

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")



Genfin Holdings Proprietary Limited  
(Incorporated in the Republic of South Africa)  
(Registration number: 2015/358979/07)  
("Genfin" or "the Offeror")



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## JOINT ANNOUNCEMENT OF FIRM INTENTION BY THE OFFEROR TO MAKE AN OFFER TO METTLE SHAREHOLDERS TO ACQUIRE THEIR SHARES, THE DELISTING OF METTLE AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

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### 1. Introduction

- 1.1. The board of directors of Mettle ("the **Board**") is pleased to announce that the Company has entered into an implementation agreement with Genfin (the "**Implementation Agreement**"), in terms of which Genfin notifies the Company of its firm intention to make an offer ("the **Proposed Offer**") to acquire all of the issued shares (each a "**Mettle Share**") in the share capital of the Company that it does not own, other than the shares held by certain shareholders holding, in aggregate, 157 320 450 Mettle Shares (the "**Excluded Shareholders**"), by way of a scheme of arrangement (the "**Scheme**"), for a cash consideration of R2.10 per Mettle Share ("**Scheme Consideration**"). The Scheme will be implemented in accordance with sections 114 and 115 of the Companies Act, No 71 of 2008, as amended ("the **Companies Act**") and will be proposed by the Board to shareholders of the Company ("**Mettle Shareholders**") (other than the Excluded Shareholders) ("**Scheme Participants**").
- 1.2. The Proposed Offer constitutes a firm intention by the Offeror to make an offer to the Scheme Participants, 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) (the "**Companies Regulations**").
- 1.3. The Scheme, if successful, will be followed by the delisting ("the **Delisting**") of the Mettle Shares from the Alternative Exchange ("the **AltX**") of the JSE Limited ("**JSE**").
- 1.4. Certain of the Excluded Shareholders are presumed to be acting in concert with the Offeror for purposes of the Companies Act and the Companies Regulations.

### 2. Rationale for the Proposed Offer

The Board believes that the Company and its subsidiaries are more suited to an unlisted environment, and that the current listing provides little benefit to the Company at this stage of its operating cycle. In addition, the Delisting will enable the Company to save on the costs associated with being listed on the AltX.

Genfin is an investment holding company focused on building a portfolio of companies that provide finance to small and medium enterprises and a smaller portfolio of other financial services focussed assets. In pursuit of this investment strategy, Genfin has accumulated a material shareholding in Mettle over the past 12 months and now wishes to consolidate its investment in the Company in an unlisted environment and to provide additional capital in order to facilitate and support organic and acquisitive growth.

Scheme Participants will be provided with an opportunity to realise their investment in Mettle at an attractive premium to the Company's share price, being a premium of 23.1% to the 30-day volume weighted average price ("VWAP") of Mettle Shares on the date preceding this announcement and a premium of 46.7% to the VWAP of Mettle Shares on Friday, 24 January 2020, being the date preceding the publication of the cautionary announcement alluding to the Proposed Offer.

### **3. Salient terms of the Scheme**

- 3.1. The Proposed Offer constitutes an "affected transaction", as defined in section 117(1)(c) of the Companies Act. The Proposed Offer will be implemented by way of the Scheme. In terms of the Scheme, the Offeror will make an offer to all Scheme Participants to purchase their shares for the Scheme Consideration, to be settled in cash.
- 3.2. The Scheme is subject to the fulfilment of the following conditions precedent:
  - 3.2.1. the resolution ("**Scheme Resolution**") relating to the Scheme is approved by the requisite majority of independent Mettle Shareholders;
  - 3.2.2. in respect of the appraisal rights of shareholders as contained in section 164 of the Companies Act, no valid appraisal demands are received by Mettle or, if any valid appraisal demands are received, such demands are received from Mettle Shareholders who, in aggregate, hold less than 5% (five percent) of the aggregate number of Mettle Shares;
  - 3.2.3. if any Mettle Shareholder who voted against the Scheme Resolution applies to court for a review of the Scheme in terms of section 115(3)(b) and section 115(6) of the Companies Act, either (i) the court refuses to grant leave to apply for such review, or (ii) if leave to apply for review is granted, the court refuses to set aside the Scheme Resolution;
  - 3.2.4. a compliance certificate in respect of the Scheme is issued by the Takeover Regulation Panel ("**TRP**") in terms of section 119(4)(b) of the Companies Act; and
  - 3.2.5. the Offeror and its concert parties provide notice to the Company, by no later than the close of business on the day immediately prior to the fulfilment of the condition precedent in paragraph 3.2.1 that no material adverse event (as such term is defined in the Implementation Agreement) has occurred.
- 3.3. The conditions precedent in paragraph 3.2.5 may be waived by Genfin. The condition precedent in paragraph 3.2.2, if waived, must be waived by both Genfin and Mettle. All remaining conditions precedent may not be waived.

### **4. Funding of the Scheme Consideration and Confirmation of Financial Resources**

- 4.1. The Offeror confirms, in accordance with Regulation 106(6)(c) of the Companies Regulations, that its repayment of the financing obtained to fund the aggregate Scheme Consideration will not depend upon the business of Mettle nor anticipated receipts of distributions from Mettle.
- 4.2. In accordance with Regulation 111(4) and Regulation 111(5) of the Companies Regulations, Investec Bank Limited has provided an unconditional and irrevocable bank guarantee to the

TRP confirming that the Offeror has sufficient cash resources available to it to satisfy payment of the aggregate Scheme Consideration of R118,031,720.10. The Offeror is obliged to pay a once-off fee of R10 000 in respect of the guarantee.

