

NIVEUS INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1996/005744/06)
(JSE share code: NIV ISIN: ZAE000169553)
("Niveus")

HOSKEN CONSOLIDATED INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1973/007111/06)
(JSE share code: HCI ISIN: ZAE000003257)
("HCI")

JOINT ANNOUNCEMENT – FIRM INTENTION BY HCI NIVEUS HOLDCO 1 PROPRIETARY LIMITED, A WHOLLY OWNED SUBSIDIARY OF HOSKEN CONSOLIDATED INVESTMENTS LIMITED, TO MAKE AN OFFER TO ACQUIRE SHARES IN THE ISSUED SHARE CAPITAL OF NIVEUS AND TO DELIST NIVEUS ("FIRM INTENTION ANNOUNCEMENT")

1. INTRODUCTION

- 1.1. The board of directors of both Niveus and HCI Niveus Holdco 1 Proprietary Limited ("**HCI Offerco**") are pleased to propose the terms and conditions of a single cash offer to be made by HCI Offerco to acquire all of the ordinary shares of no par value in the share capital of Niveus ("**Niveus Shares**"), other than those held by HCI and Johnnic Holdings Management Services Proprietary Limited ("**Johnnic**") (collectively the "**Excluded Shareholders**"), which single offer comprises:
- a scheme of arrangement in terms of section 114 of the Companies Act, No. 71 of 2008 ("**Companies Act**") to be proposed by the board of directors of Niveus, between Niveus and the holders of Niveus Shares ("**Niveus Shareholders**") other than the Excluded Shareholders ("**Scheme**"); and
 - if the Scheme is proposed, but fails to be implemented in accordance with its terms, a general offer to the Niveus Shareholders other than the Excluded Shareholders as contemplated in section 117(1)(c)(v) of the Companies Act and paragraph 1.15(c) of the Listings Requirements of the securities exchange operated by JSE Limited ("**JSE Listings Requirements**") ("**General Offer**");
- (collectively, the "**HCI Offer**").
- 1.2. Pursuant to the implementation of the HCI Offer, application will be made for the delisting ("**Delisting**") of all Niveus Shares from the main board of the Johannesburg Stock Exchange, being the securities exchange operated by the JSE Limited ("**JSE**").
- 1.3. The HCI Offer will be made at a cash consideration of R2.40 (two Rand and forty cents) per Niveus Share, subject to a possible adjustment thereto in accordance with paragraph 6 below.
- 1.4. Niveus and HCI Offerco have entered into an implementation agreement ("**Implementation Agreement**") that includes the details of the Scheme and General Offer together with standard warranties, indemnities and interim period undertakings.
- 1.5. The purpose of this firm intention announcement ("**Firm Intention Announcement**") is to advise the Niveus Shareholders of the terms and conditions of the HCI Offer.

2. RATIONALE FOR THE SCHEME AND GENERAL OFFER

The successful implementation of the HCI Offer will allow:

- 2.1. for Niveus ordinary shares to be delisted from the JSE, which will:
- 2.1.1. simplify decision making processes and regulatory complexity of the environment in which Niveus operates;
 - 2.1.2. eliminate costs and complexity associated with the listing of its shares on the JSE;

- 2.2. grant Niveus Shareholders an opportunity to dispose of their Niveus Shares, which is particularly relevant in light of the limited liquidity in Niveus Shares as recently traded on the JSE; and
- 2.3. simplify HCI's corporate and operating structure, as Niveus could become a wholly-owned subsidiary of HCI.

3. NIVEUS INDEPENDENT BOARD

- 3.1. In terms of the regulations prescribed by the Minister of Trade and Industry in terms of sections 120 and 223 of the Companies Act ("**Companies Regulations**") and the JSE Listings Requirements, Niveus is required to constitute an independent board of directors of Niveus ("**Independent Board**") for the purposes of considering the Scheme and General Offer, including evaluating the terms and conditions of the Scheme and General Offer, including the Delisting, and advising Niveus Shareholders thereon.
- 3.2. In accordance with Companies Regulation 108, the Independent Board is required to comprise a minimum of three independent directors. Having considered the composition of the board of directors of Niveus, the board appointed Moretlo Lynette Molefi, Rachel Doreen Watson, Jabulani Geoffrey Ngcobo and Mohamed Haroun Ahmed as members of the Independent Board.

