interim historical financial information are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the consolidated historical interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim historical financial information of the Group for the 6 months period ended 30 June 2019 is not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa and JSE Listings Requirements.

Purpose of the report

The purpose of our report is for the Prospectus of the Company and is not to be used for any other purpose.

Deloitte & Touche

Registered Auditor
Per: A Dennis
Partner

Deloitte & Touche
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead

EXTRACTS FROM SABCAP'S MOI

EXTRACTS OF SABCAP'S MoI

Extracts of Sabcap's MoI appears below. Paragraph numbers set out below are paragraph numbers as they appear in the MoI.

4. POWERS AND CAPACITY OF THE COMPANY

- 4.1 The Company has the powers and capacity of an Individual.
- 4.2 No Special Resolution may be put to Holders to ratify any action by the Company or the Directors that is inconsistent with any limit, restriction or qualification regarding the purposes, powers or activities of the Company, or the authority of the Directors to perform an act on behalf of the Company, if that action was contrary to the Listings Requirements unless otherwise agreed with the JSE.
- 4.3 Notwithstanding the omission from this MoI of any provision to that effect, the Company may, subject to any limitation in clause 4.1, do anything which the Companies Act empowers a company to do if so authorised by its MoI.
- 4.4 The following corporate actions shall be undertaken in accordance with the Listings Requirements –
- 4.4.1 issues of Securities (including options and Convertible Securities) for cash;
 - 4.4.2 repurchases of Securities;
 - 4.4.3 alterations of share capital, authorised Securities and rights attaching to classes of Securities including Convertible Securities which might be approved to be issued.

5. AMENDMENTS TO THE MOI

Save for correcting errors substantiated as such from objective evidence or which are self-evident errors (including, but without limitation *ejusdem generis*, spelling, punctuation, reference, grammar or similar defects) in the MoI, which the Board is empowered to do, all other amendments of the MoI shall be effected in accordance with sections 16(1) and 16(4) of the Companies Act and a Special Resolution passed by the Holders of Shares (which shall include the Z Share). The Board shall publish a copy of any such correction effected by the Board on the Company's website.

6. THE MAKING OF RULES

The Board shall not make, amend or repeal Rules as contemplated in section 15(3) of the Companies Act.

7. AUTHORISED SECURITIES AND ALLOTMENT AND ISSUE

- 7.1 The Company is authorised to issue the following numbers and classes of Shares (which includes Shares already issued at any time) –
- 7.1.1 500 000 000 (five hundred million) ordinary Shares, which shall:
 - 7.1.1.1 have 1 (one) Voting Right each in respect of every matter to be decided by voting on a poll;
 - 7.1.1.2 rank after all other further classes of Shares in the Company which may rank ahead of the ordinary Shares as regards Distributions; and
 - 7.1.1.3 be entitled to receive the net assets of the Company upon its liquidation, unless another class of Shares expressly has that right instead; and
 - 7.1.2 1 (one) Z Share.
- 7.2 The Board shall not have the power to amend the authorisation (including increasing or decreasing the number) and classification of Shares (including determining rights and preferences) as contemplated in section 36(2)(b) or section 36(3) of the Companies Act.

7.3 No rights, privileges or conditions for the time being attached to any class of Securities of the Company (other than the Z Share) nor any interests of that class of Securities may (unless otherwise provided by the terms of issue of the Securities of that class) whether or not the Company is being wound up, be varied in any manner adverse to the Holders of that class of Securities, nor may any variations be made to the rights, privileges or conditions of any class of Securities, such that that the interests of another class of Securities is adversely affected, unless the consent in Writing of the Holders of not less than 75% (seventy-five per cent) of the issued Securities of that adversely affected class has been obtained, or a Special Resolution has been passed by the Holders of that adversely affected class of Securities with the support of more than 75% (seventy-five per cent) of the Voting Rights Exercised on the Special Resolution at a separate meeting of the Holders of that class. The provisions of this MoI relating to Shareholders Meetings shall *mutatis mutandis* apply to any such separate meeting except that –

7.3.1 the necessary quorum shall be 3 (three) Holders of Shares representing no less than 25% (twenty-five per cent) of Voting Rights (including the Voting Rights of the Z Share);

7.3.2 if at any adjourned meeting of such Holders, the required quorum contemplated in clause 7.3.1 is not present, those Persons entitled to vote who are Present at the adjourned Meeting shall be a quorum.

7.4 Notwithstanding any implication in this MoI to the contrary, the Board may not authorise any financial assistance by the Company in connection with the subscription for or purchase of its Securities or those of a Related or Inter-related company without complying with section 44(3) of the Companies Act.

8. AUTHORITY TO ISSUE SECURITIES

8.1 The Board shall not have the power to issue authorised Shares or Securities convertible into Shares (other than as contemplated in clause 8.4) without the prior approval contemplated in clause 8.2 and the approval of the JSE (where necessary). The Board shall have the power to issue Securities not convertible into Shares.

8.2 As regards the issue of –

8.2.1 Shares contemplated in sections 41(1) and (3) of the Companies Act or as contemplated in Listings Requirement 5.50, the Directors shall not have the power to allot or issue same without the prior approval of a Special Resolution;

8.2.2 Shares, other than those contemplated in clause 8.2.1, and other Securities convertible into Shares, including options in respect of such Shares or Securities thereof, the Directors shall not have the power to allot or issue same without the prior approval of an Ordinary Resolution,

provided that such issue has been approved by the JSE. No special privileges may be granted to secured and unsecured debt instruments as contemplated in section 43(3) of the Companies Act.

8.3 Any such approval may be in the form of a general authority to the Directors, whether conditional or unconditional, to allot or issue any such Securities contemplated in clauses 8.1 and 8.2.2 in their discretion, or in the form of a specific authority in respect of any particular allotment or issue of such Securities contemplated in clauses 8.2.1 and 8.2.2. Such authority shall endure for the period provided in the Ordinary or Special Resolution in question but may be revoked by Ordinary Resolution or Special Resolution, as the case may be, at any time.

8.4 The Board may issue capitalisation Shares or offer a cash payment in lieu of awarding a capitalisation Share in accordance with section 47 of the Companies Act.

8.5 No Shares of a class which is listed may be issued other than as fully paid.

9. PRE-EMPTION ON ISSUE OF EQUITY SECURITIES

Equity Securities, of a particular class, in the Company which are authorised but unissued and which are intended to be issued for cash, shall be offered to the existing Holders of that class of equity Securities by way of a rights offer *pro rata* to the Voting Power of that Shareholder's Voting Rights of that class of equity Securities immediately before the offer was made with a reasonable time allowed to subscribe, unless –

- 9.1 the approvals contemplated in clause 8.1 have been obtained;
- 9.2 a capitalisation issue, an issue for an acquisition of assets (including another company) or an issue for the purposes of an Amalgamation or Merger, is to be undertaken;
- 9.3 the equity Securities are to be issued in terms of option or Conversion rights, subject to the Listings Requirements and obtaining the approvals contemplated in 8.1;
- 9.4 the equity Securities are to be issued to a share incentive scheme approved by Ordinary Resolution, provided that if any fraction of an equity Security will have to be issued, that fraction may be sold for the benefit of the Shareholder in question in such manner as the Directors may determine. After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the Person to whom the offer is made that he/she/it declines to accept the equity Securities offered, the Directors may, subject to the foregoing provisions, issue such equity Securities in such manner as they think most beneficial to the Company.

10. CERTIFICATES EVIDENCING ISSUED SECURITIES, UNCERTIFICATED SECURITIES AND SECURITIES REGISTER

10.1 The Securities issued by the Company may either be certificated (that is evidenced by a certificate) or uncertificated in which case the Company must not issue certificates evidencing or purporting to evidence title to those Securities. When any new Securities are to be issued by the Company, the subscriber shall, subject to the Companies Act, be entitled to elect whether all or part of the Securities offered to him/her/it shall be in certificated or uncertificated form. Each original certificate issued to a Holder in certificated form shall be issued without charge, but for every subsequent certificate issued in respect of the same Securities to the same Holder, the Directors shall be entitled, as they may deem fit, to require a charge in settlement of the reasonable costs included in such issue.

10.2 The Company shall establish a Securities Register which shall reflect –

- 10.2.1 the number of Securities authorised and the number available to be issued and the date of authorisation;
- 10.2.2 the total number of Securities of a class that have been issued, re-acquired or surrendered to the Company;
- 10.2.3 the number of Securities of a class that are held in uncertificated form;
- 10.2.4 the number of Securities of that class that are the subject of options or conversion rights which, if exercised, would require Securities of that class to be issued;
- 10.2.5 in the case of uncertificated Securities, a unique identifying number of the Person to, from or by whom the Securities were issued, re-acquired or surrendered, as the case may be;
- 10.2.6 details of any unlisted Securities issued by the Company.

10.3 As soon as practicable after –

10.3.1 issuing any Securities the Company must enter or cause to be entered in its Securities Register, in respect of every class of Securities evidenced by certificates that it has issued –

- 10.3.1.1 the names and addresses and identity numbers (or other unique identifying number such as, without limitation, registration number or passport number) of the Persons to whom the Securities were issued;
- 10.3.1.2 those Persons' Electronic Addresses who have furnished them;
- 10.3.1.3 the number and class of Securities issued to each of them, the date of issue, distinguishing numbers and the Consideration;
- 10.3.1.4 the total number of Securities of a class held by any Person;
- 10.3.1.5 the date on which any such Securities were transferred by the Holder or by operation of law to another Person or re-acquired by or surrendered to the Company;
- 10.3.1.6 the number of, and prescribed circumstances relating to, any Securities –
 - 10.3.1.6.1 that have been placed in trust as contemplated in section (40)(6)(d) by reason of not having been fully paid for; or
 - 10.3.1.6.2 whose transfer has been restricted;

- 10.3.1.7 as regards debt instruments as contemplated in section 43 –
 - 10.3.1.7.1 the number of those Securities still in issue;
 - 10.3.1.7.2 the names and addresses of the Holders of the Securities and any holders of a Beneficial Interest in the Securities;
- 10.3.1.8 the total number of uncertificated Securities from time to time;
- 10.3.2 the re-acquisition or surrender of any Securities the Company must enter or cause to be entered in its Securities Register, in respect of Securities re-acquired or surrendered –
 - 10.3.2.1 the date on which the Securities were re-acquired or surrendered to the Company;
 - 10.3.2.2 the distinguishing number or numbers of any certificated Securities re-acquired or surrendered to the Company;
 - 10.3.2.3 the Consideration for which the Securities were re-acquired by, or surrendered to the Company; and
 - 10.3.2.4 the name of the Person from or by whom the Securities were re-acquired or surrendered, as the case may be;
- 10.3.3 transferring any Securities, the Company must enter or cause to be entered in its Securities Register, in respect of Securities evidenced by certificates that it has transferred –
 - 10.3.3.1 the name and address of the transferee;
 - 10.3.3.2 the description of the Securities, or interest transferred;
 - 10.3.3.3 the date of the transfer;
 - 10.3.3.4 the value of any Consideration still to be received by the Company on each Security or interest, in the case of a transfer of Securities the subscription price for which has not been fully paid;
 - 10.3.3.5 any other information contemplated in clause 10.3.1, any reference to issue being read as a reference to transfer,

provided that such entry may only be made if the transfer –

 - 10.3.3.6 is evidenced by a proper instrument of transfer that has been delivered to the Company; or
 - 10.3.3.7 was effected by operation of law;
- 10.3.4 any disclosures to the Company of any Beneficial Interests in respect of Securities evidenced by certificates, the Company must enter or cause to be entered in its Securities Register, a record of all such disclosures, including the following information for any Securities in respect of which a disclosure was made –
 - 10.3.4.1 the name and unique identifying number of the Holder of the Securities;
 - 10.3.4.2 the number, class and the distinguishing numbers of the Securities; and
 - 10.3.4.3 for each Person who holds a Beneficial Interest in the Securities, the extent of the Person's Interest in the Securities, together with that Person's –
 - 10.3.4.3.1 name and unique identity number;
 - 10.3.4.3.2 business, residential or postal address;
 - 10.3.4.3.3 electronic address if available,

and any other information prescribed in terms of the Companies Act from time to time. If the Company has uncertificated Securities at any time it shall comply with the provisions of sections 52 and 53 and in particular shall enter or cause to be entered in its Securities Register the total number of such uncertificated Securities from time to time.
- 10.4 Securities certificates shall be issued in such manner and form as the Directors shall from time to time prescribe save that they must –
 - 10.4.1 state on the face –
 - 10.4.1.1 the name of the Company;
 - 10.4.1.2 the name of the Person to whom the Securities were issued;
 - 10.4.1.3 the number and class of Shares and the designation of the series, if any, evidenced by that certificate; and

