



ASSORE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1950/037394/06)

JSE share code: ASR

ISIN: ZAE000146932

("Assore")

FIRM INTENTION ANNOUNCEMENT BY ASSORE IN RESPECT OF AN OFFER TO SHAREHOLDERS TO REPURCHASE THEIR SHARES AND THE PROPOSED SUBSEQUENT DELISTING OF ASSORE FROM THE JSE

1. INTRODUCTION

1.1 The board of directors of Assore (the "**Board**") is pleased to announce that it has resolved to propose a transaction (the "**Transaction**") to shareholders incorporating:

1.1.1 an offer to all "**Eligible Shareholders**", being all Assore shareholders ("**Shareholders**") other than the Shareholders identified in paragraph 5 below ("**Remaining Shareholders**"), to acquire all of the ordinary shares in the issued share capital of Assore ("**Shares**") other than those Shares held by the Remaining Shareholders (together, "**Scheme Shares**") for a cash consideration of R320.00 per Scheme Share ("**Scheme Consideration**"), in accordance with the provisions of sections 48 and 114(1)(e) of the Companies Act, No. 71 of 2008, as amended ("**Companies Act**") and paragraph 1.17(b) of the Listings Requirements of the JSE ("**Listings Requirements**"), by way of a scheme of arrangement ("**Scheme**"); and

1.1.2 separate to the Scheme, but concurrently with it, a conditional general offer ("**General Offer**") by Assore to Eligible Shareholders, to acquire all of the Shares other than those Shares held by the Remaining Shareholders ("**General Offer Shares**") for a cash consideration of R320.00 per General Offer Share ("**General Offer Consideration**"), in accordance with the provisions of sections 48 and 117(1)(c)(v) of the Companies Act and paragraphs 1.15(c) and 5.69 of the Listings Requirements, which will be implemented only if the Scheme fails; and

1.1.3 the subsequent delisting of all of the Shares from the Johannesburg Stock Exchange ("**JSE**"), in terms of paragraph 1.17(b) of the Listings Requirements ("**Delisting**"), pursuant to the implementation of the Scheme or, if the Scheme fails, pursuant to the Delisting Resolution (as defined in paragraph 4.3.1.3) being approved, and the General Offer being implemented.

1.2 The Scheme and the General Offer are proposed concurrently on the basis that the implementation of the General Offer will be conditional upon, amongst others, the Scheme not becoming operative. In the event that the Scheme becomes operative, the General Offer will lapse. Alternatively, if the Scheme does not become operative and the General Offer becomes wholly unconditional, the General Offer will be implemented. The Scheme Consideration or the General Offer Consideration, as applicable, excludes the interim dividend of R7.00 per Share declared by Assore on or about 21 February 2020, which will be payable to Shareholders in the ordinary course.

- 1.3 The Delisting will occur if: (i) pursuant to paragraph 1.17(b) of the Listings Requirements, the Scheme becomes operative; or (ii) the General Offer becomes wholly unconditional and is implemented and the Delisting is approved by Shareholders.
- 1.4 The contents of this announcement (“**Firm Intention Announcement**”) constitute a firm intention by Assore to make an offer to the Eligible Shareholders as contemplated in Chapter 5 of the Companies Act and Chapter 5 of the Companies Regulations, 2011, promulgated under the Companies Act (which includes the “**Takeover Regulations**” issued pursuant to sections 120 and 223 of the Companies Act) (“**Companies Regulations**”).
- 1.5 Assore has constituted an independent board of directors of Assore (“**Independent Board**”) for purposes of the Scheme and General Offer, including, evaluating the terms and conditions of the Scheme and General Offer and advising Shareholders thereon as required by the Takeover Regulations. The Independent Board comprises Messrs. Edward Southey, William Urmson and Sydney Mhlarhi.
- 1.6 The purpose of this Firm Intention Announcement is to advise Shareholders of the Transaction and specifically the terms and conditions of the Scheme and the General Offer.

