

Hosken Consolidated Investments Limited
(Incorporated in the Republic of South Africa)
(Registration number 1973/007111/06)
(Share code: HCI & ISIN: ZAE000003257)
(“**HCI**” or the “**Company**”)

ANNOUNCEMENT IN RELATION TO TWO RELATED PARTY TRANSACTIONS WITH SACTWU REGARDING :

- **THE SPECIFIC REPURCHASE OF HCI ORDINARY SHARES FOR CASH FROM SACTWU; AND**
 - **THE DISPOSAL BY HCI OF CERTAIN OF ITS PROPERTY INTERESTS TO SACTWU**
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1. Introduction

The board of directors of HCI (“**Board**”) is pleased to inform shareholders of HCI (“**Shareholders**”) that on 4 July 2025 (“**Signature Date**”), HCI and its wholly-owned subsidiary, Squirewood Investments 64 Proprietary Limited (“**Squirewood**”) concluded the following suite of agreements with its material shareholder, the Southern African Clothing and Textile Workers’ Union (“**SACTWU**” or the “**Union**”):

- 1.1 a Share Purchase Agreement (“**Squirewood Cash Purchase Agreement**”) in terms of which, *inter alia*, Squirewood will purchase 1,100,000 ordinary shares in the capital of HCI (“**HCI Shares**”) beneficially owned by SACTWU for a purchase price of R131.00 per HCI Share and an aggregate consideration of R144,100,000 (“**Squirewood Cash Purchase**”);
- 1.2 an Implementation Agreement (“**Implementation Agreement**”) which, *inter alia*, regulates the overarching terms applicable to the three transactions contemplated in paragraphs 1.3 to 1.5 below;
- 1.3 a Sale of Shares and Claims Agreement (“**Property Company Purchase Agreement**”) in terms of which, *inter alia*, HCI will sell its shares in and shareholder loan claims against three wholly-owned subsidiaries in the HCI group, being Gallagher Estate Holdings Proprietary Limited (“**GEH**”), HCI Rand Daily Mail Proprietary Limited (“**RDM**”) and HCI Solly Sachs House Proprietary Limited (“**SSH**”) (collectively, the “**Subject Companies**”) to SACTWU for an aggregate consideration of R549,724,863 (“**Property Company Purchase**”);
- 1.4 a Sale of Shares Agreement (“**Squirewood Share Purchase Agreement**”) in terms of which, *inter alia*, Squirewood would purchase 4,196,373 HCI Shares beneficially owned by SACTWU for a purchase price of R131.00 per HCI Share and an aggregate consideration of R549,724,863 (“**Squirewood Share Purchase**”); and

- 1.5 a Cession Agreement (“**Cession Agreement**”) in terms of which, *inter alia*, SACTWU shall cede and assign its rights to receipt of the purchase consideration payable to it in terms of the Squirewood Share Purchase Agreement to HCI in settlement of HCI’s right to claim payment of the purchase price payable to its in terms of the Property Company Purchase Agreement (“**the Cession**”),

(the abovementioned agreements are collectively hereinafter referred to as the “**Transaction Agreements**”, and the transactions contemplated therein are hereinafter referred to as the “**Proposed Transactions**”).

As at the date hereof, SACTWU is the beneficial owner of approximately 23.8% of the total HCI Shares in issue (net of the treasury shares) and will, should the Squirewood Cash Purchase and the Property Company Purchase be implemented, hold approximately 18.4% of the total HCI Shares in issue.

2. **Rationale for the Proposed Transactions**

SACTWU has held its interest in HCI since 1997, primarily as an income generating asset and significant investment vehicle to fund the Union’s objectives, aiming to benefit Union members through investments in, *inter alia*, media, hotels, casinos, coal mines, and transport.

SACTWU holds significant property interests outside of its investment in HCI with most of its properties being occupied by the Union itself. SACTWU has expressed a desire to increase its interests in investment property so as to generate more regular, ideally monthly cash flow to fund its operational and member benefit programs and other related employment projects.

Since HCI distributes cash dividends to its Shareholders on a six monthly basis, SACTWU has recently been disposing of HCI Shares on market through the JSE order book to enable it to fund its ongoing obligations. Such disposals are not sustainable over a longer period of time and SACTWU therefore engaged HCI to find solutions for its cash flow requirements.

Pursuant to discussions, the parties agreed given SACTWU’s desire to increase its interests in property that investments in immovable property generating sustainable monthly cashflows would likely be the most appropriate asset class for SACTWU to acquire to service its needs. As a result, HCI granted SACTWU the opportunity to conduct a due diligence in respect of the HCI group’s property assets, and provided SACTWU with independent valuations conducted in respect of such property assets. Pursuant to their investigation, SACTWU selected the three Subject Companies it wishes to acquire, which ultimately culminated in the conclusion of the Transaction Agreements.