- 10.4.1.4 any restriction on the transfer of the Securities (which are not listed on the JSE) evidenced by that certificate;
 - 10.4.2 be signed by two Persons authorised by the Board by autographic, mechanical or electronic means.
- 10.5 Each class of Shares, and any other Securities, must be distinguished by an appropriate numbering system.
- 10.6 Each Holder shall be entitled to 1 (one) certificate for all the Securities of a particular class registered in his/her/its name, or to several certificates, each for a part of such Securities.
- 10.7 A certificate for Securities registered in the names of 2 (two) or more Persons shall be Delivered to the Person first named in the Securities Register and Delivery of a certificate for Securities to that Person shall be a sufficient Delivery to all joint Holders.
- 10.8 If a certificate for Securities or share warrant to bearer is defaced, lost or destroyed, it may be renewed, on such terms, as to evidence and indemnity and payment of such fee as the Directors think fit, and (in case of defacement) on delivery of the old certificate or share warrant to bearer to the Company.
- 10.9 A Person –
 - 10.9.1 acquires the rights associated with any particular Securities of the Company when that Person's name is entered in the Company's Securities Register as a Person to whom those Securities have been issued or transferred; and
 - 10.9.2 ceases to have the rights associated with any particular Securities of the Company when the transfer to another Person, re-acquisition by the Company, or surrender to the Company of those Securities has been entered in the Company's Securities Register.
- 10.10 After receiving a notice from a Central Securities Depository or Participant that a Holder who wishes to withdraw all or part of the uncertificated Securities held by that Person in an uncertificated Securities Register, and obtain a certificate in respect of those withdrawn Securities, the Company must –
 - 10.10.1 immediately enter the relevant Person's name and details of that Person's holding of Securities in the Securities Register and indicate on the Securities Register that the Securities so withdrawn are no longer held in uncertificated form;
 - 10.10.2 within 10 (ten) Business Days, or 20 (twenty) Business Days in the case of a Holder who is not resident within South Africa –
 - 10.10.2.1 prepare and deliver to the relevant Person a certificate in respect of the Securities; and
 - 10.10.2.2 notify the Central Securities Depository that the Securities are no longer held in uncertificated form,and may charge the Holder a reasonable fee to cover the actual costs of issuing a certificate.
- 10.11 If the Company issues Securities which are not listed on the JSE, the share certificates for those Securities must be stamped "unlisted securities" and may only be released by the Company with the Written permission of the JSE.

11. PROHIBITION AGAINST VOTING OF SECURITIES BEING HELD BY ONE PERSON FOR THE BENEFICIAL INTEREST OF ANOTHER OR THE COMPANY TAKING ANY LIEN

- 11.1 The Company shall not permit Securities to be voted upon by the holder of a Beneficial Interest who does not hold a proxy form from the Holder notwithstanding any agreement, permitting the holder of the Beneficial Interest to vote the Securities to the exclusion of the Holder, between the Holder and the holder of the Beneficial Interest.
- 11.2 The Company shall not be entitled to take any lien over any Securities issued by it.

12. LISTINGS ON OTHER STOCK EXCHANGES

12.1 The Company may seek listings on such stock exchanges as the Directors may consider appropriate from time to time.

12.2 For so long as the Securities of the Company are listed on any stock exchange in addition to the JSE, if the listing on the JSE is the primary listing and if the Company is obliged to obtain the approval of the JSE in regard to any matter, it shall be obliged also to obtain the consent at the same time of any other stock exchanges on which it is listed.

13. COMMISSION

The Company may pay commission not exceeding 10% (ten per cent) of the subscription price at which Securities of the Company are issued to any Person, in consideration of him/her/it subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Securities or of him/her/it procuring or agreeing to procure subscriptions, whether absolute or conditional, for any Securities.

14. TRANSFER OF SECURITIES

14.1 There is no restriction on the transfer of Securities.

14.2 The transfer of any Securities which are certificated shall be implemented in accordance using the then common form of transfer. Every instrument of transfer shall be left at the transfer office of the Company at which it is presented for registration, accompanied by the certificate of the Securities to be transferred, and or such other evidence as the Company may require to prove the title of the transferor or his/her/its rights to transfer the Securities.

14.3 All authorities to sign transfer deeds granted by Holders for the purpose of transferring Securities that may be lodged, produced or exhibited with or to the Company at any of its transfer offices shall as between the Company and the grantor of such authorities, be taken and deemed to continue and remain in full force and effect, and the Company may allow the same to be acted upon until such time as express notice in Writing of the revocation of the same shall have been given and lodged at the Company's transfer offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notices the Company shall be entitled to give effect to any instruments signed under the authority to sign, and certified by any officer of the Company, as being in order before the giving and lodging of such notice.

14.4 The certificated Securities Register may, upon notice being given by the secretary of the Company, be closed during such time as the Directors think fit, not exceeding in the whole 30 (thirty) days in each year.

15. TRANSMISSION OF SECURITIES BY OPERATION OF LAW

Subject to the laws relating to securities transfer tax upon or in respect of the estates of deceased Persons and the administration of the estates of insolvent and deceased Persons and Persons under disability –

15.1 the parent or guardian or curator of any Holder who is a minor;

15.2 the trustee of an insolvent Holder;

15.3 the liquidator of a body corporate Holder;

15.4 the tutor or curator of a Holder under disability;

15.5 the executor or administrator of the estate of a deceased Holder; or

15.6 any other Person becoming entitled to any Securities held by a Holder by any lawful means other than transfer in terms of this MoI,

shall, upon production of such evidence as may be required by the Directors, have the right either –

15.7 to exercise the same rights and to receive the same Distributions and other advantages to which he/she/it would be entitled if he/she/it were the Holder of the Securities registered in the name of the Holder concerned; or

15.8 himself/herself/itself to be registered as the Holder in respect of those Securities and to make such transfer of those Securities as the Holder concerned could have made, but the Directors shall have the same right to decline or suspend registration as they would have had in the case of a transfer of the Securities by the Holder.

16. **FINANCIAL YEAR END**

The financial year end of the Company is 31 December.

17. **ACCOUNTING RECORDS AND FINANCIAL STATEMENTS**

17.1 The Company shall maintain the necessary Accounting Records which shall be accessible from its Registered Office.

17.2 The Company shall prepare its Financial Statements in accordance with the International Financial Reporting Standards and shall have its annual financial statements audited. In addition the annual financial statements shall reflect the –

17.2.1 Beneficial Interests of the Directors and major Shareholders;

17.2.2 status of any Securities issued by the Company which are not listed on the JSE.

17.3 The Directors shall from time to time determine at what times and places (save in the case of Accounting Records which shall be accessible from the Registered Office) and under what conditions, subject to the requirements of the Regulations, the Holders and holders of Beneficial Interests are entitled to inspect and take copies of –

17.3.1 the MoI;

17.3.2 amendments to the MoI;

17.3.3 records in respect of Directors;

17.3.4 Accounting Records required to be maintained by the Company;

17.3.5 reports to Annual General Meetings;

17.3.6 annual financial statements;

17.3.7 notices and minutes of Shareholders Meetings;

17.3.8 communications generally to Holders; and

17.3.9 the Securities Register.

17.4 Apart from the Holders and holders of Beneficial Interests, no other Person shall be entitled to inspect any of the documents of the Company (other than the Securities Register and the register of Directors) unless expressly authorised by the Directors.

17.5 The Company shall notify the Holders and the holders of Beneficial Interests of the publication of any annual financial statements of the Company, setting out the steps required to obtain a copy of those Financial Statements. If a Holder or holder of Beneficial Interests demands a copy of the annual financial statements, the Company shall make same available to such Holder/holder of Beneficial Interests free of charge.

18. **AUDIT COMMITTEE AND AUDITOR**

18.1 The first members of the audit committee may be appointed by –

18.1.1 the Incorporators; or

18.1.2 by the Board, within 40 (forty) Business Days after the incorporation of the Company.

18.2 At each Annual General Meeting, the Company must elect an audit committee comprising at least 3 (three) independent members, unless –

18.2.1 the Company is a Subsidiary of another company that has an audit committee; and

18.2.2 the audit committee of that other company will perform the functions required in terms of the Companies Act on behalf of the Company.

Nothing precludes the election by the Company at its Annual General Meeting of an Auditor other than one nominated by the audit committee, but if such an Auditor is elected, the appointment is valid only if the audit committee is satisfied that the proposed Auditor is independent of the Company.

18.3 Each member of the audit committee must –

18.3.1 be a Director, who satisfies any applicable requirements prescribed by the Minister;

18.3.2 not be –

18.3.2.1 involved in the day-to-day management of the Company's business or have been so involved at any time during the previous financial year;

18.3.2.2 a Prescribed Officer, or full-time employee, of the Company or another Related or Inter-related company, or have been such an Officer or employee at any time during the previous 3 (three) financial years; or

18.3.2.3 a material supplier or customer of the Company, such that a reasonable and informed third party would conclude in the circumstances that the integrity, impartiality or objectivity of that Director is compromised by that relationship; and

nor be Related to any Person who falls within the criteria in clauses 18.3.2.1 to 18.3.2.3. In addition at least one third of the members of the audit committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

18.4 The Board must appoint an Individual to fill any vacancy on the audit committee within 40 (forty) Business Days after the vacancy arises.

18.5 The audit committee has the following duties –

18.5.1 to nominate, for appointment as Auditor, a Registered Auditor who, in the opinion of the audit committee, is independent of the Company;

18.5.2 to determine the fees to be paid to the Auditor and the Auditor's terms of engagement;

18.5.3 to ensure that the appointment of the Auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors;

18.5.4 to determine the nature and extent of any non-audit services that the Auditor may provide to the Company subject to compliance with the Companies Act, or that the Auditor must not provide to the Company, or a Related company;

18.5.5 to pre-approve any proposed agreement with the Auditor for the provision of non-audit services to the Company;

18.5.6 to prepare a report, to be included in the annual financial statements for that financial year –

18.5.6.1 describing how the audit committee carried out its functions;

18.5.6.2 stating whether the audit committee is satisfied that the Auditor was independent of the Company; and

18.5.6.3 commenting in any way the audit committee considers appropriate on the Financial Statements, the accounting practices and the internal financial control of the Company;

18.5.7 to receive and deal appropriately with any concerns or complaints, whether from within or outside the Company, or on its own initiative, relating to –

18.5.7.1 the accounting practices and internal audit of the Company;

18.5.7.2 the content or auditing of the Company's Financial Statements;

18.5.7.3 the internal financial controls of the Company; or

18.5.7.4 any related matter;

18.5.8 to make submissions to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting;

18.5.9 consider, on an annual basis, and satisfy itself of the appropriateness of the expertise and experience of the financial director in accordance with Listings Requirement 3.84(g)(i); and

18.5.10 to perform other oversight functions as may be determined by the Board.

In considering whether, for the purposes of this clause 18.5, a Registered Auditor is independent of the Company, the audit committee must –

18.5.11 ascertain that the Auditor does not receive any direct or indirect remuneration or other benefit from the Company, except –

18.5.11.1 as Auditor; or

18.5.11.2 for rendering other services to the Company, to the extent permitted in terms of the Companies Act;

18.5.12 consider whether the Auditor's independence may have been prejudiced –

18.5.12.1 as a result of any previous appointment as Auditor; or

18.5.12.2 having regard to the extent of any consultancy, advisory or other work undertaken by the Auditor for the Company; and

18.5.13 consider compliance with other criteria relating to independence or conflict of interest as prescribed by the Independent Regulatory Board for Auditors established by the Auditing Profession Act,

in relation to the Company, and if the Company is a member of a Group of Companies, any other company within that Group.

18.6 The Company must pay all expenses reasonably incurred by its audit committee, including, if the audit committee considers it appropriate, the fees of any consultant or specialist engaged by the audit committee to assist it in the performance of its functions.

18.7 No Individual shall be elected as a member of the audit committee, if he/she is Ineligible or Disqualified and any such election shall be a nullity. An Individual who is Ineligible or Disqualified must not consent to be elected as a member of the audit committee nor act as a member of the audit committee. An Individual placed under probation by a court must not serve as a member of the audit committee unless the order of court so permits.

18.8 A member of the audit committee shall cease to hold office as such immediately he/she becomes Ineligible or Disqualified in terms of the Companies Act.

18.9 There are no general qualifications prescribed by the Company for a Person to serve as a member of the audit committee in addition to the requirements of the Companies Act.

18.10 The Company shall appoint an Auditor upon its incorporation or at least with 40 (forty) Business Days thereafter and at its Annual General Meeting provided that if an Annual General Meeting does not appoint or reappoint an Auditor, the Directors must fill the vacancy in the office in terms of the procedure contemplated in section 91 of the Companies Act within 40 (forty) Business Days after the date of the Annual General Meeting. A retiring Auditor may be automatically re-appointed at an Annual General Meeting without any resolution being passed, unless –

18.10.1 the retiring Auditor is –

18.10.1.1 no longer qualified for appointment;

18.10.1.2 no longer willing to accept the appointment, and has so notified the Company; or

18.10.1.3 required to cease serving as Auditor, in terms of section 92;

18.10.2 the audit committee objects to the re-appointment; or

18.10.3 the Company has notice of an intended resolution to appoint some other Person or Persons in place of the retiring Auditor.

