

SASFIN HOLDINGS LIMITED

Incorporated in the Republic of South Africa

(Registration number 1987/002097/06)

JSE share code: SFN ISIN: ZAE000006565

Preference share code: SFNP ISIN: ZAE000060273

("Sasfin" or "the Company")

FIRM INTENTION ANNOUNCEMENT BY SASFIN IN RESPECT OF A REPURCHASE OFFER TO SASFIN PREFERENCE SHAREHOLDERS TO ACQUIRE THEIR PREFERENCE SHARES, TO BE IMPLEMENTED BY WAY OF A SCHEME OF ARRANGEMENT OR A STANDBY GENERAL OFFER, AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENTS

1. INTRODUCTION

- 1.1. Sasfin shareholders ("**Shareholders**") are referred to the cautionary announcements published on the Stock Exchange News Service of the JSE Limited ("**SENS**") on 30 September 2020 ("**First Cautionary Announcement**"), 13 November 2020, 29 December 2020 and 10 February 2021 (collectively the "**Cautionary Announcements**").
- 1.2. The board of directors of Sasfin ("**Board**") is pleased to announce that it has resolved to propose a repurchase ("**Proposed Repurchase**") of all or some of the non-redeemable, non-cumulative, non-participating, variable rate preference shares in the issued share capital of Sasfin ("**Preference Shares**") by way of two separate but concurrent offers comprising:
 - 1.2.1. an offer to all of the holders of Preference Shares ("**Eligible Shareholders**") to acquire all of their Preference Shares ("**Scheme Shares**") for a cash consideration of R71.00 per Scheme Share ("**Scheme Consideration**"), in accordance with the provisions of sections 114(1)(c) and (e) and section 115(2)(a) of the Companies Act, No. 71 of 2008, as amended ("**Companies Act**"), by way of a scheme of arrangement ("**Scheme**"), which if successfully implemented will result in all Preference Shares being repurchased, cancelled and removed from the issued Preference Shares of Sasfin and subsequently delisted from the securities exchange operated by the JSE Limited ("**JSE**"); and
 - 1.2.2. separate to the Scheme, but concurrently with it, a general offer ("**Standby Offer**") by Sasfin to Eligible Shareholders, to acquire all (or a portion) of the Preference Shares ("**Standby Offer Shares**") for a cash consideration of R68.00 per Standby Offer Share ("**Standby Offer Consideration**"), in accordance with the provisions of sections 48(8)(b), 114 and 115 of the Companies Act, which Standby Offer may be accepted or rejected by Eligible Shareholders (in whole or in part) and which will be implemented only if the Scheme fails and, if successfully implemented, will result in only those Preference

Shares which have been voluntarily tendered being repurchased, cancelled and removed from the issued Preference Shares of Sasfin, and the subsequent delisting of those Preference Shares from the securities exchange operated by the JSE.

- 1.3. The implementation of the Proposed Repurchase, whether as a Scheme or the Standby Offer (if the Scheme does not become unconditional and operative), will also require approval in terms of paragraph 5.69 of the Listings Requirements of the JSE ("**Listings Requirements**").
- 1.4. The Scheme and the Standby Offer are proposed concurrently on the basis that the implementation of the Standby Offer will be conditional upon, amongst others, the Scheme not becoming unconditional and operative. In the event that the Scheme becomes unconditional and operative, the Standby Offer will lapse. Alternatively, if the Scheme does not become unconditional and operative, the Standby Offer will become unconditional and be capable of being implemented.
- 1.5. The Board further confirms that, as a bank controlling company, Sasfin has obtained the consent of the South African Reserve Bank's Prudential Authority in terms of the Regulations relating to Banks, 2012 to proceed with the Proposed Repurchase.
- 1.6. The contents of this announcement ("**Firm Intention Announcement**") constitute a firm intention by Sasfin to make an offer to 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**").
- 1.7. Sasfin has constituted an independent board of directors of the Company ("**Independent Board**") for purposes of the Proposed Repurchase, including, for the purposes of evaluating the terms and conditions of the Scheme and the Standby Offer and advising Shareholders thereon, as required by the Takeover Regulations. The Independent Board comprises Messrs. RWR Buchholz, GC Dunnington, GP de Kock, and MR Thompson.
- 1.8. The purpose of this Firm Intention Announcement is to advise Shareholders of the Proposed Repurchase and specifically the terms and conditions of the Scheme and the Standby Offer.