In addition, Squirewood has agreed to acquire 1,100,000 HCI Shares from SACTWU for cash, thereby avoiding the need for further disposals of HCI Shares on market through the JSE order book. Squirewood also agreed to acquire further HCI Shares for an aggregate purchase consideration equal to the purchase price payable by SACTWU to HCI in terms of the Property Company Purchase Agreement.

HCI considers the purchase price payable by Squirewood of R131.00 per HCI Share in terms of the Proposed Transactions, which represents a discount of approximately 2% to the 30-day volume weighted average price of HCI Shares as at 2 July 2025 to be value accretive to HCI Shareholders.

3. Squirewood Cash Purchase

3.1 Transaction terms

In terms of the Squirewood Cash Purchase Agreement, Squirewood has agreed to purchase 1,100,000 HCI Shares from SACTWU (representing approximately 1.3% of the total HCI shares in issue as at the date hereof), for a purchase price of R131.00 per HCI Share, comprising an aggregate purchase consideration of R 144,100,000 (“**Cash Consideration**”), which shall be settled in cash and paid by HCI to SACTWU by crediting SACTWU’s account held at its CSDP or Broker with the Cash Consideration on the effective date thereof.

3.2 Conditions Precedent

The Squirewood Cash Purchase is subject to the fulfilment or, to the extent permitted, waiver of the following conditions precedent (“**Cash Conditions Precedent**”), that by no later than:

- (a) 10 business days after the signature date, the board of directors of Squirewood has, to the extent required in terms of the Squirewood memorandum of incorporation and the Companies Act, 2008 (“**Companies Act**”) authorised the conclusion and implementation of the Squirewood Cash Purchase Agreement;
- (b) 31 July 2025, the board of directors of HCI has authorised the conclusion and implementation of the Squirewood Cash Purchase Agreement;
- (c) 31 July 2025, the national executive committee of SACTWU has, to the extent required in terms of its constitution, authorised the conclusion and implementation of the Squirewood Cash Purchase Agreement; and
- (d) 31 October 2025, the Shareholders have adopted the requisite resolutions required to approve the “specific repurchase” of the HCI Shares in terms of the Squirewood Cash Purchase Agreement in terms of paragraph 5.69 of Section 5 of the JSE Listings Requirements.

The dates contemplated above may be amended by agreement between the parties.

3.3 Effective Date

The effective date of the Squirewood Cash Purchase shall be the third business day after the day on which all of the Cash Conditions Precedent have been fulfilled or to the extent legally permissible, waived. The Squirewood Cash Purchase is not conditional upon any of the other Transaction Agreements, and can therefore be implemented notwithstanding that the conditions precedent to the remaining Transaction Agreements not having been fulfilled (or waived).

3.4 Shareholder Approval

The Squirewood Cash Purchase Agreement constitutes a “specific repurchase” from a related party as contemplated in section 5.69 and section 10.1(b)(i) of the JSE Listings Requirements, and therefore requires the approval of HCI Shareholders by way of a special resolution, excluding the votes exercisable by SACTWU.

3.5 Effect of the Squirewood Cash Purchase

If Squirewood purchases the shares in terms of the Squirewood Cash Purchase Agreement, such HCI Shares shall become treasury shares and accordingly, in terms of section 48 of the

Companies Act, Squirewood shall not be entitled to exercise any voting rights attaching to such HCI Shares for so long as Squirewood remains a subsidiary of HCI.

The Squirewood Cash Purchase is payable in cash and will be funded out of Squirewood's available cash resources and/or facilities. The HCI group has sufficient cash resources and/or facilities available to implement the Squirewood Cash Purchase.

If implemented, the Squirewood Cash Purchase will result in the following impact on HCI's financial information:

- (a) HCI's cash balances decreasing by the Cash Consideration with a corresponding reduction in HCI's consolidated reserves; and
- (b) a reduction in the net number of HCI Shares in issue decreasing to 79,446,064 HCI Shares.

4. Remaining Transactions

4.1 Transaction Terms

- (a) In terms of the Property Company Purchase Agreement, HCI will sell its shares in and shareholder loan claims against three wholly-owned subsidiaries in the HCI group, being GEH, RDM and SSH for an aggregate consideration of R549,724,863. The purchase consideration shall be allocated as follows:
 - (i) in respect of the shares in and claims against RDM, R 39,513,598;
 - (ii) in respect of the shares in and claims against GEH, R 394,884,623;
 - (iii) in respect of the shares in and claims against SSH, R 115,326,633.
- (b) In terms of the Squirewood Share Purchase Agreement, Squirewood would purchase 4,196,373 HCI Shares beneficially owned by SACTWU (which represents approximately 4.9% of the total HCI shares in issue as at the date hereof), for a purchase price of R131.00 per HCI Share and an aggregate consideration of R549,724,863.
- (c) In terms of the Cession Agreement, SACTWU shall cede and assign its rights to receipt of the purchase consideration payable to it in terms of the Squirewood Share Purchase Agreement to HCI in settlement of HCI's right to claim payment of the purchase price payable to its in terms of the Property Company Sale Agreement. Pursuant to the implementation of the Cession Agreement, Squirewood shall owe an amount of R549,724,863 on loan account to its holding company, HCI.