18.11 Any firm of auditors appointed by the Company as the Auditor shall ensure that the Individual responsible for performing the audit must comply with the requirements of section 90(2), provided that –

18.11.1 the same Individual may not serve as the Auditor or designated Auditor for more than 5 (five) consecutive financial years;

18.11.2 if an Individual has served as the Auditor or designated Auditor for 2 (two) or more consecutive financial years and then ceases to be the Auditor or designated Auditor, the Individual may not be appointed again as the Auditor or designated Auditor until after the expiry of at least 2 (two) further financial years.

18.12 The Auditor –

- 18.12.1 has the right of access at all times to the Accounting Records and all books and documents of the Company, and is entitled to require from the Directors or Prescribed Officers any information and explanations necessary for the performance of the Auditor's duties;
- 18.12.2 if the Company is a Holding Company, has the right of access to all current and former financial statements of any Subsidiary and is entitled to require from the Directors or Prescribed Officers of the Company or Subsidiary any information and explanations in connection with any such statements and in connection with the Accounting Records, books and documents of the Subsidiary as necessary for the performance of the Auditor's duties; and
- 18.12.3 is entitled to –
 - 18.12.3.1 attend any Shareholders Meeting;
 - 18.12.3.2 receive all notices of and other communications relating to any Shareholders Meeting; and
 - 18.12.3.3 be heard at any Shareholders Meeting on any part of the business of the meeting that concerns the Auditor's duties or functions.
- 18.12.4 may not perform any services for the Company –
 - 18.12.4.1 that would place the Auditor in a conflict of interest as prescribed or determined by the Independent Regulatory Board for Auditors in terms of section 44(6) of the Auditing Profession Act; or
 - 18.12.4.2 as may be prescribed by the audit committee.

18.13 If a vacancy arises in the office of Auditor, the Board –

- 18.13.1 must appoint a new Auditor within 40 (forty) Business Days, if there was only 1 (one) incumbent Auditor; and
- 18.13.2 may appoint a new Auditor at any time, if there was more than 1 (one) incumbent, but while any such vacancy continues, the surviving or continuing Auditor may act as Auditor of the Company.

If, by comparison with the membership of a firm at the time of its latest appointment, less than ½ (one half) of the members remain after a change in the composition of the members, that change constitutes the resignation of the firm as Auditor of the Company, giving rise to a vacancy.

18.14 Before making an appointment in terms of clause 18.13 the Board –

- 18.14.1 must propose to the audit committee, within 15 (fifteen) Business Days after the vacancy occurs, the name of at least one Registered Auditor to be considered for appointment as the new Auditor; and
- 18.14.2 may proceed to make an appointment of a Person proposed in terms of clause 18.14.1 if, within 5 (five) Business Days after delivering the proposal, he audit committee does not give notice in Writing to the Board rejecting the proposed Auditor.

18.15 The provisions of clauses 30.5 and 30.6 apply *mutatis mutandis* to the Auditor.

19. SHAREHOLDERS MEETINGS

19.1 The Company shall convene an Annual General Meeting not more than 18 (eighteen) months after its incorporation and thereafter once in every calendar year, but no more than 15 (fifteen) months after the date of the previous Annual General Meeting, or within an extended time allowed by the Companies Tribunal, on good cause shown, which must, at a minimum, provide for the following business to be transacted –

- 19.1.1 presentation of –
 - 19.1.1.1 the Directors' report;
 - 19.1.1.2 Audited Financial Statements for the immediately preceding financial year;
 - 19.1.1.3 an audit committee report;
- 19.1.2 election of Directors, to the extent required by the Companies Act or the MoI;

- 19.1.3 appointment of –
 - 19.1.3.1 an Auditor for the ensuing year;
 - 19.1.3.2 an audit committee;
- 19.1.4 any matters raised by Holders, with or without advance notice to the Company.
- 19.2 The Company shall hold a Shareholders Meeting in order to consider one or more resolutions and shall not permit resolution/s that must be voted on at a Shareholders Meeting to be dealt with by round robin resolutions of those Persons entitled to vote other than as permitted in terms of Listings Requirement 10.11(h).
- 19.3 A Company must hold a Shareholders Meeting –
 - 19.3.1 at any time that the Board is required by the Companies Act, the Listings Requirements or the MoI to refer a matter to Holders entitled to vote for decision; or
 - 19.3.2 whenever required to fill a vacancy on the Board other than a vacancy filled by the Board in accordance with clause 21.11.
- 19.4 Each resolution shall be expressed with sufficient clarity and specificity and accompanied by sufficient information/explanatory material to enable a Person who is entitled to vote on the resolution to determine whether to participate in the Shareholders Meeting, if applicable, and to seek to influence the outcome of the vote on the resolution. Once a resolution has been approved, it may not be challenged or impugned on the ground that it did not comply with the foregoing.
- 19.5 The Board or a Shareholder/s holding not less than 10% (ten per cent) of the Voting Rights attached to the Shares (including the Voting Rights of the Z Share), or if the Company has no Directors, any single Holder entitled to vote, may, whenever he/she/it thinks fit, convene a Shareholders Meeting. A Shareholders Meeting must be convened if one or more Written and signed demands for such a Shareholders Meeting is/are delivered to the Company, and –
 - 19.5.1 each such demand describes the specific purpose for which the Shareholders Meeting is proposed; and
 - 19.5.2 in aggregate, demands for substantially the same purpose are made and signed by the Holders at the earliest time specified in any of those demands, of at least 10% (ten per cent) of the Voting Rights entitled to be Exercised (including the Voting Rights of the Z Share) in relation to the matter proposed to be considered at the Shareholders Meeting.
- 19.6 Every Shareholders Meeting shall be held where the Board determines from time to time. The authority of the Company to conduct a Shareholders Meeting entirely by Electronic Communication, or to provide for participation in a Shareholders Meeting by Electronic Communication so long as the Electronic Communication employed ordinarily enables all Persons participating in that Shareholders Meeting to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the Shareholders Meeting, as set out in section 63(2), is not limited or restricted.
- 19.7 The Holder of any Securities which are in certificated form and thus not subject to the rules of Strate as the Central Securities Depository in which any Person has a Beneficial Interest must deliver to each such Person –
 - 19.7.1 a notice of any Shareholders Meeting of the Company at which those Securities may be voted within 2 (two) Business Days after receiving such a notice from the Company; and
 - 19.7.2 a proxy appointment to the extent of that Person's Beneficial Interest, if the Person so demands in compliance with section 56(11).
- 19.8 A Shareholders Meeting shall be called by at least 15 (fifteen) Business Days' notice Delivered by the Company to all Holders entitled to vote or otherwise entitled to receive notice and to the JSE, other than such shorter notice as may be permitted in terms of section 62(2A) of the Companies Act. An announcement shall also be made on SENS.

- 19.9 A Holder entitled to vote, who is Present at a Shareholders Meeting –
- 19.9.1 is regarded as having received or waived notice of the Shareholders Meeting if at least the required minimum notice was given;
 - 19.9.2 has a right to –
 - 19.9.2.1 allege a Material defect in the form of notice for a particular item on the agenda for the Shareholders Meeting; and
 - 19.9.2.2 participate in the determination whether to waive the requirements for notice, if less than the required minimum notice was given, or to ratify a defective notice; and
 - 19.9.3 except to the extent set out in clause 19.9.2 is regarded to have waived any right based on an actual or alleged Material defect in the notice of the Shareholders Meeting.
- 19.10 A notice of a Shareholders Meeting must be in Writing, in plain language and must include –
- 19.10.1 the date, time and place for the Shareholders Meeting, and the Record Date for the Meeting;
 - 19.10.2 the general purpose of the Shareholders Meeting, and any specific purpose contemplated in clause 19.4, if applicable;
 - 19.10.3 in the case of the Annual General Meeting a copy of the complete annual financial statements for the preceding financial year unless it has distributed them previously or unless to the extent permitted by the Companies Act and the Listings Requirements, the Company includes a summarised form thereof together with instructions for receiving the complete annual financial statements;
 - 19.10.4 a copy of any proposed resolution of which the Company has received notice, and which is to be considered at the Meeting, and a notice of the percentage of Voting Rights that will be required for that resolution to be adopted;
 - 19.10.5 a reasonably prominent statement that –
 - 19.10.5.1 a Holder entitled to attend and vote at the Shareholders Meeting shall be entitled to appoint a proxy to attend, participate in, speak and vote at the Shareholders Meeting in the place of the Holder entitled to vote;
 - 19.10.5.2 a proxy need not be a Holder;
 - 19.10.5.3 a Holder may appoint more than 1 (one) proxy to Exercise Voting Rights attached to different Securities held by the Holder which entitle him/her/it to vote at any Shareholders Meeting;
 - 19.10.5.4 the proxy may delegate the authority granted to him/her/it as proxy, subject to any restriction in the proxy itself;
 - 19.10.5.5 participants in a Shareholders Meeting are required to furnish satisfactory identification in terms of section 63(1) in order to reasonably satisfy the Person presiding at the Shareholders Meeting;
 - 19.10.5.6 participation in the Shareholders Meeting by Electronic Communication is available, and provide any necessary information to enable Holders entitled to vote or their proxies to access the available medium or means of Electronic Communication and advise that access to the medium or means of Electronic Communication is at the expense of the Holder entitled to vote or proxy, except to the extent that the Company determines otherwise.
- 19.11 A Shareholders Meeting may proceed notwithstanding a Material defect in the giving of the notice, subject to clause 19.12, only if every Person who is entitled to Exercise Voting Rights in respect of each item on the agenda of the Shareholders Meeting is present at the Shareholders Meeting and votes to approve the ratification of the defective notice.
- 19.12 If a Material defect in the form or manner of giving notice of a Shareholders Meeting relates only to one or more particular matters on the agenda for the Shareholders Meeting –
- 19.12.1 any such matter may be severed from the agenda, and the notice remains valid with respect to any remaining matters on the agenda; and
 - 19.12.2 the Shareholders Meeting may proceed to consider a severed matter, if the defective notice in respect of that matter has been ratified in terms of clause 19.11.

- 19.13 An immaterial defect in the form or manner of Delivering notice of a Shareholders Meeting, or an accidental or inadvertent failure in the Delivery of the notice to any particular Holder to whom it was addressed, does not, unless the board elects to do so, invalidate any action taken at the Shareholders Meeting.
- 19.14 A Person who holds a Beneficial Interest in any Securities may vote in a matter at a Shareholders Meeting, without a proxy only to the extent that –
- 19.14.1 the Beneficial Interest includes the right to vote on the matter; and
- 19.14.2 the Person's name is on the Company's register of disclosures as the holder of a Beneficial Interest.
- 19.15 Business may be transacted at any Shareholders Meeting only while a quorum is present.
- 19.16 The quorum necessary for the commencement of a Shareholders Meeting shall be sufficient Persons Present at the Shareholders Meeting to Exercise, in aggregate, at least 25% (twenty-five per cent) all of the Voting Rights that are entitled to be Exercised (including the Voting Rights of the Z Share) in respect of at least one matter to be decided at the Shareholders Meeting but –
- 19.16.1 the Shareholders Meeting may not begin unless in addition to the percentage of Voting Rights referred to above at least 3 (three) Persons entitled to vote are Present;
- 19.16.2 if the Company is a Subsidiary of a company, those constituting the quorum must include its Holding Company present in person.
- 19.17 A matter to be decided at the Shareholders Meeting may not begin to be considered unless those who fulfilled the quorum requirements of clause 19.16, continue to be Present.
- 19.18 If within 30 (thirty) minutes from the time appointed for the Shareholders Meeting to commence, a quorum is not present or if the quorum requirements in clause 19.17 cannot be achieved for any one or more matters, the Shareholders Meeting shall be postponed, without motion, vote or further notice, subject to clause 19.21, for 1 (one) week to the same time on the same day in the next week or, if that day be a public holiday, to the next succeeding day which is not a public holiday, and if at such adjourned Shareholders Meeting a quorum is not present within 30 (thirty) minutes from the time appointed for the Shareholders Meeting then, the Person/s entitled to vote Present shall be deemed to be the requisite quorum.
- 19.19 A Shareholders Meeting, or the consideration of any matter being debated at the Shareholders Meeting, may be adjourned from time to time without further notice on a motion supported by Persons entitled to Exercise, in aggregate, a majority of the Voting Rights –
- 19.19.1 held by all of the Persons who are present at the Shareholders Meeting at the time; and
- 19.19.2 that are entitled to be Exercised on at least one matter remaining on the agenda of the Shareholders Meeting, or on the matter under debate, as the case may be.
- Such adjournment may be either to a fixed time and place or until further notice (in which latter case a further notice shall be Delivered to Holders), as determined at the Shareholders Meeting.
- 19.20 A Shareholders Meeting may not be adjourned beyond the earlier of –
- 19.20.1 the date that is 120 (one hundred and twenty) Business Days after the Record Date; or
- 19.20.2 the date that is 60 (sixty) Business Days after the date on which the adjournment occurred.
- 19.21 No further notice is required to be Delivered by the Company of a Shareholders Meeting that is postponed or adjourned as contemplated in clause 19.18, unless the location or time for the Shareholders Meeting is different from –
- 19.21.1 the location or time of the postponed or adjourned Shareholders Meeting; or
- 19.21.2 a location or time announced at the time of adjournment, in the case of an adjourned Shareholders Meeting.
- 19.22 After a quorum has been established for a Shareholders Meeting, or for a matter to be considered at a Shareholders Meeting, the Shareholders Meeting may continue, or the matter may be considered, so long as at least 1 (one) Person with Voting Rights entitled to be Exercised at the Shareholders Meeting, or on that matter, is Present at the Shareholders Meeting.