4. THE SCHEME

- 4.1. The Scheme shall be proposed by the board of directors of Niveus, in accordance with section 114 of the Companies Act and the Companies Regulations and accordingly, constitutes an "affected transaction", as defined in section 117 of the Companies Act.
- 4.2. The implementation of the Scheme shall be subject to the following conditions precedent, namely:
 - 4.2.1. the JSE and Takeover Regulation Panel established in terms of section 196 of the Companies Act ("**TRP**") approving the circular to be posted to Niveus Shareholders as referred to in paragraph 11 below ("**Circular**");
 - 4.2.2. the JSE approving the Delisting pursuant to the implementation of the Scheme, in accordance with paragraph 1.14 of Section 1 of the JSE Listings Requirements;
 - 4.2.3. each of the resolutions required to approve the Scheme ("**Scheme Resolutions**") being approved by the requisite majority of votes as contemplated in the Companies Act and the JSE Listings Requirements;
 - 4.2.4. no valid demands by Niveus Shareholders in terms of section 164 of the Companies Act ("**Valid Demands**") are received by Niveus or, if any Valid Demands are received by Niveus, such Valid Demands are received from Niveus Shareholders who, in aggregate, hold less than 1% (one percent) of the aggregate number of Niveus Shares, or such other percentage as HCI Offerco and the Independent Board may determine by agreement;
 - 4.2.5. if any person who voted against the Scheme Resolutions applies to court for a review of the Scheme in terms of section 115(3)(b) and section 115(6) of the Companies Act, either leave to apply to the court for any such review is refused, or if leave is so granted the court refuses to set aside the Scheme Resolutions;
 - 4.2.6. the independent expert appointed by the Independent Board, as contemplated in paragraph 9 below, provides:
 - 4.2.6.1. a "fair and reasonable" opinion in relation to the Scheme, as required by the Companies Regulations;
 - 4.2.6.2. the reports required under section 114 (read with sections 48(8) and 113) of the Companies Act;
 - 4.2.6.3. a fairness opinion required in terms of paragraph 1.15(d) of Section 1 of the JSE Listings Requirements;
 - 4.2.7. the TRP having issued a compliance certificate in respect of the Scheme in terms of section 119(4)(b) of the Companies Act; and

- 4.2.8. HCI Offerco has provided written notice to Niveus, confirming that it is satisfied that no “*Material Adverse Event*” (as that term is defined in the Implementation Agreement) has occurred, (collectively, the “**Scheme Conditions Precedent**”).
- 4.3. The Scheme Condition Precedent in paragraph 4.2.8 is expressed for the benefit of HCI Offerco, who shall be entitled, upon written notice to Niveus, to waive the requirement for fulfilment of the Scheme Condition Precedent. The remainder of the Scheme Conditions Precedent are expressed for the benefit of Niveus and HCI Offerco, being the parties to the Implementation Agreement (“**Parties**”), who shall be entitled, upon written agreement between them, to waive the requirement for fulfilment of such Scheme Conditions Precedent to the extent that such conditions are legally capable of waiver.
- 4.4. The Scheme shall not be implemented and shall be of no force or effect if the Scheme Conditions Precedent are not fulfilled (or waived in terms of clause 4.3) on or before midnight on 15 January 2020, or such other date as may be agreed in writing between the Parties (“**Scheme Longstop Date**”).
- 4.5. Should the Scheme not be implemented by reason of paragraph 4.4 above then the General Offer shall be made in accordance with paragraph 5 below.
- 4.6. In the event that the Scheme Conditions Precedent are fulfilled and the Scheme is implemented, then, on that date (“**Scheme Implementation Date**”):
- 4.6.1. the Niveus Shareholders (other than the Excluded Shareholders) who are registered as such in the securities register of Niveus Shareholders at the time and date on which Niveus Shareholders must be recorded as shareholders in the securities register in order to participate in the Scheme and receive the consideration for their Niveus Shares (“**Scheme Consideration**”) and are therefore entitled to receive the Scheme Consideration (“**Scheme Participants**”) (whether they voted in favour of the Scheme or not or abstained or refrained from voting) shall be deemed to have disposed of their respective Niveus Shares (“**Scheme Shares**”), together with all right, title and interest therein and free from of all encumbrances, to HCI Offerco;
- 4.6.2. HCI Offerco shall be deemed to have acquired the registered and beneficial ownership of the Scheme Shares, free from of all encumbrances;
- 4.6.3. the disposal and transfer by each Scheme Participant of the Scheme Shares held by each such Scheme Participant to HCI Offerco, and the acquisition and ownership of those Scheme Shares by HCI Offerco, pursuant to the provisions of the Scheme, will be effected, and no further act or instrument shall be required to give effect to such transfer of the Scheme Shares;
- 4.6.4. the Scheme Participants shall be entitled to receive the Scheme Consideration; and
- 4.6.5. the Scheme Consideration shall be settled, in full, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Niveus or HCI Offerco may otherwise be, or claim to be, entitled against a Scheme Participant.
- 4.7. The Scheme shall be subject to such further conditions and shall be proposed on such further terms as may be set out in the Circular. All the conditions and terms agreed to date have been included in this Firm Intention Announcement.