4.2 The Subject Companies

GEH is a property holding company with subsidiaries involved in the exhibition, conferencing and catering sector and commercial property letting sector. The total net assets attributable to this asset is R327.5 million and a profit attributable to HCI of R4 8million.

RDM is a residential and commercial property letting company. The total net assets attributable to this asset is R37.9 million and a profit attributable to HCI of R5.4 million.

SSH is a residential and commercial property letting company. The total net assets attributable to this asset is R145 million and a loss attributable to HCI of R4.7 million.

4.3 Conditions Precedent

The Implementation Agreement contains various conditions precedent ("**Conditions Precedent**") which are required to fulfilled (or waived, to the extent legally permissible) in

order for the Property Company Purchase Agreement, the Squirewood Share Purchase Agreement and the Cession Agreement to become effective, including, by no later than:

- (a) 31 July 2025, the national executive committee of SACTWU has, to the extent required in terms of SACTWU's constitution, authorised the conclusion and implementation of the Transaction Agreements;
- (a) 31 July 2025, the board of directors of the Subject Companies have, to the extent required in terms of their memoranda of incorporation and/or the Companies Act, authorised the conclusion and implementation of the Property Company Purchase Agreement;
- (b) 31 July 2025, the boards of directors of HCI and Squirewood have authorised the conclusion and implementation of the Transaction Agreements, including but not limited to the approvals required in terms of sections 46 and 48 of the Companies Act in order to implement the Transaction Agreements, to the extent applicable;
- (c) forty business days after the signature date, to the extent required in terms of the lease agreements concluded in respect of the immovable properties owned by the Subject Companies and their respective subsidiaries, the relevant lessees of such properties have consented to the change in shareholding of the Subject Companies pursuant to the conclusion and implementation of the Implementation Agreement;
- (d) 30 September 2025, HCI's group funders and the funders of the Subject Companies (and their respective subsidiaries) consent to the release of any security held by each of them over the shares in and/or claims against the Subject Companies, and any other security which the funders have against HCI in relation to the Subject Companies or their underlying property assets, on terms acceptable to HCI;
- (e) 30 September 2025, the HCI Shareholders have adopted the requisite resolutions to approve:
 - (i) the purchase by Squirewood of the relevant HCI Shares in terms of the Squirewood Share Purchase Agreement as a "specific repurchase" in terms of paragraph 5.69 of section 5 of the JSE Listings Requirements; and
 - (ii) the Property Company Purchase Agreement and the Cession Agreement as a Related Party Transaction/s in terms of sections 9 and 10 of the JSE Listings Requirements,

in accordance with the requirements in its memorandum of incorporation, the Companies Act and the JSE Listings Requirements;

- (f) 31 October 2025, the board of directors of G E Property and Marketing Proprietary Limited and GEH, have declared the proceeds associated with the sale of certain houses in the Steenberg Green development (which are excluded from the transaction and valuations performed) as a dividend distribution to its sole shareholder, to be paid as and when such proceeds are received;
- (g) 31 October 2025, a restructure by HCI in respect of its interests in GEH has been implemented;
- (h) 31 October 2025, the various Transaction Agreements have been concluded and such agreements becoming unconditional in accordance with its terms, save for any conditions contained therein requiring the Implementation Agreement to become unconditional;
- (i) 31 October 2025, the transaction contemplated in the Property Company Purchase

Agreement has, to the extent legally required, been unconditionally approved by the competition authorities in terms of the Competition Act, 1998 or conditionally approved on terms and conditions which each of SACTWU and HCI confirms in writing to the other (by not later than the aforesaid date, and provided that such approval shall not be unreasonably withheld or delayed) to be acceptable to them.

The parties have undertaken to engage with each other in good faith with a view to extending the dates for fulfilment of the conditions precedent, to the extent that the delay in fulfilment of the Conditions Precedent is a result of a delay in obtaining the regulatory approvals required to fulfil the relevant Condition/s Precedent. If the parties fail to engage with each other or are unable to reach an agreement with regards to the period of time for which the date/s should be extended, then the relevant date/s shall automatically be extended by a period of ninety days, on a once-off basis and without any further action being required from any party.

4.4 **Effective Date**

The effective date of the Transaction Agreements (other than the Squirewood Cash Purchase) shall be the fifth business day after the day on which all of the Conditions Precedent have been fulfilled or to the extent legally permissible, waived.