2. **RATIONALE FOR THE TRANSACTION**

- 2.1 Assore, which has been successfully listed on the Main Board of the JSE since 1950, is currently held 52.4% by Oresteel (controlled by the Sacco Family), 26.1% by black economic empowerment (“**BEE**”) shareholders and 4.1% directly by various members of the Sacco Family, resulting in a high level of strategic shareholding and a very low free float.
- 2.2 The combination of this tightly held strategic shareholding and the resultant low share liquidity, which both deters potential institutional investors and results in the share price being particularly volatile, has led the Remaining Shareholders, the Board and the Independent Board to believe that Assore is more suited to an unlisted environment, and that its continued listing provides little benefit to the strategic shareholders.
- 2.3 The Board has thus proposed that Assore use its available internal cash resources to buy back all of the issued shares other than the shares held by the Remaining Shareholders and subsequently delist the company from the JSE. The buyback, which will cost Assore approximately R7.8bn, will provide minority shareholders with a valuable liquidity event.
- 2.4 The offer price of R320.00 per Share is a 80% premium to the closing price on the date preceding this Firm Intention Announcement, a 51% premium to the 30-day volume weighted average price on the date preceding this Firm Intention Announcement and a 36% premium to the 60-day volume weighted average price on the date preceding this Firm Intention Announcement.

3. **TERMS AND CONDITIONS OF THE SCHEME**

The Scheme constitutes an “**affected transaction**” as defined in section 117(1)(c)(iii) of the Companies Act, and as such the Scheme is regulated by the Companies Act and the Companies Regulations. The salient terms of and other information pertaining to the Scheme are set out below:

3.1 **Terms of the Scheme**

- 3.1.1 The Scheme will be proposed by the Board between Assore and the Eligible Shareholders.

3.1.2 The Scheme will be subject to the fulfilment of the Scheme Conditions Precedent set out in paragraph 3.3 below.

3.1.3 In the event that the Scheme becomes operative, the listing of all of the Shares on the JSE will be terminated, and Eligible Shareholders, excluding those Shareholders who validly exercise their appraisal rights in accordance with section 164 of the Companies Act as a consequence of the approval of the Scheme and whose Shareholder rights have not been reinstated as envisaged in sections 164(9) and 164(10) of the Companies Act or who have not been ordered by any South African court of competent jurisdiction ("**Court**") to withdraw their demands in terms of section 164(15)(c)(v)(aa) of the Companies Act ("**Scheme Participants**"), will be deemed to have disposed of all of their Scheme Shares at the Scheme Consideration, such that Assore will acquire all of the Scheme Shares previously held by the Scheme Participants.

3.2 **Scheme Consideration**

The Scheme Participants shall receive the Scheme Consideration, in the amount of R320.00 per Scheme Share held by such Scheme Participant.

3.3 **Scheme Conditions Precedent**

3.3.1 The implementation of the Scheme is subject to the fulfilment or waiver, as the case may be, of the following conditions ("**Scheme Conditions Precedent**") by no later than Thursday, 7 May 2020 ("**Longstop Date**"):

3.3.1.1 all approvals, consents or waivers from those South African regulatory authorities as may be necessary for Assore to implement the Scheme, including the Takeover Regulation Panel ("**TRP**") (by means of the issue of a compliance certificate in terms of section 121(b)(i) of the Companies Act), are obtained on an unconditional basis or, to the extent that any such regulatory approvals, consents or waivers are obtained subject to any condition or qualification, Assore (to the extent that it is adversely affected by the condition or qualification) confirms in writing that the condition or qualification is acceptable to it, which confirmation shall not be unreasonably withheld or delayed;

