

ACCENTUATE LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2004/029691/06)
JSE Share code: ACE ISIN: ZAE000115986
("ACE" or "the Company" or "the Group")

Pruta Securities (Jersey) Limited
(Incorporated in Jersey)
(Registration Number: 8465)
("Pruta" or "the Offeror")

Jacana Investments Limited
(Incorporated in the Channel Islands)
(Registration Number: 243598)

JOINT FIRM INTENTION ANNOUNCEMENT IN RESPECT OF A SCHEME OF ARRANGEMENT AND PROPOSED DELISTING OF ACCENTUATE LIMITED AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Introduction

ACE shareholders ("Shareholders") are advised that the Board of ACE ("the Board") has received a binding offer from Pruta Securities (Jersey) Limited ("Pruta") to acquire new shares in ACE on condition that Pruta ultimately obtains outright control or at least a 51% (fifty-one *per centum*) of the ordinary issued shareholding in the Company by way of a Scheme of arrangement and de-lists the Company's shares from the JSE.

ACE Shareholders are advised, that ACE has constituted an Independent Board (details of which are provided below) to consider the binding offer it has received, and intends to propose a Scheme of Arrangement ("the Scheme") in terms of which Pruta will offer to acquire all the ordinary shares in ACE, which it does not already hold.

Shareholders are further advised that the purpose of the proposed Scheme is to expropriate the Shares of all of the Shareholders in the event that the Scheme is approved.

2. The Subscriber & Offeror

Pruta is a shareholder of ACE holding 12 004 605 of the ordinary shares in ACE or 8.61% of the issued share capital of ACE and is the offeror and subscriber for the new shares in the Company ("the Subscriber").

Pruta subscribed for 41 809 856 ordinary shares in ACE and now hold 53 814 461 ordinary shares in ACE or 29.7% of the issued share capital of ACE.

3. Concert parties

For the purposes of the Scheme, Pruta and Jacana are parties acting in concert (further details of which are provided below). The Takeover Regulation Panel has been advised accordingly.

In terms of section 115(4) of the Act, as read with section 117(1)(b), Frederick Platt is considered to be acting in concert with the Offeror and will be excluded from calculating the percentage voting rights for a quorum or the votes in support of the resolution.

4. Rationale for the Proposed Transaction

The Company has been under significant liquidity constraints and has reported ongoing financial losses over a number of reporting periods, Shareholders have also been advised of the ongoing review by the Company's principal bankers of the overdraft and other banking facilities.

The Offeror and the ACE Board believe that the Company has not derived any material benefits from being in the listed environment, having not garnered institutional shareholder support to justify the costs of the regulatory processes, Listings Requirements, compliance and associated costs with being a listed entity. The listing costs have had a significant adverse effect on the business.

The Company has over the past year disposed of various operating subsidiaries and also issued convertible loans to mitigate the cash flow constraints as a result of these losses. Notwithstanding these efforts the Group has continued to make operating losses.

Over a period of more than twelve months the board engaged with shareholders and private equity companies in an effort to recapitalise the Company. As the prospect of success diminished and the cashflow constraints increased, the options of liquidation or business rescue were tabled and considered to be the only alternative if recapitalisation was unsuccessful. The Company was solvent but was not liquid therefore the offer of ten cents a share was considered acceptable and a better solution for all stakeholders as opposed to liquidation or business rescue.

The subscription provides relief from the immediate liquidity constraints of the Group but was only procured on condition that the Company propose a Scheme of Arrangement with its shareholders (details of which are provided below) in order to de-list from the JSE.

5. Conditions precedent

The Proposed Transaction remains subject, *inter alia*, to the following condition precedent:

- The approval of the JSE, the TRP, the Competition Commission and other relevant authorities (if any) of the Proposed Transaction and all the documents associated with implementing the Proposed Transaction.

