

Libstar Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 2014/032444/06)
(JSE share code: LBR)
(ISIN: ZAE000250239)
("Libstar" or the "Group")

DISPOSAL OF A 70% INTEREST IN LIBSTAR'S HOUSEHOLD AND PERSONAL CARE BUSINESS COMPRISING THE CONTACTIM AND CHET CHEMICALS DIVISIONS

1. INTRODUCTION

Shareholders are advised that Libstar has received an offer from PAPE Fund Managers Proprietary Limited (acting on behalf of PAPE Fund 3 General Partner Proprietary Limited in its capacity as General Partner of both PAPE Fund 3 ZAR Partnership and PAPE Fund 3 USD Partnership) ("**PAPE**") and Kanaka Chemicals Proprietary Limited ("**Kanaka**") ("**the Purchasers**") to acquire a 70% equity interest in the household and personal care businesses of Libstar comprising the Contactim and Chet Chemicals divisions ("**the HPC businesses**") for a total purchase consideration of R174.6 million ("**the Transaction**").

A put and call option, exercisable by Libstar and the Purchasers, respectively, between 31 December 2023 and 30 June 2024, will be entered into in relation to Libstar's remaining 30% interest in the HPC businesses (the "**Option**"). The price at which the Option may be exercised is based on the same valuation that was used to calculate the purchase consideration for the initial 70% equity interest to be acquired by the Purchasers, less a discount of 20%, being an amount of R42.72m. The total purchase consideration (including the price payable in terms of the Option) is therefore R217.32 million.

The Transaction envisages a new company ("**Newco**") being established to acquire the entirety of the HPC businesses as going concerns from Libstar.

2. OVERVIEW OF THE PURCHASERS

PAPE Fund Managers

PAPE is a boutique private equity fund manager with a 13-year track record across multiple fund mandates investing in sub-Saharan Africa, namely:

- Evolution One Fund, the first cleantech fund on the continent, capitalised at USD94m, and which had predominately international investors such as the IFC, European Investment Bank, African Development Bank and other international DFIs.
- PAPE Fund 1 and 2, capitalised collectively at R500 million.
- PAPE Fund 3, which had total capital commitments of R1.03bn as at final close on 29 January 2020 and is a 100% black-owned, Level 1 BEE entity with investors namely: PIC, Eskom Pension and Provident Fund, SASME Fund, FMO, 27four Investment Managers, Alexander Forbes Investments, Transport Sector Retirement Fund, Impala Workers Provident Fund and the Rosebank Wealth Group.

Kanaka Chemicals

The directors of Kanaka are Kuben and Shireen Naidoo. Prior to joining Kanaka, Shireen was a partner at KPMG in South Africa, where she led the Climate Change and Sustainability Services team for 21 years. Prior to KPMG, Shireen was the Health, Safety and Environmental Manager for an international chemical company for 10 years.

Shireen's aim is to integrate climate change and sustainability into Kanaka's business and drive environmental and social impact in a way that makes good business sense. Kuben is the Director of Cdet Chemicals Proprietary Limited, an associate company of Kanaka. Kuben has worked in the international chemical industry for almost 20 years. Post the corporate world, Kuben established his own chemical business, and supplied products to the food and beverage industries such as for SAB and ABI. Kuben then ventured into the retail sector by manufacturing detergent products such as dishwashing liquids, all-purpose cleaners, window cleaners, tile cleaners, and bleach disinfectants.

3. RATIONALE FOR THE TRANSACTION

Libstar is a producer and distributor of quality products and brands for the Consumer Packaged Goods Industry in South Africa and internationally. Its extensive product portfolio consists of more than 9 000 products and features many well-loved household staples. Over 90% of group revenue is generated from food, which includes dairy and value-added meat products, fresh produce, convenience food, groceries, baking and baking aids, snacks and confectionery.

The Transaction serves to amplify Libstar's strategic intent to focus and grow its existing food categories whilst transitioning its non-food division to a sustainable, transformed standalone business in partnership with the Purchasers.

4. PURCHASE CONSIDERATION

Newco intends to fund a portion of the purchase consideration by raising new bank debt of indicatively R50 million. The purchase consideration payable by the Purchasers for 70% of the equity in Newco will be R124.6 million. Libstar will therefore receive the proceeds of the Purchaser's equity investment into Newco together with the full proceeds of the third party debt raised, which amounts to R174.6 million.

As indicated in paragraph 1 above, the price at which the Option may be exercised is R42.72 million.

5. CONDITIONS PRECEDENT TO THE TRANSACTION

Implementation of the Transaction is subject to the fulfilment or waiver, as the case may be, by no later than 30 June 2022 (or such later date as the parties may agree), of such conditions precedent as are usual for a transaction of this nature.

6. FINANCIAL EFFECTS OF THE TRANSACTION

The value of the net assets being disposed of is R312 million and the loss before taxation attributable to those net assets is R64 million.

The information set out in this paragraph has been extracted from the unaudited financial information of Libstar for the financial year ended 31 December 2021, prepared in terms of IFRS.

7. EFFECTIVE DATE

The effective date of the Transaction will be the 10th business day after the date of fulfilment or waiver, as the case may be, of the conditions precedent.

8. JSE CATEGORISATION

Based on the collective consideration payable in respect of the Transaction and the Option, the Transaction is categorised as a Category 2 transaction in terms of the Listings Requirements of the JSE Limited.

Johannesburg

21 February 2022

Sponsor

The Standard Bank of South Africa Limited

Legal Advisor

Cliffe Dekker Hofmeyr Incorporated