

BELL EQUIPMENT LIMITED

(Incorporated in the Republic of South Africa)
 Registration number 1968/013656/06
 Share code: BEL ISIN: ZAE000028304
 (“Bell Equipment” or “the Company”)

**IA BELL AND COMPANY PROPRIETARY LIMITED**

(Incorporated in the Republic of South Africa)
 Registration number 1964/005775/07
 (“IAB” or “the Offeror”)



JOINT ANNOUNCEMENT OF IAB'S FIRM INTENTION TO ACQUIRE THE ISSUED ORDINARY SHARES IN BELL EQUIPMENT, SAVE FOR THOSE HELD BY IAB AND CERTAIN EXCLUDED SHAREHOLDERS, BY WAY OF A SCHEME OF ARRANGEMENT AND THE SUBSEQUENT DELISTING OF BELL EQUIPMENT FROM THE JSE LIMITED

1. INTRODUCTION

1.1 Shareholders of Bell Equipment (“**Bell Equipment Shareholders**” or “**Shareholders**”) are advised that on 12 July 2024 (“**Signature Date**”) Bell Equipment and IAB (the “**Parties**”) entered into an implementation agreement (“**Implementation Agreement**”) in terms of which IAB agreed to express a firm intention to make an offer (“**IAB Offer**”) to acquire all of the issued ordinary shares (“**Bell Equipment Shares**” or “**Shares**”) in the Company (“**Issued Shares**”) from Shareholders, save for 32 233 Shares held by Bell Equipment Group Services Proprietary Limited, a wholly owned subsidiary of the Company (“**Treasury Shares**”), and those Bell Equipment Shares held by certain Shareholders which IAB has advised the Company have agreed with IAB to be excluded from the IAB Offer, being the Bell Equipment Shares:

- 1.1.1 already held by IAB, being 67 040 093 Shares representing 70.13% of the Issued Shares (excluding the Treasury Shares); and
- 1.1.2 held by certain Shareholders who are related to the founding family of Bell Equipment, and certain third parties (“**Excluded Shareholders**”), holding between them as at the Signature Date, an aggregate of 14 169 896 Shares representing 14.82% of the Issued Shares (excluding the Treasury Shares), as further detailed in the table below.

Excluded Shareholder	Shares held (whether directly or through a nominee)
Peregrine Capital (Pty) Limited (“ Peregrine Capital ”)	4 781 899
Zenithar (Pty) Limited (“ Zenithar ”)	4 516 347
Peresec Prime Brokers (Pty) Limited (“ Peresec ”)	4 472 371
Gary William Bell ¹	253 600
Quentin Irvine Bell	29 500
Mark Owen Bell	29 259
Rosalie Grace Buttery	27 300
Larissa Bell	25 000
Ricky Louise Bell	23 400
Guy Luke Buttery	5 400
Ashley John Bell ²	2 598
Jessica May Bell	2 821
Melissa Bell	301
Kelvin Charles Bell	100
Total	14 169 896

Notes:

¹Non-executive Chairman of the board of directors of Bell Equipment (“**Board**”)

²Chief Executive Officer of Bell Equipment

- 1.2 The Bell Equipment Shares, excluding those referred to in paragraphs 1.1.1 and 1.1.2 above, equate to 14 387 163 Shares held by Shareholders eligible to participate in the IAB Offer (“**Eligible Shareholders**”), representing approximately 15.05% of the Issued Shares (excluding the Treasury Shares) (“**Eligible Shares**”).