- 19.23 The chairperson, if any, of the Board or the lead independent director, shall preside as chairperson at every Shareholders Meeting. If there is no such chairperson or the lead independent director or if at any Shareholders Meeting he/she is not present within 15 (fifteen) minutes after the time appointed for holding the Shareholders Meeting or is unwilling to act as chairperson, the Persons entitled to vote which are Present shall select a Director present at the Shareholders Meeting, or if no Director be present at the Shareholders Meeting, or if all the Directors present decline to take the chair, the Persons entitled to vote shall select one of their number which is Present to be chairperson of the Shareholders Meeting.
- 19.24 At any Shareholders Meeting a resolution put to the vote shall be decided on a poll and voting in respect of both the ordinary Shares and the Z Share shall always be on a poll and not by show of hands.
- 19.25 The poll shall be taken in such manner as the chairperson directs and the result of the poll shall be deemed to be the resolution of the Shareholders Meeting. Scrutineers may be appointed by the chairperson to declare the result of the poll, and if appointed their decision, which shall be given by the chairperson of the Shareholders Meeting, shall be deemed to be the resolution of the Shareholders Meeting. In the case of an equality of votes, the chairperson of the Shareholders Meeting shall not be entitled to a second or casting vote.
- 19.26 Any Person entitled to a Share in terms of clause 14.4 (*Transmission of Securities by Operation of Law*) may vote at any Shareholders Meeting in respect thereof in the same manner as if he were the Holder of that Security: provided that (except where the Directors have previously accepted his/her/its right to vote in respect of that Security) at least 24 (twenty-four) hours before the time of holding the Shareholders Meeting at which he/she/it proposes to vote, he/she/it shall have satisfied the Directors that he/she/it is entitled to exercise the right referred to in clause 14.4 (*Transmission of Securities by Operation of Law*).
- 19.27 An Ordinary Resolution, save to the extent expressly provided in respect of a particular matter contemplated in this MoI, shall require to be adopted with the support of more than 50% (fifty per cent) of the Voting Rights Exercised (including the Voting Rights of the Z Share) on the resolution. A Special Resolution shall require to be adopted with the support of at least 75% (seventy-five per cent) of the Voting Rights Exercised (including the Voting Rights of the Z Share) on the resolution. For so long as the Company is listed on the JSE, if any of the Listings Requirements require an "Ordinary Resolution" to be passed with a 75% (seventy-five per cent) majority, the resolution shall instead be required to be passed by a Special Resolution.
- 19.28 On a poll every Person entitled to vote who is Present at the Meeting shall have the number of votes determined in accordance with the Voting Rights associated with the Securities in question. In instances in which Holders of Securities, other than ordinary Shares, the Holder of the Z Share and any special shares created for the purposes of black economic empowerment in terms of the relevant legislation, are entitled to vote at Shareholders Meetings, their votes may not carry any special rights or privileges and may not exceed in total 24,99% (twenty-four comma ninety nine per cent) of the total Voting Rights of all Persons entitled to vote at such a meeting.
- 19.29 In the case of joint Holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Holders; and for this purpose seniority shall be determined by the order in which the names stand in the Securities Register.
- 19.30 No form appointing a proxy shall be valid after the expiration of 1 (one) year from the date when it was signed unless the proxy itself provides for a longer or shorter duration but it may be revoked at any time. The appointment is revocable unless the proxy appointment expressly states otherwise, and may be revoked by cancelling it in Writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy, and to the Company. The appointment is suspended at any time and to the extent that the Holder entitled to vote chooses to act directly and in person in the Exercise of any rights as a Holder entitled to vote.
- 19.31 A copy of the instrument appointing a proxy (provided that the Company may call for the original) and a copy of the power of attorney or other authority, if any, under which it is signed (provided that the Company may call for a notarially certified copy of such power or authority) shall be delivered to the Company or any Person which it has identified in then notice of meeting as being a Person to whom proxies may be delivered on behalf of the Company, before the proxy Exercises any rights of the Holder entitled to vote at a Shareholders Meeting.

- 19.32 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Securities in respect of which the proxy is given, provided that no intimation in Writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its Registered Office before the commencement of the Shareholders Meeting or adjourned Shareholders Meeting at which the proxy is used.
- 19.33 Subject to the provisions of the Companies Act, a form appointing a proxy may be in any usual or common form provided that it is in Writing. The Company shall supply a generally standard form of proxy upon request by a Holder entitled to vote.
- 19.34 If a proxy is received duly signed but with no indication as to how the Person named therein should vote on any issue, the proxy may vote or abstain from voting as he/she sees fit unless the proxy indicates otherwise.

20. **RECORD DATE**

- 20.1 The Board shall determine the Record Date in accordance with the applicable rules of the Central Securities Depository and the Listings Requirements and clause 31 (*Distributions*).
- 20.2 If, at any time, the Board fails to determine a Record Date, the Record Date for the relevant matter is –
- 20.2.1 in the case of a Shareholders Meeting, the latest date by which the Company is required to Deliver to Holders entitled to vote, notice of that Shareholders Meeting;
 - 20.2.2 in the case of dividends a date subsequent to the declaration date or confirmation of the dividend, whichever is the later;
 - 20.2.3 the date of the action or event, in any other case.
- 20.3 The Company must publish a notice of a Record Date for any matter by –
- 20.3.1 delivering a copy to each Holder; and
 - 20.3.2 posting a conspicuous copy of the notice –
 - 20.3.2.1 at its principal office;
 - 20.3.2.2 on its web-site, if it has one; and
 - 20.3.2.3 on any automated system of disseminating information maintained by the JSE.

21. **FIRST DIRECTORS, ELECTION OF DIRECTORS AND ALTERNATE DIRECTORS AND VACANCIES**

- 21.1 The minimum number of Directors shall be 4 (four) and the maximum 15 (fifteen). Any failure by the Company at any time to have the minimum number of Directors, does not limit or negate the authority of the Board, or invalidate anything done by the Board or the Company.
- 21.2 Each Incorporator of the Company is a Director of the Company from incorporation and shall serve until at least the minimum number of Directors has been elected by the Persons entitled to vote to elect Directors. If the number of Directors in office is less the minimum number referred to in clause 21.1, the Board must call a Shareholders Meeting within 40 (forty) Business Days after incorporation of the Company for the purpose of electing sufficient Directors to fill all vacancies on the Board at the time of the election.
- 21.3 At the first Annual General Meeting all of the Directors shall retire, and at the Annual General Meeting held in each year thereafter 1/3 (one-third) of the Directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 (one-third) shall retire from office, provided that in determining the number of Directors to retire no account shall be taken of any Director who has been appointed as the managing director or any other executive Director for a fixed period and his/her contract provides that he/she is not subject to retirement during that fixed period. The Directors so to retire at each Annual General Meeting after the first Annual General Meeting shall be those who have been longest in office since their last election. As between Directors of equal seniority, the Directors to retire shall, in the absence of agreement, be selected from among them by lot: Provided that notwithstanding anything herein contained, if, at the date of any Annual General Meeting any Director will have held office for a period of 5 (five) years since his/her last election or appointment he/she shall retire at such Meeting, either as one of the Directors to retire in pursuance of the foregoing or additionally thereto. A retiring Director shall act as a

Director throughout the Meeting at which he/she retires. The length of time a Director has been in office shall be computed from the date of his/her last election. Retiring Directors shall be eligible for re-election. No Person other than a Director retiring at the Meeting shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any Annual General Meeting unless, not less than 7 (seven) days nor more than 14 (fourteen) days before the day appointed for the Meeting, there shall have been given to the secretary notice in Writing by some Holder duly qualified to be present and vote at the Meeting for which such notice is given of the intention of such Holder to propose such Person for election and also notice in Writing signed by the Person to be proposed of his/her willingness to be elected. If at any Annual General Meeting, the place of any retiring Director is not filled, he/she shall if willing continue in office until the dissolution of the Annual General Meeting in the next year, and so on from year to year until his/her place is filled, unless it shall be determined at such Meeting not to fill such vacancy.

- 21.4 Each of the Directors and the Alternate Directors, other than the first Directors or a Director contemplated in clause 21.2, shall be elected (which in the case of a vacancy arising shall take place at the next Annual General Meeting), in accordance with clause 21.8, to serve for a term of 3 (three) years as a Director or Alternate Director. An Alternate Director shall serve in the place of 1 (one) or more Director/s named in the resolution electing his/her during the Director's/s' absence or inability to act as Director. If a Person is an Alternate Director to more than 1 (one) Director or if an Alternate Director is also a Director, he/she shall have a separate vote, on behalf of each Director he/she is representing in addition to his/her own vote, if any.
- 21.5 There are no general qualifications prescribed by the Company for a Person to serve as a Director or an Alternate Director in addition to the requirements of the Companies Act. The Board with the assistance of the nominations committee must make recommendations to the Holders regarding the eligibility of Persons nominated for election as Directors, taking into account their past performance and contribution, if applicable. A brief *curriculum vitae* of each Person standing for election or re-election as a Director at a Meeting or the Annual General Meeting, must accompany the notice of the Meeting.
- 21.6 No Director shall be entitled to appoint any Person as an Alternate Director to himself/herself, unless approved by a majority of the Board.
- 21.7 At least 50% (fifty percent) of all Directors (and any Alternate Directors) must be elected by Holders entitled to Exercise Voting Rights (including the Voting Rights of the Z Share should the Holder of the Z Share elect to exercise such Voting Rights) in such an election.
- 21.8 In any election of Directors and Alternate Directors, the election is to be conducted as follows –
- 21.8.1 a series of votes on a poll of those entitled to Exercise votes regarding such election, each of which is on the candidacy of a single Individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board at that time have been filled; and
- 21.8.2 in each vote to fill a vacancy –
- 21.8.2.1 each Voting Right entitled to be Exercised may be Exercised once; and
- 21.8.2.2 the vacancy is filled only if a majority of the Voting Rights Exercised support the candidate.
- 21.9 No Person shall be elected as a Director or Alternate Director, if he/she is Ineligible or Disqualified and any such election shall be a nullity. A Person who is Ineligible or Disqualified must not consent to be elected as a Director or Alternate Director nor act as a Director or Alternate Director. A Person placed under probation by a court must not serve as a Director or an Alternate Director unless the order of court so permits.
- 21.10 No election of a Director shall take effect until he/she has delivered to the Company a Written consent to serve.
- 21.11 Any vacancy occurring on the Board may be filled by the Board, but so that the total number of the Directors shall not at any time exceed the maximum number fixed, if any, but the Individual so appointed shall cease to hold office at the termination of the first Shareholders Meeting to be held after the appointment of such Individual as a Director unless he/she is elected at such Shareholders Meeting.

21.12 The continuing Directors (or sole continuing Director) may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to this MoI as the minimum, the continuing Directors or Director may act only for the purpose of summoning a Shareholders Meeting or filling vacancies not later than 3 (three) months from the date that the number falls below the minimum.

21.13 If there is no Director able and willing to act, then any Holder entitled to Exercise Voting Rights in the election of a Director may convene a Shareholders Meeting for the purpose of electing Directors.

22. CESSATION OF OFFICE AS DIRECTOR OR ALTERNATE DIRECTOR

A Director or Alternate Director shall cease (without any claims of any nature against the Company) to hold office as such –

22.1 immediately he/she becomes Ineligible or Disqualified or the Board resolves to remove him/her on such basis, and in the latter case the Director/Alternate Director has not within the permitted period filed an application for review or has filed such an application but the court has not yet confirmed the removal (during which period he/she shall be suspended);

22.2 when his/her term of office contemplated in clauses 21.3 and 21.4 expires;

22.3 when he/she dies;

22.4 when he/she resigns by Written notice to the Company;

22.5 if there are more than 3 (three) Directors in office and if the Board determines that he/she has become incapacitated to the extent that the Individual is unable to perform the functions of a Director, and is unlikely to regain that capacity within a reasonable time, and the Director/Alternate Director has not within the permitted period filed an application for review or has filed such an application but the court has not yet confirmed the removal (during which period he/she shall be suspended);

22.6 if he/she is declared delinquent by a court, or placed on probation under conditions that are inconsistent with continuing to be a Director;

22.7 if he/she is removed by Ordinary Resolution;

22.8 if there are more than 3 (three) Directors in office and if he/she is removed by resolution of the Board for being negligent or derelict in performing the functions of a Director, and the Director/Alternate Director has not within the permitted period filed an application for review or has filed such an application but the court has not yet confirmed the removal (during which period he/she shall be suspended);

22.9 he/she files a petition for the surrender of his/her estate or an application for an administration order, or if he/she commits an act of insolvency as defined in the insolvency law for the time being in force, or if he/she makes any arrangement or composition with his/her creditors generally; or

22.10 he/she is otherwise removed in accordance with any provisions of this MoI.