3.3.1.2 all necessary Shareholder approvals and/or resolutions as may be necessary to give effect to the Scheme have been obtained, including, but not limited to, the special resolution at the general meeting of Shareholders ("**General Meeting**") expected to be held at 11:00 on or about Thursday, 16 April 2020 in order to consider and, if deemed fit, pass, the special resolution in accordance with sections 48(8) and 115(2) of the Companies Act (the "**Scheme Resolution**");

3.3.1.3 Assore has not elected to treat the Scheme Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act;

3.3.1.4 in the circumstances where Assore has not elected to treat the Scheme Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act, a Court has granted its approval pursuant to section 115(3) of the Companies Act in circumstances where:

3.3.1.4.1 the Scheme Resolution is opposed by 15% or more of the voting rights that were exercised in respect of the Scheme Resolution; and

- 3.3.1.4.2 a Shareholder who voted against the Scheme Resolution requires Assore, within five business days after the vote, to seek Court approval pursuant to section 115(3)(a) of the Companies Act;
- 3.3.1.5 no Shareholder who voted against the Scheme Resolution applies to Court within 10 business days after the vote for leave to apply for a review of the Scheme in accordance with the requirements of section 115(3)(b) of the Companies Act and section 115(6) of the Companies Act;
- 3.3.1.6 Assore waives the Scheme Condition Precedent in paragraph 3.3.1.5 and the Court does not grant leave to any Shareholder to apply to Court for a review of the Scheme, as contemplated in sections 115(3)(b), 115(6) and 115(7) of the Companies Act;
- 3.3.1.7 Assore waives the Scheme Condition Precedent in paragraph 3.3.1.6 and the Court approves the Scheme Resolution pursuant to section 115(7) of the Companies Act; and
- 3.3.1.8 with regard to Shareholders entitled to and exercising their appraisal rights, either: (i) Shareholders give notice objecting to the Scheme as contemplated in section 164(3) of the Companies Act and vote against the Scheme at the relevant meeting in respect of less than or equal to 5% of all of the Scheme Shares; or (ii) if Shareholders give notice objecting to the Scheme and vote against the Scheme at the meeting in respect of more than 5% of all of the Scheme Shares, then, within the time period permitted in terms of the Companies Act, dissenting Shareholders have exercised appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of less than or equal to 5% of all the Scheme Shares, or not at all.
- 3.3.2 Assore shall be entitled to waive (in whole or in part) in writing any one or more of the Scheme Conditions Precedent stipulated in paragraphs 3.3.1.3, 3.3.1.4, 3.3.1.5, 3.3.1.6, 3.3.1.7 and 3.3.1.8. The remaining Scheme Conditions Precedent stipulated above are not capable of waiver. The Longstop Date may be extended by Assore, subject to any approval as may be required from the TRP. Any extension of the Longstop Date will be announced on the Stock Exchange News Service of the JSE (“SENS”) and published in the South African press.

3.4 **Termination of the Scheme**

The Scheme shall terminate and cease with immediate effect only as follows:

- 3.4.1 if any Scheme Condition Precedent, which may be waived by Assore, becomes incapable of fulfilment, and Assore does not waive that Scheme Condition Precedent; or
- 3.4.2 if all the Scheme Conditions Precedent have not been fulfilled or waived on or by the date specified for fulfilment.

4. **TERMS AND CONDITIONS OF THE GENERAL OFFER**

4.1 **Terms of the General Offer**

- 4.1.1 Simultaneously with the Scheme, Assore will make a separate but concurrent General Offer, in terms of sections 48(8) and 117(1)(c)(v) of the Companies Act and paragraph 1.15(c) of the Listings Requirements, to the Eligible Shareholders, whereby each Eligible Shareholder will be entitled to elect whether or not to

dispose of all of their General Offer Shares to Assore for the General Offer Consideration (“**General Offer Participants**”).

4.1.2 For the avoidance of doubt, implementation of the General Offer will be conditional on, amongst others, the Scheme not becoming operative. In the event that the Scheme does become operative, the General Offer will lapse and be of no force and effect.