2. MECHANICS OF THE IAB OFFER AND SCHEME OF ARRANGEMENT

- 2.1 The IAB Offer will be implemented by way of a scheme of arrangement (“**Scheme**”) in terms of section 114(1) of the Companies Act, 2008 (Act 71 of 2008), as amended (“**Companies Act**”), to be proposed by the Board between Bell Equipment and the Eligible Shareholders in terms of which Eligible Shareholders will, if the Scheme becomes operative, dispose of their Shares (“**Scheme Shares**”) to IAB.
- 2.2 The holders of the Bell Equipment Shares referred to in paragraphs 1.1.1 and 1.1.2 above will not participate in the Scheme and thus will not sell their Shares in terms thereof.
- 2.3 The consideration payable by IAB to Eligible Shareholders participating in the Scheme (each a “**Scheme Participant**”) for the Scheme Shares shall be a cash amount equal to R53,00 per Scheme Share (“**Scheme Consideration**”) acquired pursuant to the implementation of the Scheme.
- 2.4 The Scheme Consideration represents a premium of 71.0% to the closing price of Bell Equipment Shares, and a premium of 82.3% premium to the 30-day volume-weighted average traded price of Bell Equipment Shares on the securities exchange operated by the JSE Limited (“**JSE**”) of R31.00, as at 11 July 2024, being the last trading day prior to the Signature Date.
- 2.5 Pursuant to the approval of a special resolution by Eligible Shareholders to approve the Scheme (“**Scheme Resolution**”) and the waiver (to the extent possible) and/or fulfilment of the Scheme Conditions set out in paragraph 6.3 below (“**Scheme Conditions**”), application will be made by the Company for the delisting of all of the Shares from the securities exchange (“**Exchange**”) operated by the JSE, in terms of paragraph 1.17(b) of the JSE Listings Requirements.
- 2.6 Should the Scheme become operative, IAB will, on the date on which the Scheme is to be implemented (“**Scheme Implementation Date**”), acquire all of the Scheme Shares from the Scheme Participants (being the Eligible Shareholders but excluding the Dissenting Shareholders as defined in paragraph 6.2.1.2 below) for the Scheme Consideration.
- 2.7 The contents of this announcement constitute a firm intention by the Offeror to make an offer to the Eligible Shareholders by way of the Scheme as contemplated in Chapter 5 of the Companies Act and Chapter 5 of the Companies Regulations promulgated under the Companies Act (which includes the “Takeover Regulations” issued pursuant to sections 120 and 223 of the Companies Act) (“**Companies Regulations**”).
- 2.8 As required by the Companies Regulations, Bell Equipment has constituted an independent board of directors comprising of Hendrik Roux van der Merwe, Derek Hamilton Lawrance, Rajendran Naidu, Mamokete Emily Ramathe, Ushadevi Maharaj and Markus Geyer (“**Independent Board**”) for purposes of evaluating the terms and conditions of the Scheme and performing such other functions required of an independent board in terms of the Companies Act and Companies Regulations.

3. OVERVIEW OF IAB

- 3.1 IAB is an investment holding company, owned by representatives of the founding family (and affiliates) of Bell Equipment, these shareholders being:
 - 3.1.1 Gary William Bell;
 - 3.1.2 Peter Charles Bell;
 - 3.1.3 the estate of the late Paul Allan Bell;
 - 3.1.4 Michael Allan Campbell;
 - 3.1.5 the estate of the late David Ian Campbell; and
 - 3.1.6 Cecil Tree Africa Trust.
- 3.2 In addition to its shareholding in Bell Equipment, IAB holds a non-controlling minority 25% stake in Loinette Capital, which is an asset-based finance provider focused on creating funding solutions to small- to medium-enterprises across sub-Saharan Africa.

4. RATIONALE FOR THE SCHEME

- 4.1 IAB holds 70.13% of the Issued Shares (excluding the Treasury Shares), and if the IAB Offer is successfully implemented, IAB, together with the Excluded Shareholders, will own 100% of the Issued Shares (excluding the Treasury Shares).
- 4.2 IAB believes that for the Company to remain competitive and to adapt and grow in an increasingly competitive industry the Company should be restructured to better position itself in the global arena and to enhance its agility and flexibility in decision making, which is not suited to the listed environment. In the unlisted environment, the Board and management of the Company will be able to take a longer-term view in its approach to managing the Company and its business undertakings, particularly where certain strategic decisions are necessary which are unlikely to yield positive short-term financial results.
- 4.3 IAB is of the view that Bell Equipment derives limited value from its listing, as the primary benefits of a listing including share liquidity and the ability to raise capital, are constrained. The listing comes with significant costs, both quantitative and qualitative, which do not appear to be commensurate with the benefit derived therefrom.
- 4.4 The Scheme would also afford minority Bell Equipment Shareholders the opportunity to exit their investment in Bell Equipment at a significant premium to the market price as detailed in paragraph 2.4 above, which would otherwise be a challenge in the current market where there appears to be a lack of investment appetite in "small-cap" stocks.

