

## METTLE INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2008/002061/06)

JSE share code: MLE

ISIN: ZAE000257622

("MLE" or "the Company")



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### Detailed Cautionary Announcement – Proposed dilution by MLE of its interest in Mettle Solar Investments Proprietary Limited (“MSI”) and Mettle Solar Africa Limited (“MSA”)

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#### Overview of the Transaction

Shareholders are advised that the Company is in early negotiations with an established private equity investor (“**the Investor**”) regarding the subscription by the Investor for shares (“**Subscription Shares**”) in MSI and MSA (“**the Companies**”), which will result in the Investor holding 40% of the issued shares of each of the Companies, for a total subscription amount of R106.7 million (the “**Transaction**”). For purposes of the subscription the Companies have been valued at an aggregate of R160 million, after the capitalisation by the existing shareholders of the Companies of shareholders’ loans of R112 831 029 (excluding capitalised interest), of which R58 190 387 is a loan due to MLE.

MLE currently holds 55% of the issued share capital of the Companies, with Green Create Holdings Limited and the Trigen Group Proprietary Limited (collectively, “**the Norval Entities**”), holding 35% and management of the Companies (“**Management**”) holding, collectively, 10%. After the Transaction, MLE, the Norval Entities and Management will hold 33%, 21% and 6% of the issued shares of the Companies, respectively.

The Transaction is still subject to a detailed due diligence process by the Investor, the signing of legally binding documentation and a number of corporate, legal, regulatory and other conditions precedent.

#### Overview of the Companies and rationale for the Transaction

The Companies focus on the design, installation, financing and maintenance of commercial and industrial solar photovoltaic (“**PV**”) systems. These solutions range from 80kWp to 10MWp systems for private consumption to 5MWp systems for public consumption. The solutions are either grid-connected, hybrid (solar and fuel powered generator) or off-grid (storage) solar PV solutions located across Sub-Saharan Africa and the adjacent Indian Ocean islands. The terms on which these systems are provided range from turn-key engineer, procure and construct (“**EPC**”) solutions with full performance warranties, to fully funded solar PV systems with no capital outlay required by the client.

The Investor is focused on development finance and is an experienced investor on the African continent with a number of African investments and a considerable network across the continent.

The board of directors of MLE believes that the Transaction will help to strengthen the balance sheets of the Companies, enabling them to develop their businesses at a faster pace, and align the Companies with an experienced strategic partner with considerable networks and experience in investing on the African continent.

**Cautionary statement**

These negotiations, if successfully concluded, may have a material effect on the Company's share price.

Accordingly, MLE shareholders are advised to exercise caution when dealing in their shares in the Company until a further announcement is made.

Cape Town  
1 March 2019

Corporate Advisor to MLE and the Companies  
Mettle Corporate Finance (Pty) Ltd

Designated Advisor to MLE  
Questco Corporate Advisory (Pty) Ltd