

Sephaku Holdings Limited
(Incorporated in the Republic of South Africa)
(Company registration number: 2005/003306/06)
JSE share code: SEP
ISIN: ZAE000138459
("SepHold" or "the Company")



ACQUISITION OF PHOENIX PROPERTY

1. INTRODUCTION

SepHold shareholders are advised that the Company's wholly-owned subsidiary, Metier Mixed Concrete Proprietary Limited ("**Metier**"), concluded an agreement on 5 April 2024 (the "**Acquisition Agreement**") to acquire a property which is situated at 39 Vulcan Place, Phoenix Industrial Park, Phoenix, KwaZulu Natal (the "**Phoenix Property**") from Teamway Trading 1 CC (the "**Seller**"), for a cash consideration of R21 million (the "**Acquisition Consideration**") (the "**Acquisition**").

Metier has been leasing a portion of the Phoenix Property in extent of approximately 4,000m² from the Seller for 17 years ("**the Lease**"). The Lease expires on 31 March 2025 and the lessor would not renew the lease as it was the lessor's intention to sell the property.

Metier installed its first plant on the Phoenix Property in 2007 (the "**Phoenix Plant**") and it continues to be its busiest plant, servicing the area from Durban central to Umhlanga Rocks. The Phoenix Plant currently supplies many industrial, commercial, residential and N2 infrastructure projects and the Company expects the market in this area to continue to support it for at least another ten years.

2. RATIONALE FOR THE ACQUISITION

The board of directors of SepHold (the "**Board**") is of the view that the purchase of the Phoenix Property will be the most cost-effective and least disruptive course of action. A refurbishment of the Phoenix Plant with the acquisition of the Phoenix Property will be more cost effective when compared to the significant costs to be incurred if Metier were to purchase and install a new plant upon expiry of the Phoenix Property lease agreement. A further challenge would be to find a new suitable rental property in the area.

The acquisition of the Phoenix Property also presents some opportunity to rent out excess space to third parties which Metier will not need, comprising approximately 6,000m².

3. TERMS OF THE ACQUISITION

The Property is being acquired on a *voetstoots* basis and the Acquisition Consideration will be settled upon registration of transfer of the Phoenix Property into the name of Metier ("**Date of Transfer**").

Metier has furnished the Seller with a guarantee from its bankers. The Acquisition Consideration will be funded by way of a combination of existing cash resources and borrowings of R14 million against security of registration of a first bond over the Phoenix Property ("**Bank Loan**").

All costs of and incidental to the passing of transfer of the Phoenix Property to Metier, including bank charges and all conveyancing fees and disbursements, shall be borne by Metier.

The Acquisition Agreement contains warranties and guarantees which are normal for a transaction of this nature.

4. EFFECTIVE DATE

The effective date of the Acquisition will be the Date of Transfer.

5. CONDITIONS PRECEDENT

The registration of transfer of the Phoenix Property to Metier is subject to the following conditions:

- 5.1 all costs of and incidental to the registration of transfer of the Phoenix Property to Metier, including bank charges and all conveyancing fees and disbursements, being paid by Metier within seven (7) days after receiving notification from the conveyancers;
- 5.2 the Seller cancelling any mortgage bond registered against the Phoenix Property at the Date of Transfer; and
- 5.3 the lodgement by the conveyancers of either a Transfer Duty Receipt or Transfer Duty Exemption Certificate with the South African Revenue Services (“SARS”) (as the case may be) and SARS issuing either a Transfer Duty Receipt or Transfer Duty Exemption (as the case may be).

6. FINANCIAL INFORMATION

The value of the net assets that are the subject of the Acquisition is R21 million, based on the Board’s valuation of the Phoenix Property, which is supported by the bank’s valuation of the Phoenix Property. The members of the Board are not registered property valuers.

Metier can expect to enjoy a saving on its rental expense from the Transfer Date. Metier’s rental expense on the Phoenix Property for the year ended 31 March 2024 was R1,3 million per annum, as extracted from the audited financial results prepared in accordance with International Financial Reporting Standards.

From Transfer Date, Metier will incur an annual amortising bond payment of R3,7 million per annum, at an interest rate equal to the Prime Rate less 0.75%.

The financial information above has not been reviewed or reported on by a reporting accountant in terms of Section 8 of the JSE Listings Requirements and is the responsibility of SepHold’s directors.

7. CATEGORISATION

The Acquisition is classified as a category 2 transaction in terms of the JSE Listings Requirements and, accordingly, does not require shareholder approval.

Centurion
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Sponsor to Sephaku Holdings Limited: Questco Corporate Advisory (Pty) Ltd

About Sephaku Holdings Limited

Sephaku Holdings Limited is a building and construction materials company with a portfolio of investments in the cement sector in South Africa. The Company's core investments are a 36% stake in Dangote Cement SA (Pty) Ltd and 100% in Métier Mixed Concrete (Pty) Ltd. SepHold's strategy is to generate growth and realise value for shareholders through the production of cement and ready mixed concrete in Southern Africa. www.sephakuholdings.com