5. OFFEROR ACTING AS PRINCIPAL AND PARTIES ACTING IN CONCERT

- 5.1 The Offeror is acting as principal and not as an agent in respect of the Scheme and is deemed to be 'acting in concert' in terms of Companies Regulation 84 with the Excluded Shareholders ("**Concert Parties**") for purposes of the implementation of the Scheme.
- 5.2 In terms of section 115(4) of the Companies Act, the Concert Parties will not participate in the Scheme, will not be entitled to vote on the Scheme Resolution, nor will their shareholding be taken into account for the purposes of establishing a quorum at the general meeting of Bell Equipment Shareholders to be convened for purposes of, *inter alia*, approving the Scheme ("**General Meeting**").

6. SALIENT TERMS AND CONDITIONS OF THE SCHEME

6.1 General

- 6.1.1 The Scheme will constitute an "affected transaction" as defined in section 117(1)(c) of the Companies Act. It will be implemented in accordance with the Companies Act and the Companies Regulations and will be regulated by the Takeover Regulation Panel ("**TRP**").

6.1.2 The Scheme will be subject to the fulfilment or, where applicable, adjustment or waiver of the Scheme Conditions.

6.2 The Scheme becoming operative and payment of the Scheme Consideration

6.2.1 If the Scheme becomes operative, IAB will be deemed to have acquired all of the Scheme Shares and will pay the Scheme Consideration to “**Scheme Participants**”, being:

6.2.1.1 all Eligible Shareholders recorded in the register of securities of Bell Equipment in order to be eligible to receive the Scheme Consideration (“**Scheme Consideration Record Date**”);

6.2.1.2 but excluding those Shareholders (if any) who validly exercise their appraisal rights by giving written notice to the Company objecting in advance to the Scheme Resolution prior to the General Meeting in accordance with section 164(3) of the Companies Act, voting against the Scheme Resolution and demanding, in terms of section 164(5) and 164(8) of the Companies Act, that the Company pay to them the value of their Shares (“**Dissenting Shareholders**”).

6.2.2 The Scheme Consideration shall be settled in full, in accordance with the terms of the Scheme, without any lien, right of set-off, counterclaim or other analogous right to which IAB may otherwise be, or claim to be, entitled against a Scheme Participant.

6.2.3 Details regarding the settlement of the Scheme Consideration will be provided for in the scheme circular to be sent to Bell Equipment Shareholders containing full details of the Scheme (“**Circular**”).

6.3 Scheme Conditions

6.3.1 The Scheme and the implementation thereof will be subject to the fulfilment, or where applicable, waiver or adjustment of each of the following Scheme Conditions:

6.3.1.1 the Independent Expert referred to in paragraph 10 below has issued an opinion confirming the terms of the Scheme and the Scheme Consideration as being fair and reasonable;

6.3.1.2 having regard to the fairness opinion contemplated in paragraph 6.3.1.1 above, the Independent Board has resolved that it is of the opinion that the Scheme Consideration is fair and reasonable and has resolved to recommend to Bell Equipment Shareholders that they vote in favour of the Scheme Resolution;

6.3.1.3 the Circular has been approved by the JSE and the TRP;

6.3.1.4 to the extent that any agreement between Bell Equipment and any of its funders contains any cancellation or other rights in favour of the relevant funder which will be triggered by the implementation of the IAB Offer and/or the delisting of the Company without the approval of the funder concerned, the relevant funder(s) providing such approval;

6.3.1.5 as at the date on which the last of the Scheme Conditions set out in paragraphs 6.3.1.1 to 6.3.1.4 above has been fulfilled or, where waiver or adjustment is permitted, waived, there has, in IAB’s reasonable opinion, since the Signature Date been no event which:

