

## METTLE INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2008/002061/06)

JSE share code: MLE

ISIN: ZAE000257622

("Mettle" or "the Company")



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## INDEMNITY AGREEMENT WITH TRADEGRO HOLDINGS (PTY) LTD

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### 1. Introduction

Mettle has a 55% shareholding in Mettle Solar Africa Limited ("**MSA**"), which focuses on the design, installation, financing and maintenance of commercial and industrial solar photovoltaic systems used across Sub-Saharan Africa and the adjacent Indian Ocean islands.

On 29 January 2018, prior to the listing of Mettle on the Johannesburg Stock Exchange ("**JSE**") and subsequent unbundling out of Tradehold Limited ("**Tradehold**"), MSA entered into a loan facility of US\$5,000,000 ("**the Original Facility Agreement**") with Investec Bank (Mauritius) Limited ("**Investec**" or "**the Lender**"). The funds advanced in terms of the Original Facility Agreement were used by MSA to construct solar projects in Kenya and the Seychelles ("**the Projects**"). The Original Facility Agreement was supported by a guarantee in favour of Investec issued by Tradegro Holdings Proprietary Limited ("**Tradegro**" or "**the Guarantor**"), a wholly-owned subsidiary of Tradehold. The Original Facility Agreement had a termination date of 11 February 2019 ("**the Termination Date**"), at which point it was to be replaced by a term facility with Investec ("**the Term Facility Agreement**") that would not have required the support of the Guarantor.

Due to delays in the completion of all the Projects the Original Facility Agreement could not convert into the Term Facility Agreement on the Termination Date. Consequently the Guarantor's support for the Original Facility Agreement had to be extended beyond the Termination Date.

On 11 February 2019 MSA, Investec and the Guarantor entered into an agreement in terms of which the termination of the Original Facility Agreement was extended to 24 July 2019, with a final maturity date of 31 July 2019, or such later date as Investec may agree in its discretion ("**the Facility Amendment Agreement**").

In addition to the above, and on the same day, Mettle and the other shareholders of MSA (collectively, "**the Indemnifying Parties**") concluded an indemnity agreement with Tradegro ("**the Indemnity Agreement**"), in terms of which the Indemnifying Parties indemnify Tradegro, irrevocably and unconditionally, jointly and severally, against any claim arising from the Original Facility Agreement, as extended by the Facility Amendment Agreement. The board of directors of Mettle regards the terms of the Indemnity Agreement as being normal commercial terms for companies such as MSA and Mettle. The Indemnity Agreement is unsecured and therefore any claim thereunder will also be unsecured.

### 2. Consideration payable for the Tradegro Guarantee

In consideration for Tradegro providing the guarantee to MSA, MSA has agreed to pay to Tradegro maximum fees in aggregate over the term of the Facility ("**the Tradegro Fees**") of US\$450 000 or R6 385 590 (based on the South African Reserve Banks's weighted average rates at 10:30 am on the date immediately prior to this announcement). The Tradegro Fees are payable on a monthly basis and

are calculated at an escalating rate over the term of the Tradegro Guarantee. The board of directors of Mettle regards the fees payable by MSA to Tradegro as being normal for the provision of a guarantee of this nature. Nevertheless, Mettle is in advanced discussions with third parties regarding the replacement of the Tradegro Guarantee with another arrangement on more favourable terms.

### **3. Payment required under the Indemnity Agreement**

To the extent that any amount becomes payable by the Indemnifying Parties to Tradegro pursuant to the Indemnity Agreement, any outstanding amount ("**Outstanding Claim**") will bear interest at 7% per annum from the date of payment by Tradegro, until the date of payment of the Outstanding Claim by the Indemnifying Parties.

### **4. Conditions precedent and effective date**

No conditions precedent to the Facility Amendment Agreement or the Indemnity Agreement remain outstanding, and they became effective on 15 February 2019.

### **5. Financial information**

As at 31 August 2018, the net assets of MSA amounted to -\$196 204 and, for the six-month period then ended, MSA incurred a loss after tax of -\$75 123. This unadjusted information has been extracted from the unaudited management accounts of MSA.

### **6. JSE categorisation**

Tradehold is a "Related Party" vis-à-vis Mettle, as defined in the Listings Requirements of the JSE ("**the JSE Listings Requirements**"). The Term Facility Agreement however falls below the threshold for categorisation purposes in respect of companies listed on the Alternative Exchange of the JSE. The Indemnity Agreement is not classified as a related party agreement in terms of the exemptions afforded in paragraph 10.6 of the JSE Listings Requirements.

Cape Town  
06 March 2019

Designated Advisor



Questco Corporate Advisory (Pty) Ltd