4.1.3 If the Scheme does not become operative and the General Offer becomes wholly unconditional and is implemented, then the Delisting will be implemented in terms of paragraph 1.14 of the Listings Requirements and each General Offer Participant will receive the General Offer Consideration in exchange for the General Offer Shares tendered and disposed of.

4.1.4 In the event that the General Offer becomes wholly unconditional and is implemented, Assore will acquire all the General Offer Shares tendered and previously held by the General Offer Participants. The repurchase of the General Offer Shares by Assore will be subject to the acceptance of the General Offer and the provisions of section 124(1) of the Companies Act. In the event that the General Offer is implemented and accepted by Eligible Shareholders holding at least 90% of the General Offer Shares, Assore may, at its election, invoke the provisions of section 124(1) of the Companies Act, to compulsorily acquire all of the General Offer Shares not already tendered by the Eligible Shareholders.

4.1.5 If the Scheme does not become operative and the General Offer becomes wholly unconditional and is implemented, and Assore elects not to invoke the provisions of section 124(1) of the Companies Act, Eligible Shareholders who have not accepted the General Offer will remain Shareholders in Assore.

4.2 **General Offer Consideration**

General Offer Participants shall receive the General Offer Consideration, in the amount of R320.00 per General Offer Share held by such General Offer Participant.

4.3 **The General Offer Conditions**

4.3.1 Implementation of the General Offer is subject to the fulfilment or waiver, as the case may be, of the following conditions (“**General Offer Conditions**”) by no later than Thursday, 8 May 2020:

4.3.1.1 the Scheme does not become operative;

4.3.1.2 all necessary Shareholder approvals and/or resolutions as may be necessary to give effect to the General Offer (including the repurchase resolution as required pursuant to section 48(8) of the Companies Act (“**Repurchase Resolution**”), and the resolution to approve the General Offer as a specific repurchase in terms of paragraph 5.69(b) of the Listings Requirements (“**Specific Repurchase Resolution**”)) have been passed by the requisite majority of Shareholders at the General Meeting;

4.3.1.3 the delisting resolution is adopted by the requisite majority of Eligible Shareholders at the General Meeting as contemplated in paragraphs 1.15(a) and 1.16 of the Listings Requirements (“**Delisting Resolution**”);

4.3.1.4 Eligible Shareholders accept the General Offer in respect of so many General Offer Shares as will result in Assore reacquiring more than 90% of

the General Offer Shares, such that Assore can rely on the provisions of section 124 of the Companies Act;

4.3.1.5 the receipt of all approvals, consents or waivers from those South African regulatory authorities as may be necessary for Assore to implement the General Offer and Delisting, including the TRP (by means of issue of a compliance certificate in terms of section 121(b)(i) of the Companies Act) on an unconditional basis or, to the extent that any such regulatory approvals, consents or waivers are obtained subject to any condition or qualification, Assore (to the extent that it is adversely affected by the condition or qualification) confirms in writing that the condition or qualification is acceptable to it, which confirmation shall not be unreasonably withheld or delayed; and

4.3.1.6 to the extent that appraisal rights are found to apply to the General Offer, and Shareholders exercise such appraisal rights, either: (i) Shareholders give notice objecting to the Repurchase Resolution as contemplated in section 164(3) of the Companies Act and vote against the Repurchase Resolution at the relevant meeting in respect of less than or equal to 5% of all of the General Offer Shares; or (ii) if Shareholders give notice objecting to the Repurchase Resolution and vote against the Repurchase Resolution at the meeting in respect of more than 5% of all of the General Offer Shares, then, within the time period permitted in terms of the Companies Act, such Shareholders have exercised appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of less than or equal to 5% of all the General Offer Shares, or not at all.