5. THE GENERAL OFFER

- 5.1. It is the intention that the HCI Offer shall be implemented by way of the Scheme. Accordingly, the General Offer shall only be implemented upon the failure of the Scheme to be implemented in accordance with its terms.
- 5.2. The implementation of the General Offer shall be subject to the following conditions precedent, namely:
- 5.2.1. the JSE and TRP approving the Circular;

- 5.2.2. the JSE approving the Delisting pursuant to the implementation of the General Offer, in accordance with paragraph 1.14 of Section 1 of the JSE Listings Requirements;
- 5.2.3. the resolution relating to the Delisting being approved by the requisite majority of votes as contemplated in the JSE Listings Requirements;
- 5.2.4. the independent expert provides:
 - 5.2.4.1. a “fair and reasonable” opinion in relation to the General Offer, as required by the Companies Regulations; and
 - 5.2.4.2. a fairness opinion required in terms of paragraph 1.15(d) of Section 1 of the JSE Listings Requirements, confirming that the General Offer is fair insofar as the Niveus Shareholders (excluding any related party/ies if it/they are equity securities holders) are concerned;
- 5.2.5. the TRP having issued a compliance certificate in respect of the General Offer in terms of section 119(4)(b) of the Companies Act; and
- 5.2.6. HCI Offerco has provided written notice to Niveus, confirming that it is satisfied that no “*Material Adverse Event*” (as that term is defined in the Implementation Agreement) has occurred,

(collectively, the “**General Offer Conditions Precedent**”).
- 5.3. The General Offer Condition Precedent in clause 5.2.6 is expressed for the benefit of HCI Offerco, who shall be entitled, upon written notice to Niveus, to waive the requirement for fulfilment of the General Offer Condition Precedent. The remainder of the General Offer Conditions Precedent are expressed for the benefit of the Parties, who shall be entitled to, upon written agreement between them, waive the requirement for fulfilment of the General Offer Conditions Precedent to the extent that such conditions are legally capable of waiver.
- 5.4. The General Offer shall not be implemented and shall be of no force or effect if the General Offer Conditions Precedent are not fulfilled (or waived in terms of paragraph 5.3) on or before midnight on 14 February 2020, or such other date as may be agreed in writing between the Parties (“**General Offer Longstop Date**”).
- 5.5. Should the General Offer not be implemented by reason of clause 5.4 above then the HCI Offer shall be deemed to have failed and shall not be implemented.
- 5.6. The General Offer will be a continuation of the affected transaction commenced with the Scheme, as defined in section 117 of the Companies Act. The General Offer will be implemented in accordance with the Companies Act and the Companies Regulations and will be regulated by the TRP.
- 5.7. The General Offer will be subject to such further conditions and shall be proposed on such further terms as may be set out in the Circular. All the conditions and terms agreed to date have been included in this Firm Intention Announcement.

