

ZEDER INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2006/019240/06)

Share code: ZED

ISIN: ZAE000088431

LEI: 37890022AF5FD117D649

("Zeder" or "the Company")



DISPOSAL OF THE LOGISTICS GROUP AND RENEWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Zeder shareholders ("**Shareholders**") are referred to Zeder's cautionary announcement dated 14 April 2021, advising that the Company had received several approaches from third parties interested in acquiring a number of Zeder portfolio investments ("**Approaches**"), as subsequently renewed, most recently on 30 September 2021 ("**Cautionary Announcements**").

Shareholders are advised that on Friday, 12 November 2021, the Company, through its wholly-owned subsidiary, Zeder Financial Services Limited ("**ZFS**"), entered into an agreement ("**Agreement**") with, *inter alia*, TLG Midco Proprietary Limited ("**Purchaser**") and TLG Acquisition Holdings Proprietary Limited ("**Purchaser's Shareholder**"), in terms of which ZFS will sell all of its shares in the issued share capital of The Logistics Group Proprietary Limited ("**TLG Group**"), comprising 98.22% of TLG Group's shares in issue ("**Sale Shares**"), to the Purchaser for a disposal consideration of up to R1,571,467,181 ("**Disposal Consideration**") ("**Disposal**").

The Purchaser and the Purchaser's Shareholder are ultimately controlled by investment funds, which funds are managed by African Infrastructure Investment Managers Proprietary Limited (AIIM).

2. DESCRIPTION OF THE BUSINESS OF TLG GROUP

TLG Group is an asset-light business, operating strategic logistical and terminal assets in Southern Africa. This includes, amongst other, strategic port and rail terminal services and warehousing facilities, stevedoring facilities and digital transport technology services.

3. RATIONALE FOR THE DISPOSAL

The Disposal is in line with Zeder's strategic review and pursuant to the evaluation of Approaches received on various portfolio assets. The Disposal is part of a value-unlock initiative to maximise value for Shareholders.

4. DISPOSAL CONSIDERATION

The Disposal Consideration is based on a 100% equity valuation for TLG Group of R1,600,000,000. The Disposal Consideration comprises an initial disposal consideration for Zeder of R1,353,561,997, payable in cash on the Closing Date of the Disposal, and earn-out payments totalling R217,905,184 ("**Earn-Out**"), payable in cash after the Closing Date.

5. APPLICATION OF THE DISPOSAL CONSIDERATION

Zeder intends to distribute the majority of the Disposal Consideration to Shareholders, after payment of transaction costs and all directly-related obligations.

6. CONDITIONS PRECEDENT

The Disposal is subject to the fulfilment of the following outstanding conditions precedent ("**Conditions Precedent**"):

- PSG Financial Services Limited, as 48.6% shareholder of Zeder, providing an irrevocable undertaking to vote all of the voting rights attached to its shares in favour of the resolutions required to approve the Disposal;
- Zeder, as the sole shareholder of ZFS, providing an irrevocable undertaking to vote all of the voting rights attached to its shares in favour of the resolutions required, as sole shareholder, to approve the Disposal;
- obtaining such requisite approvals and passing the resolutions required to approve the Disposal, in terms of the JSE Limited Listings Requirements and the provisions of the Companies Act;
- the adoption of a new management incentive scheme for senior management of TLG Group;
- the conclusion of transaction agreements required to give effect to TLG Group internal restructure steps which will be implemented immediately prior to, or after, the implementation of the Disposal;
- the written consent from counterparties to certain material contracts (to the extent required) regarding the change in control of TLG Group pursuant to the implementation of the Disposal; and
- the Disposal being unconditionally approved by the requisite competition authorities or conditionally approved on terms and conditions acceptable to the parties to the Agreement.

The Conditions Precedent must be fulfilled or waived, as the case may be, by no later than 31 March 2022, which date may be extended by the parties in writing.

7. EFFECTIVE DATE OF THE DISPOSAL

Delivery and payment in respect of the Sale Shares will take place on the 15th business day following the date on which the last of the Conditions Precedent is fulfilled or, where applicable, waived ("**Closing Date**").

8. FINANCIAL INFORMATION

The value of Zeder's interest in TLG Group included in Zeder's latest published financial information comprising its unaudited interim financial statements for the six months ended 31 August 2021, was R1,430,000,000. These unaudited interim financial statements were prepared in terms of International Financial Reporting Standards (IFRS).

The total fair value gain and dividend income attributable to TLG Group recognised in the aforementioned financial statements were R140,000,000.

9. WARRANTIES AND OTHER SIGNIFICANT TERMS OF THE AGREEMENT

The Agreement contains representations, warranties, specific indemnities and undertakings by ZFS in favour of the Purchaser which are standard for a transaction of this nature. Full details of the Disposal will be set out in the circular referred to in paragraph 11 below. The Earn-Out is generally linked to certain extensions and/or renewals of agreements but is not linked to any profit warranty.

10. CLASSIFICATION OF THE DISPOSAL

The Disposal is a category 1 transaction in terms of the JSE Limited Listings Requirements and is required to be approved by an ordinary resolution of Shareholders and accordingly a general meeting of Shareholders will be convened.

11. CIRCULAR

A circular containing the full details of the Disposal, incorporating a notice convening the required general meeting of Shareholders, will be distributed to Shareholders in due course, at which time the salient dates and times of the Disposal, including the date of the general meeting, will be announced on SENS.

12. VOLUNTARY UPDATE OF THE ZEDER SOTP VALUE PER SHARE

As an investment holding company, Zeder continues to use, *inter alia*, the sum-of-the-parts (“**SOTP**”) value as benchmark to measure performance.

Shareholders should note that the live SOTP value per share available on Zeder’s website, has been updated following the increase in the TLG Group valuation to reflect the Disposal Consideration and the provision of deferred tax on the Disposal.

While the SOTP calculation is indicative of the value of Zeder’s underlying portfolio of net assets, it does not take into account factors such as tax on the potential disposal of underlying assets (apart from TLG Group for which deferred tax has now been provided), head office operating costs and other factors. It should further be noted that these valuations are not necessarily an indication of the values at which Zeder would consider selling any of its investments.

Shareholders are reminded that the SOTP value per share shown on Zeder’s website is for general information purposes only and does not constitute an offer to sell any securities or constitute investment advice relating to securities or a representation that the security is a suitable or appropriate investment for any person or warrants any share price value in any form. Investors are advised to give independent consideration to and conduct independent investigation with regards to this information and the value of Zeder shares, and to obtain investment advice from their independent financial advisors.

13. RENEWAL OF CAUTIONARY

Further to the Cautionary Announcements, should the remaining Approaches ultimately result in the Company entering into further transactions with one or more of the parties who have approached the Company, such transactions may have a material effect on the price of the Company’s securities.

Zeder is still considering the Approaches on various portfolio assets and continues to engage with various parties. Accordingly, Shareholders are advised to continue exercising caution when dealing in the Company's securities until a further announcement is made.

Stellenbosch
12 November 2021

Transaction advisor and sponsor
PSG Capital



Project advisor
Khanda Capital



Independent joint sponsor
UBS South Africa