6. Subscription

Given the limitations imposed by the shareholders of ACE by way of an AGM resolution the subscription is limited to 30% (thirty per centum) of the current issued share capital of ACE, being 41 809 856 shares (forty one million eight hundred and nine thousand eight hundred and fifty six), raising R 4 180 985 (four million one hundred and eighty thousand nine hundred and eighty five rand) at 10cps (ten cents per share) ("the Subscription"). The Subscription was implemented on 30 September 2020 and settled in cash. The proceeds of the Subscription shall be used to reduce the underlying unsecured debt of ACE.

Shareholders are advised that the Subscription has not triggered a mandatory offer in terms of section 123 of the Act, as read with regulations 84 and 86 of the Companies Regulations, 2011 ("the Regulations"). Neither the

Offeror nor Jacana have, subsequent to the Subscription, acquired any further shares in ACE. Accordingly, the Offeror and Jacana are parties acting in concert for the purposes of the Scheme, and not prior thereto.

7. Offer and Delisting

A Scheme of Arrangement in terms of section 114 of the Companies Act, 71 of 2008 (“the Act”), will be proposed to shareholders at 10 cents per share. This constitutes the highest price paid by Pruta or parties acting in concert with it in terms of the Scheme over the six-month period preceding the offer.

8. Terms of the Scheme and Standby Offer

The subscription was conditional upon a scheme of arrangement and resultant delisting being proposed by the board and as such, the Independent Board will propose a scheme of arrangement in terms of section 114 of the Act in order to de-list the Company from the JSE. The Offeror wishes to expropriate the shares and delist the company and will, should the Scheme be approved, expropriate the shares of the Scheme participants in terms of section 114(1)(c) at a price of 10cps (“the Scheme”). The Scheme, if approved by the Shareholders, shall bind all Scheme participants.

In the event that the Scheme is not approved by the Shareholders, the Offeror will make a general standby offer to all the Shareholders (“Standby Offer”). The Standby Offer will be made at a price of 10cps, being the highest price paid by the offeror over the 6 months preceding the Standby Offer and will be conditional upon at least 51% of all Shareholders accepting the Standby Offer.

The Scheme and Standby Offer will not be subject to any other conditions precedent, save for those contemplated in 5 above and in paragraph 10, to the extent not already fulfilled.

9. Pro forma financial effects

The *pro forma* financial information is presented in accordance with the provisions of the JSE Listings Requirements and the Guide on Pro forma Financial Information issued by the South African Institute of Chartered Accountants.

The *pro forma* financial effects of the Subscription on Shareholders are the responsibility of the Directors and have been prepared for illustrative purposes only to provide information about how the Subscription would have affected the financial position and results of ACE and, because of its nature, may not fairly present ACE’s financial position, changes in equity, results of operations and cash flows after the Subscription.

The accounting policies of ACE for the six months ended 31 December 2019 have been used in the preparation of the pro forma financial effects and are consistent with IFRS. It has been assumed for purposes of the pro forma financial effects that the transaction took place with effect from 1 July 2019 for the statement of comprehensive income and 31 December 2019 for the statement of financial position.

	Published interim results	Pro forma	% change

	31.12.2019	results after the Transaction	
	Note 1		
net asset value per share (cents)	58.48	47.30	(19.13%)
net tangible asset value per share (cents)	56.47	45.75	(18.99)%
earnings per share ("EPS") (cents)	(8.58)	(7.42)	13.53%
Headline earnings per share ("HEPS") (cents)	(8.58)	(7.42)	13.52%
diluted earnings per share (cents)	(8.58)	(7.42)	13.53%
Diluted headline earnings per share (cents)	(8.58)	(7.42)	13.52%
Shares in issue	139 366 188	181 176 044	30.00%
Weighted average shares in issue for basic EPS	133 609 965	154 514 893	15.65%
Weighted average shares in issue for diluted EPS	133 609 965	154 514 893	15.65%
Weighted average shares in issue for basic HEPS	133 609 965	154 514 893	15.65%
Weighted average shares in issue for diluted HEPS	133 609 965	154 514 893	15.65%

Notes

1. The ACE financial information reflected in the "Before" column has been extracted from the published interim results of the Company for the six months ended 31 December 2019.

10. Payment terms & date of the Scheme and Standby Offer

The Scheme offer notice date shall be 6 November 2020. The consideration will be settled in cash within 5 days of the passing of the Scheme.

