

AFRISTRAT INVESTMENT HOLDINGS LIMITED

(formerly Ecsponent Limited)

Incorporated in the Republic of South Africa

Registration number: 1998/013215/06

JSE Code: ATI - ISIN: ZAE000287587

Debt Issuer Code: ATID

Hybrid Issuer Code: ATIG

("Afristrat" or "the Company")



DISPOSAL OF A 25% INTEREST IN MYBUCKS ZAMBIA: UPDATE

1. Introduction

1.1. Shareholders are collectively referred to the announcements released on SENS on:

- 1.1.1. 4 August 2020, relating *inter alia* to the disposal of the Company's 25% interest in MyBucks Zambia (comprising 2,726,060 shares) to Xtenda Finance Limited (the "**Disposal**") ("**Initial Announcement**");
- 1.1.2. 21 January 2021, relating *inter alia* to the extension of the date by which conditions precedent to the Disposal were to be fulfilled ("**Second Announcement**"); and
- 1.1.3. 12 February 2021, relating *inter alia* to a general update on the Disposal ("**Third Announcement**").

1.2. The current issued share capital of MyBucks Zambia ("**Sale Shares**") is set out in the table below:

Owner	Percentage of Sale Shares
Xtenda	10%
Afristrat	25%
MyBucks S.A.	65%
	100.00%

1.3. Capitalised terms used herein that are not otherwise defined, bear the meanings ascribed to them in the Initial Announcement and Second Announcement.

1.4. In respect of MyBucks S.A., the Agreement originally contemplated the disposal of its 20% interest in MyBucks Zambia. Subsequently, as per the Second Announcement, on 21 January 2021, MyBucks S.A. entered into an agreement with Xtenda for the disposal of a further 45% interest in MyBucks Zambia (termed "**the Additional Disposal**"), subject to the approval from the Bank of Zambia ("**Reserve Bank**").

1.5. As per the Third Announcement, the Additional Disposal was delayed due to legal action taken by Finsbury regarding the Option, and the Reserve Bank would not approve it until all legal action was resolved.

1.6. Afristrat and MyBucks S.A. are collectively referred to as "**the Sellers**".

2. The Disposal

2.1. Update to the terms of the Disposal

- 2.1.1. The Board hereby notifies shareholders that, due to the impact of Covid-19 on the operations of MyBucks Zambia and the legal action that was being instituted by Finsbury on MyBucks S.A., the Disposal was delayed and accordingly, the terms thereof were renegotiated by way of a revised agreement with Xtenda ("**Revised Agreement**"), which was signed on Tuesday, 27 July 2021. The material provisions of the Revised Agreement are set out below.

2.2. Disposal structure and consideration

- 2.2.1. Afristrat will sell 2,726,060 MyBucks Zambia shares, which equates to 27.77% (25%/90%) of the Sale Shares to Xtenda for a revised purchase consideration USD888,889 (25%/90%*USD3,200,000) (which equates to approximately R13,199,646 at the USD/ZAR exchange rate as at the close of business on Monday, 26 July 2021, the day prior to the signature of the Revised Agreement) ("**Revised Consideration**").
- 2.2.2. If, on or before the expiry of a period of 12 months from the Effective Date (as defined in paragraph 2.3.1 below) (the "**Top-Up Period**"), MyBucks Zambia enters into a written agreement ("**the Facility Agreement**") with the Reserve Bank in terms of which the latter will provide a medium term facility ("**the Facility**") in the amount of ZMW100,000,000 ("**the Facility Amount**"), then Xtenda shall pay to the Sellers, as additional consideration for the purchase of MyBucks S.A.'s Sale Shares, an amount of USD2,000,000 ("**the Additional Consideration**"), provided that if:
- 2.2.2.1. the amount of the Facility is less than the Facility Amount, the Additional Consideration shall reduce on a *pro rata* basis by the percentage by which the amount of the Facility is less than the Additional Consideration; or
 - 2.2.2.2. the amount of the Facility is greater than the Facility Amount, the Additional Consideration shall be capped at a maximum of USD2,000,000; or
 - 2.2.2.3. if no Facility Agreement is concluded prior to the expiry of the Top-Up Period, no Additional Consideration shall be payable by the Xtenda to the Sellers.
- 2.2.3. With reference to the Company's proportionate shareholding of MyBucks Zambia (set out in paragraph 1.2 above), the Revised Consideration attributable to Afristrat payable by Xtenda is 25%/90%*USD2,000,000 =USD555,556 (which equates to approximately R8,249,779 at the USD/ZAR exchange rate as at the close of business on Monday, 26 July 2021, the day prior to the signature of the Revised Agreement).

2.3. Conditions precedent and Effective Date

- 2.3.1. The Disposal is subject to fulfilment or waiver of the following conditions precedent, that, by no later than 31 December 2021 ("**Effective Date**") MyBucks Zambia has:
- 2.3.1.1. delivered their management accounts for the period 1 January 2020 – 30 June 2021, and their annual financial statements for the 2020 financial year; and
 - 2.3.1.2. obtained written approval from the Reserve Bank of the Disposal ("**Conditions Precedent**").
- 2.3.2. The Condition Precedent in paragraph 2.3.1.1 have been stipulated for the benefit of Xtenda and may be waived.
- 2.3.3. The Condition Precedent in paragraph 2.3.1.2 is regulatory in nature and cannot be waived.
- 2.3.4. Whilst not a Condition Precedent to the Disposal, the Revised Agreement also contemplates that, on the first business day after the date of fulfilment of the last of the Conditions Precedent, that the Sellers shall deliver to Xtenda, *inter alia*, written resignation letters from the directors previously appointed to the board of Xtenda by the Sellers.
- 2.3.5. Furthermore, with effect from 27 July 2021, MyBucks Zambia has, in accordance with a written management agreement, appointed Xtenda to manage its business, subject to Bank of Zambia approval.
- 2.3.6. Apart from the standard warranties, terms and conditions in the Revised Agreement customary for a transaction of this nature, the Sellers specifically warranty to Xtenda that the Option has been cancelled in accordance with the Cancellation Agreement, further detailed in paragraph 3.1.2 below).

2.4. Classification of the Disposal

In terms of the Revised Consideration together with the Additional Consideration receivable by Afristrat, the Disposal falls below the categorisation thresholds of the Listings Requirements of the JSE Limited and accordingly disclosure herein constitutes voluntary information.

3. The Additional Disposal

3.1. Update to the terms of the Additional Disposal

- 3.1.1. The Reserve Bank had indicated that they cannot approve the Additional Disposal whilst legal action was still pending.
- 3.1.2. Consequently, on 14 July 2021, MyBucks S.A. entered into a deed of settlement agreement ("**Settlement Agreement**") with Leighlinbridge Limited, Finsbury Investment Limited and Finsbury Park Limited collectively ("**Leighlinbridge**") to cancel all legal claims against MyBucks S.A. which includes the Option ("**Cancellation Agreement**"). Leighlinbridge have consequently withdrawn all legal claims against MyBucks S.A.

29 July 2021
Pretoria

Sponsor
Merchantec Capital