23. REMUNERATION OF DIRECTORS AND ALTERNATE DIRECTORS AND MEMBERS OF BOARD COMMITTEES

23.1 The Directors or Alternate Directors or members of Board committees shall be entitled to such remuneration for their services as Directors or Alternate Directors or members of Board committees as may have been determined from time to time by Special Resolution within the previous 2 (two) years. In addition, the Directors and Alternate Directors shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the Directors and Holders, and the members of the Board committees shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the members of the Board committees. The Company may pay or grant any type of remuneration contemplated in sections 30(6)(b) to (g) to any executive Directors.

23.2 A Director may be employed in any other capacity in the Company or as a director or employee of a company controlled by, or itself a major Subsidiary of, the Company and in that event, his/her appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

24. FINANCIAL ASSISTANCE FOR DIRECTORS AND PRESCRIBED OFFICERS AND THEIR RELATED AND INTER-RELATED PARTIES

24.1 The Board's powers to provide direct or indirect financial assistance as contemplated in section 45(2) are not limited in any manner.

24.2 If the Board adopts a resolution as contemplated in section 45(2) regarding financial assistance to the Directors/Prescribed Officers and others contemplated in that section, the Company shall Deliver to all Shareholders, notice in Writing of that resolution unless every Shareholder is also a Director, and to any trade union representing its employees –

24.2.1 within 10 (ten) Business Days after the Board adopts the resolution, if the total value of all loans, debts, obligations or assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds 1/10th (one tenth) of 1% (one per cent) of the Company's net worth at the time of the resolution; or

24.2.2 within 30 (thirty) Business Days after the end of the financial year, in any other case.

25. GENERAL POWERS AND DUTIES OF DIRECTORS

25.1 The Directors may –

25.1.1 establish and maintain any non-contributory or contributory pension, superannuation, provident and benefit funds for the benefit of; and

25.1.2 give pensions, gratuities and allowances to and make payments for or towards the insurance of,

any Individuals who are employees or ex-employees (including Directors or ex-Directors) of the Company, or of any company which is or was a Subsidiary of the Company or is or was in any way allied to or associated with it or any such Subsidiary, and the wives, widows, families and dependants of such Individuals.

25.2 The Board must appoint a chief executive officer and a chief financial officer. The Board may from time to time appoint one or more of the Directors to the office of managing Director or manager (provided always that the number of Directors so appointed as managing Director or joint managing Directors and/or the holders of any other executive office including a chairperson who holds an executive office but not a chairperson who is a non-executive Director shall at all times be less than ½ (one half) of the number of Directors in office) for such period (not exceeding 5 (five) years) and at such remuneration (whether by way of salary or commission, or participation in profits or partly in one way and partly in another) and generally on such terms it may think fit, and it may be made a term of his/her appointment that he/she be paid a pension, gratuity or other benefit on his/her retirement from office.

25.3 The Board may from time to time entrust to and confer upon a managing Director or manager for the time being such of the powers vested in the Directors as it may think fit, and may confer such powers for such time and to be exercised for such objects and upon such terms and with such restrictions as it may think expedient; and it may confer such powers either collaterally or to the exclusion of, and in substitution for, all or any of the powers of the Directors, and may from time to time revoke or vary all or any of such powers. A managing Director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the Directors and after powers have been conferred upon him/her by the Board in terms hereof he/she shall be deemed to derive such powers directly from this clause.

26. BOARD COMMITTEES

26.1 The Directors may appoint any number of Board committees and delegate to such committees any authority of the Board. A Director may be appointed to more than one Board Committee. The Directors must appoint a remuneration committee, an audit and risk committee, social and ethics committee and a nominations committee. The members of any such committees, other than the nominations committee which shall have as its members only non-executive Directors, the majority of whom must be independent (as defined in Listings Requirement 3.84(f)), and which must be chaired by the chairperson of the Board may not include Persons who are not Directors as long as they are not Ineligible or Disqualified to be Directors.

- 26.2 No Person shall be appointed as a member of a Board committee, if he/she is Ineligible or Disqualified and any such appointment shall be a nullity. A Person who is Ineligible or Disqualified must not consent to be appointed as a member of a Board committee nor act as such a member. A Person placed under probation by a court must not serve as a member of a Board committee unless the order of court so permits.
- 26.3 There are no general qualifications prescribed by the Company for a Person to serve as a member of a Board committee in addition to the requirements of the Companies Act.
- 26.4 A member of a Board committee shall cease to hold office as such immediately he/she becomes Ineligible or Disqualified in terms of the Companies Act.
- 26.5 Committees of the Board may consult with or receive advice from any Person.
- 26.6 Meetings and other proceedings of a committee of the Board consisting of more than 1 (one) member shall be governed by the provisions of this MoI regulating the meetings and proceedings of Directors.
- 26.7 The composition of such committees, a brief description of their mandates, the number of meetings held and other relevant information must be disclosed in the annual report of the Company.

27. PERSONAL FINANCIAL INTERESTS OF DIRECTORS AND PRESCRIBED OFFICERS AND MEMBERS OF BOARD COMMITTEES

- 27.1 For the purposes of this clause 27 (Personal Financial Interests of Directors and Prescribed Officers and Members of Board Committees), –
- 27.1.1 “Director” includes an Alternate Director, a Prescribed Officer, and a Person who is a member of a committee of the Board, irrespective of whether or not the Person is also a member of the Board; and
- 27.1.2 “Related Person” also includes any other company of which the Director or a Related Person is also a director, or a close corporation of which the Director or a Related Person is a member.
- 27.2 This clause 27 (*Personal Financial Interests of Directors and Prescribed Officers and Members of Board Committees*) shall not apply to a Director in respect of a decision that may generally affect –
- 27.2.1 all of the Directors in their capacity as Directors, but in that case all the Directors shall act in accordance with and as if section 75(3) were applicable unless the Directors are acting pursuant to an authorisation given by the Holders for the Directors to make a decision within certain thresholds, relating to their capacity as Directors; or
- 27.2.2 a class of Persons, despite the fact that the Director is one member of that class of Persons, unless the only members of the class are the Director or Persons Related or Inter-related to the Director. In such event the Director shall be treated as not having a Personal Financial Interest, unless the class is predominantly made up of Directors and Persons Related or Inter-related to such Directors and in the circumstances the conflict of the Director requires the provisions of this clause 27 (*Personal Financial Interests of Directors and Prescribed Officers and Members of Board Committees*) to apply.
- 27.3 If despite the Listings Requirements, there is only 1 (one) Director in office at any time, and since the Company is listed and that Director cannot as a result hold all of the Beneficial Interests of all of the issued Securities of the Company, that Director may not –
- 27.3.1 approve or enter into any agreement in which the Director or a Related Person has a Personal Financial Interest; or
- 27.3.2 as a Director, determine any other matter in which the Director or a Related Person has a Personal Financial Interest,
- unless the agreement or determination is approved by an Ordinary Resolution after the Director has disclosed the nature and extent of that Personal Financial Interest to those entitled to vote on such Ordinary Resolution.
- 27.4 At any time, a Director may disclose any Personal Financial Interest in advance, by delivering to the Board, or Holders (if the circumstances contemplated in clause 27.3 prevail), a notice in Writing setting out the nature and extent of that Personal Financial Interest, to be used generally by the Company until changed or withdrawn by further Written notice from that Director.

- 27.5 If, in the reasonable view of the other non-conflicted Directors, a Director or the Related Person in respect of such Director acts in competition with the Company relating to the matter to be considered at the meeting of the Board, the Director shall only be entitled to such information concerning the matter to be considered at the meeting of the Board as shall be necessary to enable the Director to identify that such Personal Financial Interest exists or continues to exist.
- 27.6 If a Director (whilst the circumstances contemplated in clause 27.3 are not applicable), has a Personal Financial Interest in respect of a matter to be considered at a meeting of the Board, or Knows that a Related Person has a Personal Financial Interest in the matter, the Director –
- 27.6.1 must disclose the Personal Financial Interest and its general nature before the matter is considered at the meeting;
 - 27.6.2 must disclose to the meeting any Material information relating to the matter, and Known to the Director;
 - 27.6.3 may disclose any observations or pertinent insights relating to the matter if requested to do so by the other Directors;
 - 27.6.4 if present at the meeting, must leave the meeting immediately after making any disclosure contemplated in clauses 27.6.2 and 27.6.3;
 - 27.6.5 must not take part in the consideration of the matter, except to the extent contemplated in clauses 27.6.2 and 27.6.3;
 - 27.6.6 while absent from the meeting in terms of this clause 27.6 –
 - 27.6.6.1 is to be regarded as being present at the meeting for the purpose of determining whether sufficient Directors are present to constitute a quorum; and
 - 27.6.6.2 is not to be regarded as being present at the meeting for the purpose of determining whether a resolution has sufficient support to be adopted; and
 - 27.6.7 must not execute any document on behalf of the Company in relation to the matter unless specifically requested or directed to do so by the Board.
- 27.7 If a Director acquires a Personal Financial Interest in an agreement or other matter in which the Company has a Material interest, or Knows that a Related Person has acquired a Personal Financial Interest in the matter, after the agreement or other matter has been approved by the Company, the Director must promptly disclose to the Board, or to the Holders entitled to vote (if the circumstances contemplated in clause 27.3 prevail), the nature and extent of that Personal Financial Interest, and the Material circumstances relating to the Director or Related Person's acquisition of that Personal Financial Interest.
- 27.8 A decision by the Board, or a transaction or agreement approved by the Board, or by the Holders (if the circumstances contemplated in clause 27.3 prevail), is valid despite any Personal Financial Interest of a Director or Person Related to the Director, only if –
- 27.8.1 it was approved following the disclosure of the Personal Financial Interest in the manner contemplated in this clause 27 (*Personal Financial Interests of Directors and Prescribed Officers and Members of Board Committees*); or
 - 27.8.2 despite having been approved without disclosure of that Personal Financial Interest, it has been ratified by an Ordinary Resolution following disclosure of that Personal Financial Interest or so declared by a court.

28. PROCEEDINGS OF DIRECTORS

- 28.1 A Director authorised by the Board –
- 28.1.1 may, at any time, summon a meeting of the Directors; and
 - 28.1.2 must call a meeting of the Directors if required to do so by at least 2 (two) Directors.
- 28.2 The Directors may determine what period of notice shall be given of meetings of Directors and may determine the means of giving such notice which may include telephone, telefax or Electronic Communication. It shall be necessary to give notice of a meeting of Directors to all Directors even those for the time being absent from South Africa.

- 28.3 If all of the Directors –
- 28.3.1 acknowledge actual receipt of the notice;
 - 28.3.2 are Present at a Meeting of the Directors; or
 - 28.3.3 waive notice of the meeting,
- the meeting may proceed even if the Company failed to give the required notice of that meeting, or there was a defect in the giving of the notice.
- 28.4 The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 28.5 Unless otherwise resolved by the Directors, all their meetings shall be held in the city or town where the Company's Registered Office is for the time being situated. A meeting of Directors may be conducted by Electronic Communication and/or one or more Directors may participate in a meeting of Directors by Electronic Communication so long as the Electronic Communication facility employed ordinarily enables all Persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.
- 28.6 The quorum for a Directors' meeting is 4 (four). If within 30 (thirty) minutes from the time appointed for the Directors' meeting to commence, a quorum is not present, the Directors' meeting shall be postponed, without motion, vote or further notice to the same time on the –
- 28.6.1 next day if the business to be dealt with by the meeting is in the opinion of the chairperson of such an urgent nature that the period in clause 28.6.2 results in too lengthy a delay; or
 - 28.6.2 same day in the next week or, if that day be a public holiday, to the next succeeding day which is not a public holiday,
- and if at such adjourned Directors' meeting a quorum is not present within 30 (thirty) minutes from the time appointed for the Directors' meeting then, the Individual/s entitled to vote who are Present shall be deemed to be the requisite quorum. No further notice is required to be Delivered by the Company of a Directors' meeting that is postponed, unless the location or time for the Directors' meeting is different.
- 28.7 The Directors may elect a chairperson of their meetings and determine the period for which he/she is to hold office; but if no such chairperson is elected, or if at any meeting the chairperson is not present within 15 (fifteen) minutes after the time appointed for holding it, the Directors present may choose one of their number to be chairperson of the meeting.
- 28.8 Each Director has 1 (one) vote on a matter before the Board and a majority of the votes cast on a resolution is sufficient to approve that resolution.
- 28.9 In the case of a tied vote the chairperson may not cast a deciding vote even if the chairperson did not initially have or cast a vote and the matter being voted on fails.
- 28.10 The Company must keep minutes of the meetings of the Board, and any of its committees, and include in the minutes –
- 28.10.1 any declaration given by notice or made by a Director as required by clause 27 (*Personal Financial Interests of Directors and Prescribed Officers and Members of Board Committees*);
 - 28.10.2 every resolution adopted by the Board.
- 28.11 Resolutions adopted by the Board –
- 28.11.1 must be dated and sequentially numbered; and
 - 28.11.2 are effective as of the date of the resolution, unless the resolution states otherwise.
- 28.12 Any minutes of a meeting, or a resolution, signed by the chairperson of the meeting, or by the chairperson of the next meeting of the Board, are/is evidence of the proceedings of that meeting, or adoption of that resolution, as the case may be, without the necessity for further proof of the facts stated.
- 28.13 A round robin resolution shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, provided that each Director who is able to receive notice, has received notice of the matter to be decided. For the purposes hereof a round robin resolution

means a resolution passed other than at a meeting of Directors, in respect of which, subject to clause 28.10, all the Directors (for which purpose one or more Alternate Directors shall be entitled to sign a round robin resolution if one or more Directors are not able to sign or timeously return a signed copy of the resolution, and without his/her vote/s the requisite majority cannot be achieved) voted in favour by signing in Writing a resolution in counterparts, within 20 (twenty) Business Days after the resolution was submitted to them.