4.3.2 **Waiver and extension of General Offer Conditions**

4.3.2.1 The General Offer Conditions set out in paragraphs 4.3.1.3, 4.3.1.4 and 4.3.1.6 are capable of waiver by Assore, and the time and/or date for fulfilment or waiver of such General Offer Conditions may be extended by Assore as may be agreed between Assore and the TRP.

4.3.2.2 The General Offer Conditions set out in paragraphs 4.3.1.1, 4.3.1.2 and 4.3.1.5 are not capable of waiver but the time and/or date for fulfilment of these General Offer Conditions may be extended by Assore as may be agreed between Assore and the TRP.

4.3.2.3 An announcement will be released on SENS as soon as practicable after all the General Offer Conditions have been fulfilled or waived, if the General Offer Conditions are not fulfilled or waived timeously, or if the time and/or date for fulfilment or waiver of the General Offer Conditions is extended.

5. **THE REMAINING SHAREHOLDERS**

5.1 The Remaining Shareholders comprise: (i) Oresteel Investments Proprietary Limited; (ii) Main Street 350 Proprietary Limited; (iii) Main Street 460 Proprietary Limited; (iv) Main Street 904 (RF) Proprietary Limited; (v) members of the Sacco Family (Messrs. Desmond Giulio Amedeo Sacco, Patrick Eugenio Sacco and Nicholas Giulio Sacco; and Mesdames Angela Diana Sacco, Casey Lee Sacco and Sally Giorgina Dufour Berte) and persons/holdings related to, associated with or controlled by the Sacco Family who are Shareholders, and includes any person holding Shares as nominee for, or in a custodial capacity on behalf of, any member/s of the Sacco Family.

5.2 As at the date of this Firm Intention Announcement, the Remaining Shareholders own, in aggregate, 82.6% of the Shares.

- 5.3 Assore and the Remaining Shareholders are concert parties in relation to the Scheme in terms of regulation 84 of the Takeover Regulations and have therefore made declarations in the required form to Assore and the TRP, as required by regulation 84(5) of the Takeover Regulations. The Remaining Shareholders will, accordingly, abstain from voting on the Scheme at the General Meeting.

6. IRREVOCABLE UNDERTAKINGS

As at the date of this Firm Intention Announcement, the following Eligible Shareholders have provided irrevocable undertakings to vote the stated number of Shares, which are either held as principal or on behalf of clients, in favour of the resolutions to be proposed at the General Meeting and in respect of which they are entitled to vote (including the Scheme Resolution, the Repurchase Resolution and the Delisting Resolution) or such additional number of Shares as they may hold at the time of the General Meeting (together, the “**Relevant Shares**”). These Eligible Shareholders have furthermore irrevocably undertaken to accept the General Offer in respect of all of the Relevant Shares.

Eligible Shareholder	Number of Shares held	Percentage of Shares ¹
Investec Asset Management	9 046 345	6.48%
Public Investment Corporation	4 035 929	2.89%
Total	13 082 274	9.37%

Notes:

1. The % of Shares is calculated based on 139 607 000 shares in issue, as at Friday, 28 February 2020.
2. The aforementioned Eligible Shareholders have provided irrevocable undertakings equal to 53.91% of all Shares eligible to vote on the Scheme Resolution, the Repurchase Resolution and Delisting Resolution.

7. SOLVENCY AND LIQUIDITY

- 7.1 The Board has concluded that Assore will: (i) satisfy the solvency and liquidity test contemplated in section 4 of the Companies Act immediately after completing the repurchase by Assore of the Scheme Shares in terms of the Scheme or the General Offer Shares in terms of the General Offer; and (ii) for purposes of paragraph 5.69(c) of the Listings Requirements, that after considering the effect of the repurchase, the provisions of sections 4 and 48 of the Companies Act have been complied with and that:
- 7.1.1 Assore and its subsidiaries (“**Assore Group**”) will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of the repurchase;
- 7.1.2 the assets of the Assore Group will exceed the liabilities of the Assore Group for a period of 12 months after the date of the repurchase;
- 7.1.3 the share capital and reserves of the Assore Group will be adequate for ordinary business purposes for a period of 12 months after the repurchase; and
- 7.1.4 the working capital of the Assore Group will be adequate for ordinary business purposes for a period of 12 months after the repurchase.