2. **RATIONALE FOR THE PROPOSED REPURCHASE**

- 2.1. Sasfin has issued and the public have subscribed for 1 797 226 Preference Shares.
- 2.2. These Preference Shares were issued in two tranches at a price of either R100.00 on 17 November 2004 or R110.50 on 7 June 2006 per Preference Share and, on the date preceding this Firm Intention Announcement, the Preference Shares had a current blended carrying value on Sasfin's balance sheet of R104.65 per Preference Share ("**Book Value**").

- 2.3. Current market conditions, including low liquidity in trading volumes, have resulted in the Preference Shares trading at a material discount to their issued value and Book Value. The quoted closing price of the Preference Shares on Tuesday, 17 March 2021, the day preceding this Firm Intention Announcement was R65.98 per Preference Share.
- 2.4. The Proposed Repurchase, whether implemented through the Scheme or the Standby Offer, will be value accretive to the ordinary shareholders of Sasfin.
- 2.5. The Board has thus proposed that Sasfin uses available internal cash resources to repurchase the Preference Shares. The Proposed Repurchase (which will cost Sasfin a maximum of approximately R127.60 million to fund the Scheme Consideration, being the maximum consideration required to implement the Proposed Repurchase, which is to be implemented by way of the Scheme or the Standby Offer) will provide Eligible Shareholders with an opportunity to realise their investment in the Preference Shares through an exit / partial exit at a premium.
- 2.6. The Scheme Consideration and the Standby Offer Consideration represents a 34.37% and 28.69% premium respectively, to the 60-day volume weighted average price of the Preference Shares of R52.84 per Preference Share at the date of the First Cautionary Announcement. The Scheme Consideration and the Standby Offer Consideration represents a 33.03% and 27.41% premium respectively, to the 30-day volume weighted average price of the Preference Shares of R53.37 per Preference Share at the date of the First Cautionary 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, 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 the Company and Eligible Shareholders.
- 3.1.2. The Scheme will be subject to the fulfilment of the Scheme Conditions set out in paragraph 3.3 below.
- 3.1.3. In the event that the Scheme becomes unconditional and operative, Eligible Shareholders, excluding those Eligible 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 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 Sasfin will acquire all of the Scheme Shares previously held by the Scheme Participants, whereafter the listing of all the Scheme Shares on the JSE will be terminated.

3.2. Scheme Consideration

The Scheme Participants shall receive the Scheme Consideration, being an amount of R71.00 per Scheme Share held by such Scheme Participant.

3.3. Scheme Conditions

3.3.1. The implementation of the Scheme is subject to the fulfilment or waiver, as the case may be, of the following suspensive conditions (“**Scheme Conditions**”) by no later than 31 August 2021 or such later date as Sasfin may in its sole discretion determine (“**Scheme Conditions Fulfilment Date**”):-

3.3.1.1. 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:-

3.3.1.1.1. the passing of a special resolution by Eligible Shareholders in terms of sections 114(1)(c) and (e) and section 115(2)(a) of the Companies Act (“**Scheme Resolution**”) at the general meeting of Eligible Shareholders expected to be held on or about Friday, 14 May 2021 (or any other adjourned or postponed date and time, as applicable) (“**Eligible Shareholders General Meeting**”) in order to consider and, if deemed fit, pass the Scheme Resolution;

3.3.1.1.2. the passing of a special resolution in terms of section 48(8)(b) (read with sections 114 and 115(2)(a) of the Companies Act) (“**Companies Act Repurchase Resolution**”) at the general meeting of all Shareholders expected to be held on or about Friday, 14 May 2021 (or any other adjourned or postponed date and time, as applicable) (“**Combined General Meeting**”) in order to consider and, if deemed fit, pass (amongst others), the

Companies Act Repurchase Resolution to authorise the Proposed Repurchase, either by way of the Scheme or the Standby Offer; and