Z SHARE TERMS

TERMS AND CONDITIONS OF THE Z SHARE

The following terms and conditions shall attach to the Z Share:

1. DEFINITIONS

In these Z Share Terms:

- 1.1 words that are defined in the MoI but not defined in these Z Share Terms will bear the same meaning in these Z Share Terms as in the MoI. For ease of reading, such terms have been capitalised in these Z Share Terms;
- 1.2 the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely –
 - 1.2.1 “**Company**” means Sabvest Capital Limited (Registration No. 2020/030059/06), a public company incorporated in accordance with the laws of the Republic of South Africa;
 - 1.2.2 “**Control**” shall be construed in accordance with section 2(2) of the Companies Act (as read with section 3(2) of the Companies Act) and “**Controlling**” and “**Controlled**” shall be construed accordingly;
 - 1.2.3 “**Economic Participation**” shall have the meaning ascribed to it in paragraph 4.2;
 - 1.2.4 “**Entity**” includes any association, business, close corporation, company, concern, enterprise, firm, partnership, person, trust, undertaking, voluntary association or other similar entity whether corporate or unincorporate;
 - 1.2.5 “**Issued Shares**” means the total of all Ordinary Shares in issue at any relevant time;
 - 1.2.6 “**MoI**” means the memorandum of incorporation of the Company, as amended from time to time;
 - 1.2.7 “**Ordinary Shares**” means no par value ordinary shares in the capital of the Company having the rights set forth in clause 7.1.1 of the MoI;
 - 1.2.8 “**SFT**” means The Seabrooke Family Trust (Master’s Reference No. IT 10547);
 - 1.2.9 “**SFT Group**” means SFT and any Entity Controlled by SFT from time to time;
 - 1.2.10 “**SFT Ordinary Holding**” means the aggregate of Ordinary Shares in issue held by SFT at any relevant time;
 - 1.2.11 “**SFT Subsidiary Ordinary Holding**” means the aggregate of Ordinary Shares in issue held by any member of the SFT Group (other than SFT) at any relevant time;
 - 1.2.12 “**Z Share**” means the no par value ordinary share, which has the rights and limitations set out in these Z Share Terms; and
 - 1.2.13 “**Z Share Terms**” means the rights, limitations and other terms attaching to the Z Share contained in this document.

2. WINDING-UP AND RETURN OF CAPITAL

The Z Share shall not carry the right, on a winding-up of the Company or on any return or reduction of capital, to the payment or repayment of any amount.

3. NO PARTICIPATION

The holder of the Z Share shall not be entitled to any participation in the profits of the Company or any distribution of the assets or capital of the Company.

4. VOTING RIGHTS

- 4.1 The Z Share entitles SFT to exercise Voting Rights equal to 104,45% (one hundred and four comma four five per cent) of the Voting Rights of all Issued Shares, on a poll, on any matter at a Shareholders' Meeting at any relevant time, and which accordingly entitles the holder of the Z Share the right to exercise 51% (fifty-one per cent) of the Voting Rights, on a poll, on any matter at any Shareholder's Meeting.
- 4.2 For the purpose of these Z Share Terms, SFT's economic participation ("**Economic Participation**") is calculated as follows:

$$= \frac{\text{SFT Ordinary Holding}}{\text{Issued Shares}} \times 100 + \frac{\text{SFT Subsidiary Ordinary Holding}}{\text{Issued Shares}} \times 100$$

- 4.3 The Z Share will automatically cease to carry any voting rights at any point in time should SFT's Economic Participation reduce below 10% (ten per cent).
- 4.4 In such an event, the Z Share shall, without delay, be repurchased by the Company for a consideration of R1.00 (one rand) and cancelled in the share capital of the Company.
- 4.5 If there is any dispute regarding the calculation of the Economic Participation and/or the adjustment thereof, such dispute shall be referred to the auditors of the Company from time to time, which shall act as an expert and not as an arbitrator.

5. TRANSFERABILITY

The Z Share shall remain unlisted and shall be transferrable to the Company only.

Notwithstanding anything to the contrary herein contained, Ordinary Shares may from time to time be transferred from SFT to any other member of the SFT Group and *vice versa*, in which case all references to "**SFT**" herein shall, where appropriate, also be a reference to the transferee concerned.

6. OFFER TO SHAREHOLDERS

In the event that the Z Share is repurchased and cancelled and any person (other than SFT) holds 35% or more Ordinary Shares in issue at any relevant time/s, a mandatory offer to all Holders of Ordinary Shares in issue equally (and without any value attributable to the Z Share) will be made by such person in accordance with the Listings Requirements, Companies Act and Regulations.

7. MODIFICATION OF THE TERMS OF THE Z SHARE

The rights, limitations and other terms of the Z Share may not be modified without a Special Resolution amending the MoI, which Special Resolution must be approved by Shareholders of the Company holding at least 75% (seventy-five percent) of the Voting Rights Exercisable at a Shareholders' Meeting (including the Voting Rights of the Z Share).

8. CONFLICT

Save as otherwise provided for in the Companies Act, if there is any conflict or inconsistency between the provisions of these Z Share Terms and the remaining provisions of the MoI, the provisions of the Z Share Terms shall prevail and be carried into effect.

CURRICULA VITAE OF FINAL SABCAP DIRECTORS

Executive Directors

1. **Christopher Stefan Seabrooke (Chief Executive Officer)** Age 67

BCom, BAcc, MBA, FCMA

Mr Seabrooke has been a director of over 25 stock exchange listed companies over the years and is currently the CEO of Sabvest Limited, and non-Executive Chairman of Metrofile Holdings Limited, Net1 UEPS Technologies Inc. and Transaction Capital Limited. Non-Executive Director of Brait S.E. Also a director of numerous unlisted companies. Former Chairman of the State Theatre of South Africa and Deputy Chairman of the inaugural National Arts Council of South Africa.

2. **Raymond Pleaner (Chief Financial Officer)** Age 65

BCompt (Hons), CA(SA)

Mr Pleaner has over 26 years of experience as the CFO of a listed company and the management accounting and administration of investments and subsidiaries appointed to the Board of Sabvest Limited in 1996.

3. **Leon Rood** Age 43

B.Com, LLB

In addition to being an admitted attorney, holds diplomas in advanced taxation, corporate and securities law and international taxation. Previously a senior director of Werksmans and held various positions with Cliffe Decker Hofmeyr and KPMG. His wide ranging legal and commercial experience includes investments, acquisitions and funding structuring, and implementation locally and internationally. Currently an Executive Director of Sabvest Limited and Alternate Director on the Board of Metrofile Holdings Limited, as well as a director of various unlisted companies.

Non-Executive Directors

4. **Dawn Nonceba Merle Mokhobo** Age 71

BA (Social Science)

Non-executive Board member of Sabvest Limited since 2005

Independent Non-Executive Chairman

Chairman of the Nominations Committee

Member of the Audit and Risk Committee

Remuneration Committee, Social

Ethics and Transformation Committee and Independent Committee

Also Non-Executive Director of Engen (Pty) Ltd, Ford Motor Company South Africa, Cricket South Africa and Altron. Chairperson of Wesizwe Platinum.

Member of The Businesswomen's Association and former winner South African Businesswoman of the Year Award.

Serves on various other unlisted company boards.

5. **Bheki James Themba Shongwe** *Age 64*

BA (Econ), MBA, ACIS, FCIBM

Non-Executive Board member of Sabvest Limited since 2005

Independent Non-Executive Deputy Chairman

Chairman of the Remuneration Committee, Member of the Audit and Risk, Nominations, and Remuneration Committees and member of the Independent Committee

Appointed to the Board in 2005.

Mr Shongwe has wide range experience on the boards of various companies, and is presently Chairman of Flow Communications (Pty) Ltd, Executive Chairman of Matsamo Group Limited, Chairman of Company Management Consultants (Pty) Ltd, Non-Executive Director of Matsamo Capital (Pty) Ltd, Director of Marking Engineering (Pty) Ltd.

6. **Lindiwe Mthimunye** *Age 46*

M.Com, H.Dip Tax Law, CA(SA)

Non-Executive Board member of Sabvest Limited since 2018 and Chairman of the Audit and Risk, and Independent Committees, and member of the Social, Ethics and Transformation, Nominations and Remuneration Committees.

In addition, she is also Managing Director of Petroleum Investment Partners (Pty) Limited and a Non-Executive Director of Pioneer Food Group Limited, Metrofile Holdings Limited, Cell C Limited and Open Society Foundation SA.

She brings to the Board a wealth of accounting, operational management, investment banking and commercial experience. She has previously held a variety of senior and executive leadership roles.

7. **Kuben Pillay** *Age 59*

BA LLB (Wits) MCJ (Howard School of Law, USA)

Non-Executive Board member of Sabvest Limited since 2019

Independent Non-Executive Director

Member of Remuneration, Nominations and Social and Ethics Committees.

Mr Pillay's wide ranging experience includes serving as Managing Financial Partner of attorneys Cheadle Thompson and Haysom, a founding executive director of Mineworkers Investment Company Proprietary Limited (MIC) and subsequently non-executive chairman of MIC. He has served as chief executive officer, subsequently executive chairman and thereafter non-executive chairman of Primedia Limited and, more recently, has been independent non-executive chairman of Cell-C Limited. Kuben is currently an independent non-executive director of Transaction Capital Limited and of the OUTsurance Group of companies.

OTHER DIRECTORSHIPS¹ OF FINAL SABCAP DIRECTORS

Christopher Stefan Seabrooke	<p>Current/Active</p> <p>Apex Partners Holdings (Pty) Ltd, Appaloosa Estate (Pty) Limited, Brait S.E., Comfin Capital (Pty) Limited, Conance Limited, Famdeen Investments (Pty) Limited, Flexo Line Products (Pty) Limited, General Pacific Capital Limited, General Pacific Management Services Ltd, ITL Holdings Limited, JAA Holdings (Pty) Ltd, Mandarin Industries Limited, Masimong Group Holdings (Pty) Ltd, Metrofile Holdings Limited, Net1 U.E.P.S. Technologies Inc. Pierson Holdings Ince, Policy Investments (Pty) Limited, Porterswood Ltd, Revix SA HoldCo (Pty) Ltd, Rolfes Holdings Limited, S A Bias Industries (Pty) Limited, Sabvest Limited, Sunspray Food Ingredients (Pty) Ltd, Torre Holdings (Pty) Limited (Alternate), Torre Industries Limited, Transaction Capital Limited</p> <p>Previous five years</p> <p>Blue Gum Estates (Pty) Limited, Boulder Property Investments (Pty) Limited, CellC Limited, Datatec Limited, Fire Fly Investments 41 (Pty) Limited, Massmart Holdings Limited, Mineworkers Investment Company (Pty) Limited, Primedia Holdings (Pty) Limited,</p>
Raymond Pleaner	<p>Current/Active</p> <p>Sabvest Limited, Mandarin Holdings (Pty) Limited</p> <p>Previous five years</p> <p>n/a</p>
Leon Rood	<p>Current/Active</p> <p>Apex Partners Holdings Pty Ltd (Alternate), DNI-4PL Contracts Pty Ltd, Metrofile Holdings Limited (Alternate), Sabvest Limited, SA Bias Industries Pty Ltd</p> <p>Previous five years</p> <p>Werksmans Incorporated</p>
Lindiwe Evarista Mthimunye	<p>Current/Active</p> <p>Metrofile Holdings Limited, Pioneer Food Group Limited, CELL C Limited, Sabvest Limited, Old Mutual Investment Group (Pty) Ltd, Gauteng Partnership Fund, Vita Gas (Pty) Ltd, Vegago (Pty) Limited, Phoka Trust, Lakhile Industrial Supplies (Pty) Limited, Petroleum Investment Partners (Pty) Limited, Istogystix (Pty) Limited, Orivest (Pty) Ltd</p> <p>Previous five years</p> <p>Torre Industries Limited, Liquid Capital (Pty) Limited, Hyundai Automotive South Africa, Open Society Foundation of SA, PetroSA (SOC) Ltd</p>
Kubandiran Pillay	<p>Current/Active</p> <p>Outsurance Holdings, Outsurance Insurance Company Limited, Outsurance Life Insurance Company Limited, Sashin Investments (Pty) Limited, Sashin Properties (Pty) Limited, Transaction Capital Limited, Sumo Wealth SA (Pty) Limited, Sabvest Limited</p> <p>Previous five years</p> <p>Cell C Limited, Primedia Limited</p>