6.3.1.5.1 has resulted or will reasonably result in any cost, loss, damage, charge and/or expense to Bell Equipment exceeding an amount of R80 000 000; or

6.3.1.5.2 is reasonably likely to result in the earnings before interest, taxation, depreciation and amortisation (“**EBITDA**”) of Bell Equipment as will be indicated in the consolidated audited annual financial statements for the period ending December 2024, being

less than the EBITDA for the preceding financial year (ended December 2023) by 14% or more,

provided that the Scheme Condition in this paragraph 6.3.1.5 shall be deemed to have been fulfilled, notwithstanding that an event as contemplated paragraph 6.3.1.5.1 or paragraph 6.3.1.5.2 has occurred, if (1) IAB or any of its directors were, as at the Signature Date, aware of such event or the likelihood of it occurring following due and careful enquiry or (2) such event occurred in the ordinary course of business; or (3) provision was made in the consolidated audited annual financial statements for the period ended December 2023, for such event and its consequences, whether provisional or not. If Bell Equipment disputes IAB's opinion that an event in paragraph 6.3.1.5.1 has occurred or if IAB disputes that the circumstances in (1), (2) or (3) immediately above is/are present, if applicable, (the "**Dispute**"), then:

- 6.3.1.5.3 it shall be obliged, within 5 (five) Business Days of being notified of IAB's opinion, to refer the matter to the auditors of Bell Equipment (the "**Expert**") for determination in terms of this paragraph 6.3.1.5;
 - 6.3.1.5.4 if no notice of referral is timeously given the Scheme Condition in paragraph 6.3.1.5 shall be deemed not to have been fulfilled;
 - 6.3.1.5.5 the Expert shall act as an expert and not as an arbitrator. The Expert will determine his/her own rules of procedure and will resolve the Dispute as informally and as quickly as possible; and
 - 6.3.1.5.6 save in the event of manifest error, the Expert's decision shall be binding on the Parties.
- 6.3.1.6 the Scheme is approved by the requisite majority of Eligible Shareholders, as contemplated by section 115(2) of the Companies Act, and in the event of the provisions of section 115(2)(c) of the Companies Act becoming applicable;
- 6.3.1.6.1 the High Court of South Africa (the "**Court**") approves the implementation of the relevant resolution; and
 - 6.3.1.6.2 if applicable, Bell Equipment not treating the aforesaid resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;
- 6.3.1.7 Eligible Shareholders holding no more than 5% (or such higher percentage as agreed in writing between IAB and Bell Equipment) of the total number of Scheme Shares exercise their appraisal rights ("**Appraisal Rights**") by:
- 6.3.1.7.1 delivering notice objecting, as contemplated in section 164(3) of the Companies Act, to the Scheme Resolution to be proposed in accordance with section 114(1)(c) and section 115(2)(a) of the Companies Act to Eligible Shareholders at the General Meeting;
 - 6.3.1.7.2 voting against the Scheme Resolution; and
 - 6.3.1.7.3 delivering a valid demand, as contemplated in sections 164(5) to 164(8) of the Companies Act, within the time period prescribed in section 164(3) and (7) of the Companies Act;
- 6.3.1.8 the regulatory approvals required to implement the Scheme having been obtained, namely:
- 6.3.1.8.1 the Financial Surveillance Department of the South African Reserve Bank grants such approvals with respect to the Scheme as are required in terms of the South African Exchange Control Regulations (promulgated in terms of the South African Currency and Exchanges Act No. 9 of 1933) to implement the Scheme either unconditionally, or subject to conditions acceptable to IAB; and