- 3.3.1.1.3. the passing of a special resolution, in terms of paragraph 5.69 of the Listings Requirements by Shareholders (other than Eligible Shareholders) ("**LRs Specific Repurchase Resolution**") at the Combined General Meeting, to authorise the specific repurchase to be implemented, either by way of the Scheme or the Standby Offer;
- 3.3.1.2. receipt of the Independent Expert's Report, envisaged in paragraph 7.1 below;
- 3.3.1.3. no written notice is received by Sasfin from those Shareholders (who are entitled to exercise their appraisal rights in accordance with section 164 of the Companies Act) objecting to the Scheme Resolution and/or the Companies Act Repurchase Resolution (in terms of section 164(3) of the Companies Act) before the Scheme Resolution and/or the Companies Act Repurchase Resolution are to be voted on at the Eligible Shareholders General Meeting and/or the Combined General Meeting, as the case may be. If any such objection notices are received by the Company, then it is noted that the chairperson of the Eligible Shareholders Meeting and the Combined General Meeting, as the case may be, may close the meeting/s without putting such special resolution/s to the vote;
- 3.3.1.4. to the extent that the provisions of section 115(2)(c) of the Companies Act become applicable:-
 - 3.3.1.4.1. the Scheme being approved by the Court unconditionally or, if subject to conditions, the person on whom such conditions are imposed approves such conditions and undertakes in writing to comply therewith; and
 - 3.3.1.4.2. Sasfin not treating the Scheme Resolution and/or the Companies Act Repurchase Resolution as a nullity in terms of section 115(5)(b) of the Companies Act;

3.3.1.5. to the extent required, the receipt of any consents and/or approvals required from Sasfin's lenders in respect of the implementation of the Scheme; and

3.3.1.6. all approvals, consents or waivers from those South African regulatory authorities as may be necessary for Sasfin to implement the Scheme, including the Takeover Regulation Panel established in terms of section 196 of the Companies Act ("TRP"), by means of the issue of a compliance certificate as required by section 115(1)(b) (read with sections 119(4)(b) and 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, Sasfin confirms in writing that the condition or qualification is acceptable to it.

3.3.2. Sasfin shall be entitled to waive (in whole or in part) in writing the Scheme Conditions stipulated in paragraph 3.3.1.3 and paragraph 3.3.1.5. The remaining Scheme Conditions stipulated above are not capable of waiver.

3.3.3. The Scheme Conditions Fulfilment Date may be extended by Sasfin, subject to any approval as may be required from the TRP. An announcement will be released on SENS and published in the South African press as soon as reasonably practicable after all the Scheme Conditions have been fulfilled or waived, if the Scheme Conditions are not fulfilled or waived timeously, or if the time and/or date for fulfilment or waiver of the Scheme Conditions is extended.

3.4. Termination of the Scheme

The Scheme shall terminate and cease with immediate effect if any of the Scheme Conditions have not been fulfilled or waived (as the case may be) on or by the Scheme Conditions Fulfilment Date.

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

4.1. Terms of the Standby Offer

4.1.1. Simultaneously with the Scheme, Sasfin will make a separate but concurrent Standby Offer, in terms of sections 48(8)(b), 114 and 115 of the Companies Act, to Eligible Shareholders, whereby each Eligible Shareholder will be entitled to elect whether or not to dispose of all (or a portion) of their Standby Offer Shares to Sasfin for the Standby Offer Consideration.

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

4.1.3. In the event that the Standby Offer becomes unconditional and is implemented, Sasfin will acquire all of the Standby Offer Shares tendered and previously held by those Eligible Shareholders who have accepted the Standby Offer (**"Standby Offer Participants"**).

4.2. Standby Offer Consideration

Standby Offer Participants shall, if they accept the Standby Offer, receive the Standby Offer Consideration, being an amount of R68.00 per Standby Offer Share held by such Standby Offer Participant.

4.3. Standby Offer Conditions

4.3.1. The implementation of the Standby Offer is subject to the fulfilment or waiver, as the case may be, of the following suspensive conditions (**"Standby Offer Conditions"**) by no later than 31 August 2021 or such later date as Sasfin may, in its sole discretion, determine (**"Standby Offer Conditions Fulfilment Date"**):-

4.3.1.1. the Scheme does not become unconditional and operative (meaning that a Scheme Condition has not been fulfilled or waived by the Scheme Conditions Fulfilment Date);

4.3.1.2. all necessary Shareholder approvals and/or resolutions as may be necessary to give effect to the Standby Offer have been obtained, including, but not limited to:-

4.3.1.2.1. the passing of the Companies Act Repurchase Resolution at the Combined General Meeting to authorise the Proposed Repurchase either by way of the Scheme or the Standby Offer; and