1. Excludes subsidiary and group companies of the entities listed

Bheki Shongwe**Current/Active**

Breakthrough Development, Flow Team Properties, Absolute Fleet Solutions, Matsamo Group, Matsamo Capital, Finrite Administrators, Masimong Chemicals, Midstream Technology Investments, Transit Freight Forwarding, Matsamo Industrial Equipment, Boikarabelo Group, Imbalie Beauty Health and Wellness, Tooling and Design Engineering Incubator, Fintax Consulting Group, Marking Engineering, Sabvest, Blendwell Chemicals, Kaimot Investments, Cigi Cell, Imbalie Beauty, Hiside Group, Tigerwit Investment, Flow Communications, The Promise of Leadership, Flow Public Relations, Flow Travel, Flow Group Holdings

Previous five years

Flow Team Properties, Flow Properties, Jalapeu, Boikarabelo Group, Blendwell Chemicals, Pikitup Johannesburg, Compass Management Consultants, Compass Risk Solutions

Dawn Mokhobo**Current/Active**

Encocube (Pty) Ltd, Afriquest Investments, Urban Kraal Housing Foundation, Terrafarms Wellington (Pty) Ltd, Terrafarm Advisory (Pty) Ltd, Wellington Farm Holdings (Pty) Ltd, Ford Motor Company of Southern Africa (Pty) Ltd, Sabvest Ltd, Partnership Investments (Pty) Ltd, Wesizwe Platinum Ltd, Urban Kraal Properties (Pty) Ltd, Urban Kraal Capital, Imperial Crown Trading 363 (Pty) Ltd, Her Life Holdings, Ordicode, Raintree Change Solutions, Octo Capital, Gateway Border Developments, Istotype, Novatenqni Solutions, Calzane Petroleum SA

Previous five years

N/A

CORPORATE GOVERNANCE STATEMENT OF SABCAP

Sabcap's governing objective aligns with that of Sabvest, namely to ensure the ongoing sustainability of the Sabcap Group's business and to maximise value for Sabcap Shareholders and other key stakeholders. In striving towards this objective, Sabcap and the Sabcap Group will remain mindful of the impact of the Group's business activities on society and the environment. Therefore, Sabcap will follow a formal process to identify and assess the major risks that could impact negatively on sustainability as far as the operations of its Subsidiaries are concerned. The Final Sabcap Directors will, upon their appointment as Directors of Sabcap, adopt and apply the principles of King IV. Sabvest's website will, prior to the Sabcap Listing, contain an explanation of the principles applicable in respect of King IV.

1. BOARD OF DIRECTORS

- 1.1 The Sabcap Board will provide direction and leadership to the Sabcap Group and will ultimately be accountable for its overall performance.
- 1.2 The Board will focus on strategy and material issues that can impact shareholder value and long-term sustainability. Operational responsibility will be delegated to the management board of Sabcap, which will be accountable for the ongoing management of the business of the Sabcap Group.

2. APPOINTMENTS

- 2.1 Directors shall be appointed through a formal process and the Nominations Committee shall assist with the process of identifying suitable candidates to be approved by the Board as a whole and thereafter proposed to shareholders.
- 2.2 The Chairperson shall be a non-executive director and the roles of the Chairperson and Chief Executive Officer shall be separated. The running of the Board and the executive function of the management of the Company's business will therefore be the responsibilities of the Chairperson and the Chief Executive Officer respectively. In the event that the Chairperson is not independent, a Lead Independent Director will be appointed.
- 2.3 The Chief Executive Officer and the Chief Finance Officer are *ex officio* members of the Board.
- 2.4 A formal induction programme is established for new Directors and inexperienced Directors are developed through a mentorship programme. Continuing professional development programmes are made available which ensure that Directors can receive regular briefings on changes in risks, laws and the environment.

3. BOARD MEETINGS

- 3.1 Meetings of the Board will be held as frequently as the Board considers appropriate in order to discharge its duties as set out in Sabcap's Board Charter. Any Board member may call further meetings if required.
- 3.2 Reasonable notice of meetings and the business to be conducted shall be given to members of the Board.
- 3.3 The Chairperson, at her discretion, may invite other executives to attend and to be heard at meetings of the Board.

4. ROLES AND RESPONSIBILITIES

The roles and responsibilities of the Board include, *inter alia*, the following:

- Adopt strategic plans for the Company;
- Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, Shareholders and other stakeholders, in accordance with sound corporate governance principles;

- Elect a Chairperson of the Board who is an independent non-executive director (failing which, a Lead Independent Director shall be appointed);
- Appoint and evaluate the performance of the Chief Executive Officer;
- Consider and satisfy itself as to the competence, qualifications and experience of the company secretary and confirm in the Company's integrated annual report that it has executed this responsibility;
- Provide effective leadership on an ethical foundation and ensure that Sabcap's ethics are managed effectively and that it is, and is seen to be, a responsible corporate citizen by having regard to not only the financial aspects of the business of Sabcap but also to the impact of the business on the environment and the society in which it operates;
- Retain full and effective control over Sabcap, monitoring management in implementing Board plans and strategies and monitoring operational performance and management;
- Ensure that the Company has an effective and independent Audit and Risk Committee;
- Ensure the integrity of the Company's integrated report;
- Be responsible for information (IT) governance;
- Ensure that management implements proper systems of internal control which are designed to provide reasonable assurance as to the reliability of the financial statements;
- Ensure that Sabcap complies with all applicable laws, regulations and codes of business practice;
- Develop a corporate code of ethics and conduct that addresses conflicts of interest, particularly relating to Directors and management;
- Apply the Company's policy on the promotion of broader diversity at board level, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience, in order to determine whether the board's size, diversity and demographics make it effective; and to maintain, and improve, the current race and gender composition of the Board;
- Ensure that there is an appropriate balance of power and authority on the Board, such that no individual or block of individuals can dominate the Board's decision making; and
- Do everything necessary to fulfill its role, but delegate certain functions to its committees without abdicating its own responsibilities.

5. **BOARD COMMITTEES**

While the Board will remain accountable for the performance and affairs of Sabcap, it will be entitled to delegate specific responsibilities to committees operating under Board-approved charters. All committees will be chaired by an independent non-executive Director who will also attend the annual general meeting to respond to Shareholder queries. Sabcap will establish 4 (four) committees, namely:

- 5.1 an Audit and Risk Committee;
- 5.2 a Remuneration Committee;
- 5.3 a Nominations Committee; and
- 5.4 a Social and Ethics Committee.

6. **THE AUDIT AND RISK COMMITTEE**

- 6.1 The Audit and Risk Committee will, in terms of Sabcap's MoI and the Listings Requirements, perform, *inter alia*, the following activities:
 - Review the internal control structures, including financial control, accounting systems and reporting.
 - Ensure that appropriate financial reporting procedures are in place and that those procedures are operating effectively. This assessment will include consideration of all entities included in the consolidated Group International Financial Reporting Standards- compliant financial statements, to ensure that the Audit and Risk Committee has access to all the financial information of Sabcap, in order to allow the Company to effectively prepare and report on its financial statements.
 - Request from the audit firm (and if necessary consult with the audit firm on) the information detailed in paragraph 22.15(h) of the Listings Requirements in the Audit and Risk Committee's assessment of the suitability for appointment of the Company's current, or a prospective audit

firm, and the designated individual partner of the audit firm—both when appointed for the first time and thereafter annually for every re-appointment.

- Notwithstanding the provisions of Section 90(6) of the Companies Act, ensure that the appointment of the auditor is presented and included as a resolution at the annual general meeting of Sabcap pursuant to Section 61(8) of the Companies Act.
- Review the Group's statement on internal control systems prior to endorsement by the Board and in particular reviewing:
 - the procedures for identifying business risks and controlling their impact on the Group;
 - the Group's policies for preventing and detecting fraud;
 - the Group's policies for ensuring that the Group complies with relevant regulatory and legal requirements; and
 - the operational effectiveness of the policies and procedures.
- Liaise with external auditors.
- Monitor compliance of the Group with the laws and regulations of applicable statutes and of controlling bodies and all legal requirements.
- Monitor compliance with Sabcap's code of ethics and conduct and the ethical conduct of both Sabcap and all Group companies, Group executives and senior officials and identification of any violations of ethical conduct.

6.1.1 External Audit

The Committee shall, *inter alia*:

- During each financial year for which it has been appointed, nominate for appointment as auditor of Sabcap a registered independent auditor for approval by Shareholders annually at the annual general meeting. In considering whether a registered auditor is independent of the Company, the Committee shall consider the provisions of statutes and the standards of the auditing profession and seek additional assurance from the auditor that internal governance processes support and demonstrate their claim to independence;
- Be responsible for ensuring that the external auditor's appointment complies with applicable legislation;
- Consider whether the audit firm and, where appropriate, the individual auditor that will be responsible for performing the functions of auditor, are accredited as such on the JSE's list of auditors, as required by the Listings Requirements;
- Discuss and review with the external auditors before the audit commences, the auditors' engagement letter, the terms, nature and scope of the audit function, procedure and engagement. The Audit and Risk Committee should review the overall audit role to explore objectives, minimise duplication and discuss implications of new auditing standards;
- Evaluate the independence, cost effectiveness and objectivity of the external auditors in relation to Sabcap and any other member of the Group and determine the nature and extent of allowed non-audit services rendered by such auditors as to whether this substantively impairs their independence;
- Report on the independence of the external auditor in the annual financial statements;
- Evaluate the performance, quality and effectiveness of the external auditors and the external audit process;
- Consider and approve the appropriateness of accounting policies and their implementation, consider accounting treatments, significant unusual transactions, or accounting judgments, that could be contentious;
- Identify key matters arising in the external auditors' current year's management letter and satisfying itself that these are being properly followed up;
- Consider whether any significant ventures, investments or operations are not subject to external audit;
- Obtain assurance from the external auditors that adequate accounting records are being maintained;
- Review management's letter of representation to the external auditors before finalisation of the integrated annual report;
- Determine the fees to be paid to the external auditors, ensuring the external audit fee will sustain a proper audit and provide value for money;
- Ensure that the same individual or the lead audit partner of the accounting firm appointed as the designated auditor may not serve as the auditor or designated auditor or lead audit partner for more than five consecutive financial years and ensure that where an

individual has served as the auditor or designated auditor for two or more consecutive financial years and then ceases to be the auditor or designated auditor, that the individual may not be appointed as auditor or designated auditor again until the expiry of two further years; and

- Ensure that the auditor is invited to attend any general meeting of the shareholders at which the financial statements are considered, to answer any question posed to the auditor at such meeting, relevant to the conduct of the audit.

6.1.2 Integrated reporting

The Committee shall oversee integrated reporting and in particular the Committee must:

- Have regard to all factors and risks that may impact on the integrity of the integrated report;
- Review the quality of financial reporting and ensure that such reporting presents a balanced and understandable assessment of the position, performance and prospects of the Group;
- Review the annual financial statements, interim reports, preliminary or provisional results announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents;
- Comment in the annual financial statements on the financial statements, the accounting practices and the effectiveness of the internal financial controls;
- Review the disclosure of sustainability issues in the integrated report to ensure that they are reliable and do not conflict with the financial information;
- Recommend to the Board the engagement of an external assurance provider on material sustainability issues;
- Recommend the integrated report for approval by the Board;
- Review the content of the summarised information for whether it provides a balanced view; and
- Engage the external auditors to provide assurance on the summarised financial information.

In addition, the Committee should also review:

- The implementation of new systems;
- Tax and litigation matters involving uncertainty;
- Any changes in accounting policies and procedures;
- Significant adjustments resulting from the audit including problems and reservations arising from the audit and any matters the auditor may wish to discuss;
- The basis on which the Group has been determined to be a going concern;
- Capital adequacy;
- Internal control;
- Compliance with Group accounting standards, local and international compliance with stock exchange and legal requirements;
- The appropriateness of major adjustments processed at the year end;
- Compliance with the financial conditions of loan agreements;
- The external auditors' proposed audit certificate;
- Major judgmental areas in any financial information under its responsibilities; and
- Significant transactions not directly related to the Company's normal business as the Committee might deem appropriate.

6.1.3 Risk management

The Audit and Risk Committee is an integral component of the risk management process and specifically the Committee must oversee:

- Financial reporting risks;
- Internal financial controls;
- Fraud risks as they relate to financial reporting; and
- IT risks as they relate to financial reporting.

6.1.4 Expertise of the Chief Financial Officer and the finance function

As required by the Listings Requirements, the Audit and Risk Committee will also consider the experience and expertise of Sabcap's financial Chief Financial Officer on an annual basis and satisfy itself that such experience and expertise is appropriate.

7. **THE NOMINATIONS COMMITTEE**

The Nominations Committee will, in terms of Sabcap's MoI, perform, *inter alia*, the following activities:

- Make recommendations to the Board on the appointment of new executive and non executive Directors including making recommendations on the composition of the Board in general and the balance between executive, non executive, independent non executive, male/female and black/white members appointed to the Board.
- Identify and nominating candidates for the approval of the Board as well as establishing succession plans, particularly for the Chairperson and Chief Executive Officer.
- Make recommendations to the Board for the continuation (or not) of services of any Director who has reached the age of 70.
- Recommend Directors who are retiring by rotation, for re-election.
- Monitor the principles of governance and code of best practice.
- Evaluate the independence of Directors annually.
- Recommend the composition of committees to the Board.
- Evaluate the performance of the Board and committees annually.
- Through the Chairperson and Chief Executive Officer, review the performance of non-executive Directors annually including attendance and communications.