- 6.3.1.8.2 the JSE grants such approvals as are required in terms of the JSE Listings Requirements with respect to the Scheme; and
- 6.3.1.9 prior to the fulfilment or where applicable waiver of the last of the Scheme Conditions in paragraphs 6.3.1.1 to 6.3.1.8, the Independent Board has not withdrawn, modified or qualified its recommendation that Shareholders (who are entitled to vote on the Scheme Resolution) vote in favour of the Scheme Resolution and/or withdrawn, modified or qualified its opinion that the Scheme Consideration is fair and reasonable to Shareholders.
- 6.3.2 In the event of the circumstances in section 115(3)(a) becoming potentially applicable by reason of at least 15% of Scheme Participants having voted against the Scheme Resolution, the Company shall not be obliged to bring an application to Court as contemplated in section 115(5(a) unless IAB, within 1 (one) business day of any Scheme Participant who voted against the Scheme Resolution requiring Bell Equipment to seek Court approval as contemplated in Section 115(5)(a) (or such later date as agreed in writing by the Board) - (a) confirms in writing to the Board that IAB agrees to an extension of the Second Long Stop Date (the Second Long Stop Date being 15 November 2024) to no earlier than 15 December 2024 (or such other date as may be agreed in writing by the Board); and (b) delivers to the TRP a new TRP Guarantee for the extended period as security for the payment of the Scheme Consideration, the TRP Guarantee having been issued and delivered to the TRP and the TRP approved the new TRP Guarantee, in which case the Board shall be entitled to waive one or more of the foregoing requirements in its discretion and be entitled, at its election, to declare the Scheme Resolution a nullity. The Board shall in the circumstances be entitled to state the reason for the non-extension of the Second Long Stop Date and declaration of the nullity, as a lack of extension of the Second Long Stop Date on the part of IAB.
- 6.3.3 Each Party shall use its reasonable endeavours to procure the fulfilment or, where applicable, waiver or adjustment of the Scheme Conditions as soon as reasonably practicable.
- 6.3.4 The Scheme Conditions in paragraphs 6.3.1.1 to 6.3.1.5 must be fulfilled or, where waiver or adjustment is permitted, waived or adjusted by no later than the First Long Stop Date (the First Long Stop Date being 31 August 2024) and the Scheme Conditions in paragraphs 6.3.1.7 to 6.3.1.9 must be fulfilled or, where waiver or adjustment is permitted, waived or adjusted by no later than the Second Long Stop Date. Bell Equipment and IAB shall be entitled to extend the First Long Stop Date and/or the Second Long Stop Date by written agreement and subject to TRP approval insofar as necessary. If the First Long Stop Date or the Second Long Stop Date is extended, the amended date will be released on SENS and, if required, published in the South African press.
- 6.3.5 The Scheme Conditions in paragraphs 6.3.1.1, 6.3.1.3, 6.3.1.6 and 6.3.1.8 are regulatory in nature and cannot be waived.
- 6.3.6 Neither IAB nor Bell Equipment may waive or vary any other Scheme Condition unless that waiver is agreed to in writing by both Bell Equipment and IAB and is permissible in law.
- 6.3.7 The Scheme will not be implemented unless the TRP has issued a compliance certificate to Bell Equipment with respect to the Scheme in terms of section 121(b) of the Companies Act.

7. RIGHT TO MATCH

- 7.1 Without limiting the provisions of section 126(1)(a) of the Companies Act, Bell Equipment shall not, in respect of any Superior Proposal, being a *bona fide* written alternative offer from an unsolicited third party that would in the opinion of the Independent Board, if implemented in accordance with its terms, result in a transaction more favourable to Shareholders than the IAB Offer, enter into any agreement to effect same, unless:

- 7.1.1 IAB has been provided with a copy of the document containing such Superior Proposal (with such deletions as are necessary to protect any confidential portions of such document, provided that the material terms and conditions thereof, and the identity of the person making such Superior Proposal, may not be deleted), in order to afford IAB the right to match or better the Superior Proposal;
- 7.1.2 five business days have elapsed from the date on which IAB has received a copy of the document contemplated in paragraph 7.1.1 above and IAB has not made a binding offer with a new Scheme Consideration and/or other terms ("**New IAB Offer**") such that the Superior Proposal would cease to be a Superior Proposal when compared to the New Scheme Consideration and/or other terms; and
- 7.1.3 Bell Equipment terminates the Implementation Agreement.
- 7.2 If a Superior Proposal is received by Bell Equipment and/or the Independent Board and if IAB has not within the five business days (or such additional period of time as may be agreed in writing by the Parties) submitted a New IAB Offer together with a revised guarantee to the TRP approved by the TRP:
 - 7.2.1 the Independent Board shall be entitled to withdraw or modify its recommendation in respect of the IAB Offer; and
 - 7.2.2 Bell Equipment shall be entitled to elect not to be bound to the Implementation Agreement for purposes of the IAB Offer.