4.3.1.2.2. the passing of the LRs Specific Repurchase Resolution by Shareholders (other than Eligible Shareholders) at the Combined General Meeting to authorise the specific repurchase to be implemented either by way of the Scheme or the Standby Offer;

- 4.3.1.3. receipt of the Independent Expert's Report, envisaged in paragraph 7.1 below;
- 4.3.1.4. no written notice is received by Sasfin from those Shareholders (who are entitled to exercise their appraisal rights in accordance with section 164 of the Companies Act) objecting to the Companies Act Repurchase Resolution (in terms of section 164(3) of the Companies Act) before the Companies Act Repurchase Resolution is to be voted on at the Combined General Meeting. If any such objection notices are received by the Company, then it is noted that the chairperson of the Combined General Meeting may close the meeting without putting such special resolution/s to the vote;
- 4.3.1.5. to the extent that the provisions of section 115(2)(c) of the Companies Act become applicable:-
 - 4.3.1.5.1. the Standby Offer being approved by the Court unconditionally or, if subject to conditions, the person on whom such conditions are imposed approves such conditions and undertakes in writing to comply therewith; and
 - 4.3.1.5.2. Sasfin not treating the Companies Act Repurchase Resolution as a nullity in terms of section 115(5)(b) of the Companies Act;
- 4.3.1.6. to the extent required, the receipt of any consents and/or approvals required from Sasfin's lenders in respect of the implementation of the Standby Offer; and
- 4.3.1.7. the receipt of all approvals, consents or waivers from those South African regulatory authorities as may be necessary for Sasfin to implement the Standby Offer, including the TRP, by means of issue of a compliance certificate as required by section 115(1)(b) (read with sections 119(4)(b) and 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, Sasfin confirms in writing that the condition or qualification is acceptable to it.

4.3.2. Sasfin shall be entitled to waive (in whole or in part) in writing the Standby Offer Conditions stipulated in paragraph 4.3.1.4 and paragraph 4.3.1.6. The remaining Standby Offer Conditions stipulated above are not capable of waiver.

4.3.3. The Standby Offer Conditions Fulfilment Date may be extended by Sasfin, subject to any approval as may be required from the TRP. An announcement will be released on SENS and published in the South African press as soon as reasonably practicable after all the Standby Offer Conditions have been fulfilled or waived, if the Standby Offer Conditions are not fulfilled or waived timeously, or if the time and/or date for fulfilment or waiver of the Standby Offer Conditions is extended.

4.4. Termination of the Standby Offer

The Standby Offer shall terminate and cease with immediate effect if the Scheme is implemented or if any of the Standby Offer Conditions have not been fulfilled or waived (as the case may be) on or by the Standby Offer Fulfilment Date (or such extended date, as applicable).

5. IRREVOCABLE UNDERTAKINGS

5.1. Sasfin has obtained approval from the TRP to approach Eligible Shareholders to provide irrevocable undertakings to:-

5.1.1. vote their relevant number of Preference Shares, which are either held as principal or on behalf of clients, in favour of the resolutions to be proposed at the Eligible Shareholders General Meeting and the Combined General Meeting, and in respect of which they are entitled to vote (including the Scheme Resolution, the Companies Act Repurchase Resolution and the LRs Specific Repurchase Resolution) or such additional number of Preference Shares as they may hold at the time of the Eligible Shareholders General Meeting and the Combined General Meeting (together, the “**Relevant Shares**”); and/or

5.1.2. irrevocably accept the Standby Offer in respect of all (or some) of the Relevant Shares.

5.2. Details of the irrevocable undertakings provided by Eligible Shareholders will be more fully set out in the Circular to be distributed to Shareholders as referred to in paragraph 11 below.

6. SOLVENCY AND LIQUIDITY

6.1. The Board has reasonably concluded: (i) that Sasfin will satisfy the solvency and liquidity test contemplated in section 4 of the Companies Act immediately after implementing the Proposed

Repurchase either by way of the Scheme or the Standby Offer; and (ii) for purposes of paragraph 5.69(c) of the Listings Requirements, that after considering the effect of the Proposed Repurchase on Sasfin and its subsidiaries ("**Sasfin Group**"), the provisions of sections 4 and 48 of the Companies Act have been complied with and that:

- 6.1.1. the Sasfin Group will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of approval of the Circular to be distributed to Shareholders as referred to in paragraph 11 below;
 - 6.1.2. the assets of the Sasfin Group will exceed the liabilities of the Sasfin Group for a period of 12 months after the date of approval of the Circular to be distributed to Shareholders as referred to in paragraph 11 below;
 - 6.1.3. the share capital and reserves of the Sasfin Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of the Circular to be distributed to Shareholders as referred to in paragraph 11 below; and
 - 6.1.4. the working capital of the Sasfin Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of the Circular to be distributed to Shareholders as referred to in paragraph 11 below.
- 6.2. The financial effect of the Proposed Repurchase on Sasfin is a maximum cash outflow of approximately R127.60 million and a debit against Preference Share capital. The estimated once-off transaction costs in respect of the Proposed Repurchase will be more fully set out in the Circular to be distributed to Shareholders as referred to in paragraph 11 below.

7. INDEPENDENT EXPERT AND FAIR AND REASONABLE OPINION

- 7.1. In accordance with 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 and regulation 90 of the Companies Regulations ("**Independent Expert**") to provide the Independent Board with external advice in relation to the Scheme and the Standby Offer, in the form of a fair and reasonable opinion as required by and in compliance with the Takeover Regulations ("**Independent Expert's Report**").
- 7.2. The full substance of the Independent Expert's Report in connection with the Scheme and the Standby Offer, once procured, will be more fully set out in the Circular to be distributed to Shareholders as referred to in paragraph 11 below.

8. **VIEWS OF THE INDEPENDENT BOARD**

The views of the Independent Board, taking into account the report of the Independent Expert, will be more fully set out in the Circular to be distributed to Shareholders as referred to in paragraph 11 below.

9. **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 Sasfin, the Scheme and the Standby Offer, and certify that, to the best of their knowledge and belief, such information is true, and that 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 that this Firm Intention Announcement contains all information required by law, the Companies Act and the Listings Requirements.

10. **CONFIRMATION OF CASH SET ASIDE**

Sasfin will use available cash resources within the Sasfin Group (other than Sasfin Bank Limited) to fund the Scheme Consideration or Standby Offer Consideration, as applicable. The funds to settle the Scheme Consideration and/or the Standby Offer Consideration are available and are currently held in an account with Sasfin Bank and, in accordance with regulation 111(4) and 111(5) of the Takeover Regulations, Sasfin has delivered to the TRP a written confirmation of cash set aside in respect of the total Scheme Consideration, being the maximum possible consideration in respect of the Proposed Repurchase.

11. **POSTING OF THE CIRCULAR AND NOTICE OF THE ELIGIBLE SHAREHOLDERS GENERAL MEETING AND THE COMBINED GENERAL MEETING**

11.1. A circular providing full details of the Scheme and the Standby Offer, and containing a notice of the Eligible Shareholders General Meeting and the Combined General Meeting, the Independent Expert's Report, the recommendations of the Independent Board, the salient dates and times relating to the Scheme and the Standby Offer and the necessary forms in order to effect the Scheme and the Standby Offer, is expected to be distributed to Shareholders on or about Wednesday, 14 April 2021 ("**Circular**").

11.2. The Eligible Shareholders General Meeting is expected to be held on or about Friday, 14 May 2021 at Sasfin's registered office, 29 Scott Street, Waverley, Johannesburg, South Africa, 2090.

11.3. The Combined General Meeting is expected to be held on or about Friday, 14 May 2021 at the abovementioned address.

11.4. The Eligible Shareholders General Meeting and the Combined General Meeting will be conducted entirely through electronic communication. The electronic meeting facilities will permit all Shareholders to be able to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the meeting. Voting via the electronic facility will be the only method available to Shareholders to vote their shares at these meetings.

11.5. A further announcement setting out details of the salient dates and times will be published on SENS in due course.

12. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENTS

The Cautionary Announcements are hereby withdrawn and, accordingly, Shareholders do not need to exercise caution in dealing in their Sasfin securities.

Johannesburg

18 March 2021

CORPORATE ADVISOR AND SPONSOR

Sasfin Capital Proprietary Limited

INDEPENDENT SPONSOR

Deloitte & Touche Sponsor Services Proprietary Limited

LEGAL ADVISOR

Edward Nathan Sonnenbergs Incorporated

INDEPENDENT EXPERT

BDO Corporate Finance Proprietary Limited

TRANSFER SECRETARY

Computershare Investor Services Proprietary Limited