8. **THE REMUNERATION COMMITTEE**

The Remuneration Committee will, in terms of Sabcap's MoI, perform, *inter alia*, the following activities:

- Review the strategic and financial plans of Sabcap in relation to the compensation programme;
- Act on behalf of the Board in setting executive compensation policy, monitoring administration of the compensation programme and making decisions for the Board with regard to the compensation of senior executives including:
 - base salary, ensuring the base salary element is competitive and fair;
 - risk position of salary including performance bonus related to qualitative and quantitative indicators;
 - executive perks within the context of total cost to company packages;
 - appropriate benefits, including retirement benefits;
 - Evaluate annually through performance appraisals senior executives' salary packages against:
 - remuneration paid to directors of other companies of a similar size both in South Africa and internationally (where relevant) utilising published surveys or independent consultants;
 - performance target goals and objectives and the extent of performance by the executives.
- Review and recommend for approval share incentive schemes to the Board that are consistent with Sabcap's overall objectives and with executive compensation policy.
- Review the medical aid benefits provided (if any) and the cost and effectiveness of all benefit planned administrations.
- Select independent consultants to advise the Remuneration Committee when appropriate.
- Approve annually the disclosure items for the remuneration of executive and non executive Directors in the integrated annual report.
- Ensure that the Company's remuneration policy and implementation report are tabled at Sabcap's annual general meeting, for separate, non-binding advisory votes by shareholders. In terms of Sabcap's remuneration policy, the board will provide for an invitation to dissenting shareholders to engage with the Company, in the event that either the remuneration policy or the implementation report, or both, are voted against by shareholders exercising 25% or more of the voting rights exercised. In the event that either the remuneration policy or the implementation report or both, are voted against by Sabcap Shareholders exercising 25% or more of the voting rights exercised at the annual general meeting, the Company shall, in its voting results announcement, invite dissenting Sabcap Shareholders to engage with the Company, detailing the manner and timing of such engagement.

9. **SOCIAL AND ETHICS COMMITTEE**

The Social and Ethics Committee will, in terms of Sabcap's MoI and the Listings Requirements, perform, *inter alia*, the following activities.

Social and economic development, including the Company's standing in terms of the goals and purposes applicable legislation.

Ensure that it fulfils its mandate as prescribed by the Companies Regulations and that it identifies and discloses any instances of material non-compliance.

Good corporate citizenship, including the Company's:

- promotion of equality, prevention of unfair discrimination, and reduction of corruption;
- contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
- record of sponsorship, donations and charitable giving;
- The environment, health and public safety, including the impact of the Company's activities;
- Consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws; and
- Labour and employment.

MATERIAL RISK FACTORS

Risk Report

Approach to risk management

Sabcap defines risk as uncertain future events that could influence its ability to achieve its objectives. Risks, once identified, are considered by the combinations of the probability of an event occurring and the consequence thereof. Risk is a condition in which the possibility of loss is inextricably linked to uncertainty. Therefore, a framework for managing risk is required to facilitate rational decision-making.

Risk management entails planning and controlling all activities and resources to minimise the negative impact of risks to tolerable levels and, conversely, to optimise potential opportunities and impacts of risks in the pursuit of achieving Sabcap's strategic objectives.

Risk tolerances are approved by the Board.

Risk framework and the governance of risk

The Board is responsible for the governance of risk. It delegates responsibility for monitoring risk management to the Audit and Risk Committee and for managing risk to the executive directors.

The CEO functions as the Chief Risk Officer. This function is performed in Sabcap by the CEO, and not the CFO as the primary risks relate to the investment portfolio and the funding thereof, which are directly managed by the CEO. The CFO assists, as appropriate, on other risks.

The Board reviews risks and mitigating controls as presented by management or identified by the Board.

Risk appetite is the amount and type of risk that an organisation is willing to take in pursuit of its strategic objectives.

Risk tolerance is the acceptable performance variation between the actual residual risk profile and the target risk profile in relation to the risks identified and managed through the risk management framework.

When risk tolerance is exceeded, executive directors are required to take action to treat, transfer or terminate the associate risk.

The Board regards the monitoring and control of risks by management to be good and part of the ongoing business of the Company. The Group's low/medium risk appetite and low tolerance levels are expressed in its low gearing levels, the boundaries of its business model, its clearly stated and shareholder-approved Investment Policy and the Group's ongoing investment management procedures. The Board is not aware of any risks being allowed that exceed the Company's risk appetite nor were any such risks taken in the year under review.

The Board regards it as sufficient for the risk policy to be known and approved by the Board and not distributed to staff.

The current risk watch list is as follows:

Risk	Residual risk level after mitigation
Inability to meet strategic and financial objectives	Low
Reduced cash flow from investees	Low/medium
Weak financial controls in investees	Low
Breach of legal and regulatory compliance	Low
Prevention of fraud and corruption	Low
Loss of any key executive in an investee	Medium
Effects of lack of security and of crime	Medium
CEO incapacitated or not available	Low
Lack of liquidity	Low
Not meeting BBBEE requirements	Medium
Loss due to exchange rate fluctuations	High
Breaching of shareholder agreements	Low
Change in strategies of investees	Low
Lack of liquidity in Sabcap shares on the JSE	High
Weakness in Sabcap internal controls and procedures	Low
Weakness in IT systems	Low
Effects of stock market fluctuations	Medium

The Board is comfortable with the level of combined assurance obtained from management, the Audit and Risk Committee, the external auditors, the internal audit service provider and its attorneys relative to the Group's key risks and its control environment. The Board is of the view that all of the risks listed have been mitigated to the extent feasible and that all residual risks have adequate controls or are monitored closely. The Board is not aware of any impending material risks that have not been disclosed herein.

Nothing has come to the attention of the Audit and Risk Committee or the Board that has caused them to believe that the Group's system of internal controls and risk management is not effective.

SABCAP INVESTMENT POLICY

1. BACKGROUND AND RATIONALE

- 1.1 Sabcap is an investment group which has been listed on the JSE since 2020. Its shares are quoted in the *Financials – Equity Investment Instruments* sector of the Main Board.
- 1.2 The JSE Listings Requirements deal specifically with investment companies in section 15 and, in particular, require an Investment Policy to be approved by shareholders on listing or, by implication, from time to time.
- 1.3 Sabcap has prepared its Investment Policy to be approved by the JSE and considered by its shareholders with a view to approving its existing investment parameters, scope and related features.

2. INVESTMENT PARAMETERS AND SCOPE

2.1 Investment focus

Sabcap:

- a) Has a primary investment focus of maintaining and growing a portfolio of significant equity interests in listed and unlisted companies with sound growth records or potential for growth that are expected to earn above average returns over a period.
- b) Has a secondary investment focus of holding cash, bonds, short term investments, debt instruments and fund participations, as well as growth, early-maturity stage, greenfield and special situation investments, depending on market conditions, availability of suitable opportunities, the investment maturity cycles of its portfolio, excess liquidity not invested in its primary portfolio and relevant macro-economic cycles.
- c) Will also engage in corporate finance and acquisition and disposal activities with investees which may include making finance advances to previous, current and potential investee companies and their affiliates.

2.2 Sectors

Sabcap's primary equity investments will be confined to the industrial, retail, trading, services, media, IT and financial sectors.

2.3 Geographies

- a) Sabcap wishes to hold a meaningful level of investments in international currencies either directly or indirectly through the foreign operations of South African investee companies.
- b) Foreign investments held directly will usually be restricted to businesses in the United Kingdom and Europe.
- c) Foreign investments held indirectly are not restricted (as the location of these will be determined by the international strategies of the companies in which Sabcap has interests).

2.4 Size, spread and stage

Sabcap:

- a) aims to invest in good businesses with first class management without being restricted by any required absolute size or level of percentage holdings.
- b) may hold equity instruments that are small in percentage terms but where the group is able to exercise influence through board representation or shareholder agreements.
- c) may hold majority or joint controlling interests but without direct management responsibility.
- d) will not be constrained by any required balance between listed and unlisted holdings.
- e) will not be constrained by any required sector spread.
- f) will be unlikely to make new investments that exceed 15% of its portfolio or 25% of shareholders' equity.

2.5 Other parameters

Sabcap:

- a) structures its investments such that each investment is free standing and ring-fenced as to risk.
- b) usually invests in companies where key management has meaningful interests or in family managed businesses or together with chosen financial investors.
- c) favours large or influential minority stakes in unlisted companies or small listed companies (with market capitalisation of below R1 billion).
- d) usually procures that its CEO, other Sabcap directors or chosen financial investors are directors of investee companies (other than general portfolio companies).
- e) holds its investments without pre-determined realisation periods but subject to the continual review of the quality of the underlying businesses and to any constraints or obligations in shareholder agreements.
- f) may dispose of investments in the event of:
 - protracted periods of under-performance relative to criteria set by management depending on the nature, sector and stage of the investments;
 - the number of core investments exceeding its target portfolio spread (currently targeted as 10 (ten) in number);
 - receipt of unsolicited offers at materially higher values than attributed by Sabcap;
 - availability of alternative investments with substantially superior returns.

3. GROWTH TARGETS

Sabcap's target growth rates over three-year rolling periods are:

Net asset value per share 15% p.a.

Dividends per share 10% p.a.

These may be changed by the Board from time to time, particularly if movement in macro economic factors such as CPI, exchange rates, interest rates and rates of taxation that affect the Group make changes appropriate. Any material changes will require shareholder approval.

4. CATEGORISATION OF TRANSACTIONS

Investment transactions undertaken by Sabcap will be categorised relative to Sabcap's market capitalisation as required by the JSE and relative to its own net asset value for internal parameter purposes.

5. SHAREHOLDER APPROVALS

- 5.1 All transactions concluded in accordance with this Investment Policy, which will include but are not limited to the acquisition and disposal of any of the Company's investments and/or financial instruments, the advance of and repayment of any loans and advances to investees and third-parties and the underwriting of transactions undertaken by its investees, will be regarded as being in the ordinary course of business.
- 5.2 Shareholder approval will consequently not be required for non-related party transactions (including for the avoidance of doubt the enforcement of provisions in agreements relating to such transactions) of any size to the extent such transactions are entered into in the ordinary course of business of Sabcap, as envisaged in paragraphs 2.1 and 5.1.
- 5.3 Shareholder approval will be required for related-party transactions in accordance with the thresholds and requirements for such approvals contained in Section 10 of the JSE Listings Requirements, irrespective of whether such transactions are in the ordinary course of business or not.
- 5.4 Shareholder approval will not be required for purchase and sale transactions irrespective of size if these are a result of pre-agreed terms of shareholders' agreements which have been approved by Sabcap shareholders or have been advised to Sabcap shareholders if the original transactions fall within the approved Investment Policy. Notwithstanding, the JSE Listings Requirements for shareholder approvals and communications will apply if the transaction is categorised as a reverse take-over in terms of Section 9.5(c).

5.5 It is intended that this pre-approval will relate to come along, go along, pre-emptive, put and call provisions that may be contained in agreements between Sabcap and other investors in investee companies.

5.6 The approvals may be obtained at the time of the original transaction or subsequently.

6. COMMUNICATION OF INVESTMENT TRANSACTIONS

6.1 Communications with shareholders will be in accordance with JSE regulations for category 1 and category 2 transactions (bearing the same meanings as defined in the JSE Listings Requirements), except that:

- a) subject to paragraphs 2 and 5, no circulars will be required for any size transaction as long as the requirements of 6.2 or 6.3 are met, unless the transaction is categorised as a reverse takeover in terms of Section 9.5(c) of the JSE Listings Requirements.
- b) a Stock Exchange News Service announcement will be required for non-related party transactions less than 10% of market capitalisation provided that:
 - they are regarded by the Board of Sabcap as price sensitive; and
 - for the avoidance of doubt, to the extent a transaction with a non-related party is concluded in the ordinary course of business and constitutes less than 10% of the market capitalisation of the Company, such transaction will not be categorised in accordance with the JSE Listings Requirements, but will be subject to the general obligation of disclosure provisions of the JSE Listings Requirements.

6.2 Notwithstanding the provisions of 6.1, the information required to be disclosed for a prelisting statement must be provided to shareholders if a transaction is a Category 1 transaction which results in an issue of securities that, together with any other securities of the same class issued during the previous three months, would increase the securities issued by more than the maximum threshold contained in accordance with Section 9.22 of the JSE Listings Requirements.

6.3 All transactions will be summarised for shareholders in the interim and final results announcements and in the annual report.

7. COMMUNICATION OF INVESTMENT POLICY

The initial Investment Policy and subsequent changes will be published on SENS, contained in the circular to shareholders for approval, published on Sabcap's website and included in the annual report.

8. APPROVAL OF INVESTMENT POLICY

Any future material changes must be approved by shareholders by way of ordinary resolution.