## 5. Shareholding of the Offeror and Excluded Shareholders in Mettle

As at the date of this announcement, the Offeror and Excluded Shareholders are, directly or indirectly, interested in Mettle Shares as set out in the table below:

Offeror	Beneficial		Total	Total %
	Direct	Indirect		
Genfin Holdings (Pty) Ltd	33 648 344	-	33 648 344	13.61
<b>Excluded Shareholders</b>				
Granadino Investments (Pty) Ltd	82 369 947	-	82 369 947	33.32
Titan Global Investments (Pty) Ltd	28 695 605	-	28 695 605	11.61
Cream Magenta 140 (Pty) Ltd	12 951 674	-	12 951 674	5.24
Metcap 14 (Pty) Ltd	12 685 834	-	12 685 834	5.13
Titan Share Dealers (Pty) Ltd	10 236 344	-	10 236 344	4.14
Hendrik Frederick Prinsloo*	-	9 591 972	9 591 972	3.88
Justin John Rookledge	683 622	-	683 622	0.28
William Daniel Marais*	3 556	66 007	69 563	0.03
Wikalox Investments (Pty) Ltd	30 308	-	30 308	0.01
Deuceprops 1015 CC	5 581	-	5 581	0.00
<b>Total</b>	<b>147 662 471</b>	<b>9 657 979</b>	<b>157 320 450</b>	<b>63.65</b>

\* Includes shareholding of associates of such persons.

## 6. Irrevocable Undertakings

As at the date of this announcement, the Offeror has received irrevocable undertakings to vote in favour of the resolutions to be proposed in relation to the Scheme from the following Mettle Shareholders (such shareholders collectively holding 32 078 035 of the total issued Mettle Shares):

Shareholder	Mettle Shares held	% of Mettle Shares held	% of voting rights*
Teez Away Trading (Pty) Ltd	28 586 285	11.57	50.86
Aapstert Investments (Pty) Ltd	3 300 000	1.34	5.87
Friedrich Hans Esterhuyse	127 750	0.05	0.23
Murray Russell Collins	64 000	0.03	0.11
<b>Total</b>	<b>32 078 035</b>	<b>12.99</b>	<b>57.07</b>

\* The percentage of voting rights indicated above is the percentage of voting rights which may be exercised in respect of the Scheme resolution and, accordingly, excludes the voting rights of the Offeror and Mettle Shareholders acting in concert with the Offeror.

## 7. No Comparable Offer

- 7.1. All participants (the “**ESOP Participants**”) in the Mettle Investments Employee Share Option Program (the “**ESOP**”) have elected to waive their right to receive a comparable offer from Genfin. Accordingly, Genfin is not required to make a comparable offer to the ESOP Participants in terms of section 125(2) of the Companies Act as read with regulation 87 of the Companies Regulations, 2011.

## 8. Independent Board

- 8.1. In accordance with section 114(2) of the Companies Act, the independent board of directors of Mettle, being those directors of Mettle who act independently as contemplated in the Companies Regulations, namely Bruce Chelius, Raymond Fenner and Marco Wentzel (“the **Independent Board**”) has appointed Nodus Capital Proprietary Limited (“the **Independent Expert**”) as required in terms of section 114(2) of the Companies Act and Regulation 90 of the Companies Regulations, to provide the Independent Board with advice in relation to the Scheme Consideration, and to make appropriate recommendations to the Independent Board in relation to the Scheme Consideration.
- 8.2. The Independent Expert has performed a valuation of Mettle Shares. Taking into consideration the terms and conditions of the Scheme, the Independent Expert has issued a report in which it opines that the terms and conditions of the Scheme are fair and reasonable to the Scheme Participants.
- 8.3. The full report will be contained in the Circular (as defined in paragraph 10 below).

## 9. Responsibility Statement

- 9.1. The Independent Board accepts responsibility for the information contained in this announcement as it pertains to Mettle. To the best of the Independent Board's knowledge and belief, the information contained in this announcement as it pertains to Mettle is true and nothing has been omitted which is likely to affect the importance of such information.
- 9.2. The Offeror accepts responsibility for the information contained in this announcement as it pertains to the Offeror. To the best of the Offeror's knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of such information.

## 10. Posting of Circular and Notice of General Meeting

A circular providing full details of the Scheme and containing, *inter alia*, a notice of general meeting (“**General Meeting**”), the report by the Independent Expert, the recommendations of the Independent Board and salient dates and times relating to the Scheme will be posted to shareholders in due course (“**Circular**”). The salient dates in relation to the Scheme will be published on the JSE's Securities Exchange News Service (“**SENS**”) prior to the posting of the Circular.

## 11. Withdrawal of cautionary announcement

Shareholders are further advised that, pursuant to the publication of this firm intention announcement, the cautionary announcement released on SENS on Friday, 24 January 2020 is withdrawn.

Cape Town  
6 February 2020

**Joint Corporate Advisor and Transaction Designated  
Advisor**



Questco Proprietary Limited

**Legal Advisor to the Company**



Cliffe Dekker Hofmeyr Inc

**Independent Expert**



Nodus Capital Proprietary Limited

**Joint Corporate Advisor**



Mettle Corporate Finance Proprietary Limited

**Legal Advisor to the Offeror**



Edward Nathan Sonnenbergs Inc t/a ENSafrica