8. TRP GUARANTEE

- 8.1 In accordance with regulation 111(4)(a) and 111(5) of the Companies Regulations, IAB has provided the TRP with an irrevocable bank guarantee issued by Investec Bank Limited in respect of a guaranteed amount which is sufficient to satisfy the payment of the maximum Scheme Consideration, being an amount of R762 519 639.

9. INTERESTS OF OFFEROR AND OFFEROR DIRECTORS IN BELL EQUIPMENT SHARES

- 9.1 The Offeror holds 67 040 093 Shares representing 70.13% of the Issued Shares (excluding the Treasury Shares).
- 9.2 Messrs Gary Bell and Ashley Bell have a direct beneficial interest in Bell Equipment Shares, holding 253 600 and 2 598 Shares, respectively.
- 9.3 The Offeror has not had any dealings in Bell Equipment Shares during the six-month period prior to the Signature Date. Peregrine Capital and Zenithar each acts in concert (as defined in the Companies Act) with IAB in respect of the IAB Offer and commenced to act in concert as aforesaid on 25 June 2024. Peresec commenced to act in concert with IAB on 12 July 2024. Since commencing to act in concert with IAB in respect of the IAB Offer, Peregrine Capital, Zenithar and Peresec have not had any dealings in Bell Equipment Shares.
- 9.4 None of the Offeror's directors have had any dealings in Bell Equipment Shares during the six-month period prior to the Signature Date.

10. INDEPENDENT EXPERT AND FAIR AND REASONABLE OPINION

- 10.1 The Independent Board has appointed BDO Corporate Finance Proprietary Limited as the independent expert, as required in terms of section 114(2) of the Companies Act and the Companies Regulations ("**Independent Expert**"), to issue an opinion dealing with the matters set out in sections 114(2) and 114(3) of the Companies Act and regulations 90, 110(1) and 113(1)(a) of the Companies Regulations, to express an opinion on whether the Scheme Consideration is fair and reasonable to Eligible Shareholders ("**Fair and Reasonable Opinion**").
- 10.2 The full report of the Independent Expert in connection with the Scheme will be included in the Circular to be distributed to Shareholders in due course.

11. DISTRIBUTION OF THE CIRCULAR

11.1 The Circular providing full details of the Scheme and containing, *inter alia*, the Fair and Reasonable Opinion, the opinion and recommendations of the Independent Board, the salient dates and times relating to the Scheme, a notice to convene the General Meeting, a form of proxy and other necessary forms to give effect to the Scheme, will be distributed to Bell Equipment Shareholders on or about Tuesday, 13 August 2024.

12. RESPONSIBILITY STATEMENTS

12.1 The Independent Board (to the extent that the information relates to Bell Equipment) collectively and individually accept responsibility for the information contained in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement relating to Bell Equipment is true and this announcement does not omit anything that is likely to affect the importance of such information.

12.2 The board of directors of IAB (to the extent that the information relates to IAB and the Excluded Shareholders) collectively and individually accept responsibility for the information contained in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement relating to IAB is true and this announcement does not omit anything that is likely to affect the importance of such information.

Richards Bay
15 July 2024

Corporate Advisor and Transaction Sponsor to Bell Equipment
Merchantec Capital

Legal Advisor to Bell Equipment
Webber Wentzel

Corporate Advisor to IAB
Investec Bank Limited

Legal Advisor to IAB
ENS

Independent Expert
BDO Corporate Finance Proprietary Limited