4.5 **Categorisation and shareholder approval**

The Squirewood Share Purchase constitutes a “specific repurchase” from a related party as contemplated in section 5.69 and 10.1(b)(i) of the JSE Listings Requirements, and therefore requires the approval of HCI Shareholders by way of a special resolution, excluding the votes exercisable by SACTWU.

The Property Company Purchase and the Cession constitute a related party transactions in terms of sections 9 and 10 of the JSE Listings Requirements, and therefore require the approval of HCI Shareholders by ordinary resolution, excluding the votes exercisable by SACTWU.

As a result of the Property Company Purchase being classified as a related party transaction in HCI is in addition required to obtain a fairness opinion from an independent expert in compliance with the provisions of paragraph section 10.4(f) of the JSE Listings Requirements, and include a statement confirming as to whether the Property Company Purchase is fair to HCI Shareholders.

4.5 **Financial Effect of the Squirewood Share Purchase**

If Squirewood purchases the HCI Shares in terms of the Squirewood Share Purchase Agreement, such HCI Shares shall become “treasury shares” and accordingly, in terms of section 48 of the Companies Act, Squirewood shall not be entitled to exercise any voting rights attaching to such HCI Shares for so long as Squirewood remains a subsidiary of HCI.

If implemented, the Squirewood Share Purchase will have the following financial impact on HCI:

	As Published R'000	Post Transaction R'000	Note	Change R'000	%
Earnings attributable to equity holders of the parent (R'000)	6,724,053	6,721,754	(1)	(2,299)	0.0%
Basic earnings per share (cents)	8,313.8	8,765.8	(1)	452	5.4%

Diluted earnings per share (cents)	8,171.9	8,608.1	(1)	436	5.3%
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Headline earnings (R'000)	1,212,793	1,177,959	(1)	(34,834)	-2.9%
Basic headline earnings per share (cents)	1,499.5	1,536.2	(1)	37	2.4%
Diluted headline earnings per share (cents)	1,473.9	1,508.5	(1)	35	2.3%

Net asset value per share (cents)	48,129	50,105	(2)	1,977	4.1%
Tangible net asset value per share (cents)	15,626	15,836	(2)	209	1.3%

Weighted average number of shares in issue ('000)	80,878	76,682	(1)	(4,196)	-5.2%
Diluted weighted average number of shares in issue ('000)	82,283	78,086	(1)	(4,196)	-5.1%
Actual number of shares in issue at the end of the year (net of treasury shares) ('000)	80,546	76,350	(2)	(4,196)	-5.2%
Treasury shares held ('000)	5,875	10,071	(3)	4,196	71.4%

Notes:

- (1) Transaction assumed to have been implemented on 1 April 2024
- (2) Transaction assumed to have been implemented on 31 March 2025
- (3) Prior to cancellation of 4 million existing treasury shares, which will revert to unissued and authorised share capital.

4.6 Other material transaction terms

In terms of the Implementation Agreement, during the period commencing on the signature date and ending on the fourth anniversary of the signature date (“**Lock-in Period**”):

- (a) SACTWU has undertaken not to dispose or encumber, whether directly or indirectly, any of the HCI Shares which it holds other than:
- (i) the HCI Shares sold in terms of the Proposed Transactions;
 - (ii) no more than 700,000 HCI Shares which SACTWU may sell in the market through the JSE order book; and
 - (iii) such other HCI Shares which SACTWU may otherwise dispose of with the prior written consent of HCI;
- (b) HCI has granted SACTWU a pre-emptive right to acquire any of the shares in and claims against HCI’s property holding companies in its group of companies which HCI intends to dispose of to third parties. Accordingly, before HCI disposes of such shares in or claims against such property companies, it shall be obliged to first engage with SACTWU with a view to agree the terms of the sale with SACTWU. For the avoidance of doubt, this does not constitute an outright option by SACTWU to acquire such shares.

HCI's wholly-owned subsidiary, HCI Managerial Services (Pty) Ltd will continue to provide asset management services in respect of the property assets and the Subject Companies on market related terms, in accordance with the terms of the management agreement concluded between HCI Managerial Services (Pty) Ltd and the Subject Companies.

The Transaction Agreements otherwise contain terms which are customary for transactions of this nature.

5. Further Announcements

A circular, including a notice of general meeting, detailing the terms of the Proposed Transactions and actions required by HCI Shareholders will be posted to HCI Shareholders in due course.

Cape Town

4 July 2025]

Sponsor

Investec Bank Limited

HCI Legal advisors

White and Case Inc

WHITE & CASE

SACTWU Legal Advisors

ENS Africa

A handwritten signature in black ink on a yellow background. The signature is stylized and appears to be 'ens' followed by a flourish.