6. SCHEME CONSIDERATION AND GENERAL OFFER CONSIDERATION

- 6.1. The Scheme Consideration or consideration payable for the Niveus Shares which are acquired by HCI Offerco in terms of the General Offer (“**General Offer Consideration**”), as the case may, shall be an amount calculated in accordance with the following formula:

$$A = \text{R2.40 (two Rand and forty cents)} - B,$$

Where

A = the Scheme Consideration or the General Offer Consideration, as the case may be, expressed in Rand; and

B = the total amount of all cash distributions (including any ordinary or special dividend) declared, distributed and/or paid by Niveus in respect of Niveus Shares (“**Niveus Distributions**”) (expressed in Rand) per Niveus Share which are declared by Niveus after the signature date of the Implementation Agreement and prior to:

- i. the Scheme Implementation Date, in the event that the Scheme is implemented; or
- ii. the relevant Niveus Shareholder’s settlement date in terms of the General Offer (“**General Offer Settlement Date**”), in the event that the General Offer is implemented,

and which have been paid or are payable to persons who are holders of Niveus Shares as at a date prior to the Scheme Implementation Date or the General Offer Settlement Date, as the case may be.

6.2. Assuming no Niveus Distributions, the Scheme Consideration and General Offer Consideration represents a premium of 24% to the volume weighted average price of Niveus Shares traded on the JSE over the 30 business days up to and including 25 September 2019, being the last practical date before the firm intention announcement date of 27 September 2019.

7. FUNDING OF THE CONSIDERATION

HCI proposes to fund the Offer Consideration in cash from its own resources. The TRP has been provided with an irrevocable and unconditional cash confirmation from Investec Bank Limited in compliance with regulations 111(4) and 111(5) of the Companies Regulations.

8. SHAREHOLDINGS IN NIVEUS AND ACTING AS PRINCIPAL

8.1. HCI confirms that HCI Offerco is the ultimate proposed purchaser of the Niveus Shares which form the subject of the HCI Offer and that it is acting alone, or as agent or broker for, any other party.

8.2. HCI is the direct beneficial owner of 61 554 957 Niveus Shares, comprising approximately 51.7% of the issued ordinary share capital of Niveus.

8.3. HCI’s wholly-owned subsidiary, Johnnic is the beneficial owner of 1 751 481 Niveus Shares, comprising approximately 1.5% of the issued ordinary share capital of Niveus.

8.4. In accordance with the Companies Regulations, HCI Offerco is furthermore rebuttably presumed to be acting in concert with Ronaldgate Proprietary Limited, which is the beneficial owner of 7 173 840 Niveus Shares, comprising approximately 6% of the issued ordinary share capital of Niveus.

9. INDEPENDENT EXPERT AND FAIR AND REASONABLE OPINION

9.1. The Independent Board will appoint an independent expert to provide it with external advice in connection with the Scheme and the General Offer, in the form of the fair and reasonable opinion as required by and in compliance with the Companies Regulations and the JSE Listings Requirements, and the fairness opinion as required by and in compliance with the JSE Listings Requirements.

9.2. The full substance of the independent expert’s report in connection with the Scheme, once procured, will be more fully set out in the Circular.

10. TERMINATION OF LISTING

Following implementation of the HCI Offer, whether by way of the Scheme or the General Offer, application will be made to the JSE to terminate the listing of Niveus Shares on the main board of the JSE.

11. CIRCULAR

Further details of the HCI Offer and Delisting will be included in the Circular to be sent to the Niveus Shareholders, containing, *inter alia*, a notice of the general meeting in respect of the HCI Offer, a form of proxy and a form of surrender and transfer. The Circular is expected to be posted to Niveus Shareholders on or about Monday, 4 November 2019. In order to post the Circular on or about Monday, 4 November 2019, being more than 20 business days after the Firm Intention Announcement, the TRP is required to and has granted the Company an extension to post the Circular by no later than 4 November 2019.

The salient dates in relation to the HCI Offer and Delisting will be published in due course.

12. RESPONSIBILITY STATEMENT

The Independent Board and HCI Offerco accepts responsibility for the information contained in this announcement, and confirm that to the best of their respective knowledge and belief, the information set out herein is true and this announcement does not omit anything likely to affect the importance of the information included.

By order of the Independent Board and HCI Offerco board of directors

Cape Town
27 September 2019

Financial adviser to HCI Offerco
Investec Bank Limited

Sponsor to HCI and Niveus
Investec Bank Limited

Legal adviser to HCI Offerco and Niveus
Edward Nathan Sonnenbergs Incorporated