8. **INDEPENDENT EXPERT AND FAIR AND REASONABLE OPINION**

8.1 In accordance with paragraph 1.15(d) of the Listings Requirements and section 114(2) of the Companies Act, the Independent Board has appointed BDO Corporate Finance Proprietary Limited as the independent expert in terms of section 114(2) of the Companies Act, regulation 90 of the Companies Regulations and Schedule 5 to the Listings Requirements ("**Independent Expert**") to provide the Independent Board with external advice in relation to the Scheme and the General Offer, in the form of a fair and reasonable opinion as required by and in compliance with the Takeover Regulations and the Listings Requirements, and a fairness opinion as required by and in compliance with the Listings Requirements.

8.2 The full substance of the Independent Expert's report in connection with the Scheme and General Offer, once procured, will be more fully set out in the Offer Circular to be distributed to Eligible Shareholders as referred to in paragraph 12 below.

9. **VIEWS OF THE INDEPENDENT BOARD**

The Independent Board, taking into account the report of the Independent Expert, has considered the terms and conditions thereof, and is unanimously of the opinion that the terms and conditions of the Scheme and the General Offer are fair and reasonable to Shareholders and, accordingly, unanimously recommends that Shareholders vote in favour of the Scheme Resolution, the Repurchase Resolution, the Specific Repurchase Resolution and the Delisting Resolution.

10. **RESPONSIBILITY STATEMENTS**

The Independent Board and the Board, individually and collectively, accept full responsibility for the accuracy of the information contained in this Firm Intention Announcement which relates to Assore, the Scheme, the General Offer and the Delisting, and certify that, to the best of their knowledge and belief, such information is true and this Firm Intention Announcement does not omit any facts that would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Firm Intention Announcement. The Independent Board and the Board have made all reasonable enquiries to ascertain that no facts have been omitted and this Firm Intention Announcement contains all information required by law, the Companies Act and the Listings Requirements.

11. **GUARANTEE**

Assore will use its available cash resources to fund the Scheme Consideration or General Offer Consideration, as applicable. The funds to settle the Scheme Consideration and/or the General Offer Consideration are in place and, in accordance with regulation 111(4) and 111(5) of the Takeover Regulations, Assore has procured from The Standard Bank of South Africa Limited and has delivered to the TRP, an irrevocable, unconditional bank guarantee in respect of the maximum possible Scheme Consideration or General Offer Consideration, whichever is applicable.

12. **POSTING OF THE OFFER CIRCULAR AND NOTICE OF THE GENERAL MEETING**

12.1 A circular providing full details of the Scheme and the General Offer and containing a notice of the General Meeting, the report by the Independent Expert, the recommendations of the Independent Board and the Board, the salient dates and times relating to the Scheme and General Offer and the necessary forms in order to effect the Scheme and General Offer, whichever is applicable, is expected to be distributed to Shareholders on or about Monday, 16 March 2020 ("**Offer Circular**").

- 12.2 The General Meeting is expected to be held at 11:00 on or about Thursday, 16 April 2020 at Assore's registered office, 15 Fricker Road, Illovo Boulevard, Johannesburg, South Africa, 2196.
- 12.3 A further announcement setting out details of the salient dates and times will be published in due course.

Johannesburg
Monday, 9 March 2020

FINANCIAL ADVISOR AND SPONSOR TO ASSORE

The Standard Bank of South Africa Limited

LEGAL AND TAX ADVISOR TO ASSORE

Webber Wentzel

INDEPENDENT EXPERT

BDO Corporate Finance Proprietary Limited

TRANSFER SECRETARIES

Singular Systems Proprietary Limited