11. Standby Offer

In the event that the Scheme fails, for any reason, the Offeror will make a separate Standby Offer, in terms of section 117(1)(c)(v) of the Companies Act and paragraph 1.15(c) of the Listings Requirements, to all the Shareholders, other than the concert parties ("Eligible Shareholders"), whereby each Eligible Shareholder will be entitled to elect whether or not to dispose of all or part of their Standby Offer Shares to the Offeror for the consideration of 10 cents per share ("the Standby Offer Consideration"). The Standby Offer will be conditional upon at least 51% of all Shareholders accepting the Standby Offer.

If the Standby Offer becomes wholly unconditional and is implemented, then the listing of all the ACE Shares on the JSE will be terminated by the passing of a majority resolution of the shareholders, present or represented by proxy, in terms of paragraph 1.16 of the Listings Requirements and each Eligible Shareholder that has accepted the Standby Offer ("Standby Offer Participants") will receive the Standby Offer Consideration in cash and dispose of their Standby Offer Shares. Eligible Shareholders who have not accepted the Standby Offer, subject to the provisions of section 124(1) of the Companies Act as set out below, will remain shareholders in ACE, which will become an unlisted subsidiary of Pruta and the tradability of their ACE Shares will be limited.

12. Standby Offer Conditions

The Standby Offer will be conditional upon at least 51% of all Shareholders accepting the Standby Offer and shall be subject to all requisite regulatory approvals required for the making and implementation of the Standby Offer to be obtained from the JSE, TRP, SARB and the Competition Authorities, to the extent required.

13. Compulsory Acquisition and Squeeze Out

In the event that at least 90% of all Shareholders accept the Standby Offer, the Offeror intends to make use of the compulsory acquisition and squeeze out provisions, as contained in section 124 of the Act to acquire all of the remaining shares in ACE from the Shareholders who did not accept the Standby Offer (“the Compulsory Acquisition”).

If within 4 months after the date of the Standby Offer, and at least 90% of the Shareholders have accepted the Standby Offer the Offeror shall, within 2 further months, notify any remaining Shareholders who have not accepted the Standby Offer (“Remaining Shareholders”) in the prescribed manner and form, that the Standby Offer has been accepted by at least 90% of all Shareholders and that the Offeror desires to acquire all remaining shares.

The Offeror shall be bound after giving such notice, to acquire the remaining shares on the same terms and conditions of the General Offer. Accordingly, the Offeror shall be bound to acquire such remaining shares at a price of 10 cps, being the price per share offered in terms of the General Offer (“the Compulsory Consideration”). All remaining Shareholders shall receive the Compulsory Consideration in cash and dispose of their shares to the Offeror.

The Compulsory Acquisition shall be unconditional.

14. Cash guarantee

In compliance with regulation 111(4)(b) of the Companies Regulations, the Offeror has provided the Company with the necessary confirmation from Sasfin Securities Proprietary Limited that sufficient cash is held in favour of the Eligible Shareholders for the sole purpose of discharging the Scheme Consideration or the Standby Offer Consideration. The aggregate cash consideration amounts to R8 740 017.

15. Arrangement, agreements, and undertakings

Pruta is a shareholder of ACE holding 53 814 461 of the ordinary shares in ACE or 29.7% of the issued share capital of ACE.

Jacana is a shareholder of ACE holding 13 541 684 of the ordinary shares in ACE or 9.72% of the issued share capital of ACE.

Save for the above, there are no arrangements, agreements or undertakings between ACE and Pruta directors of ACE, any person who was a director of ACE in the previous 12 months, any shareholder of ACE or any shareholder of ACE in the previous 12 months, that is material to the Standby Offer.

The Company has received irrevocable undertakings from the parties in the table below to vote in favour of the Scheme, and to vote in favour all the resolutions required to implement the Scheme.

Shareholder	Shares held	% of issued share capital	% of eligible votes
TBI Strategic Partners (Pty) Ltd	40 310 792	28.92%	46.12%
Thebe Investment Corporation (Pty) Ltd	17 653 443	12.67%	20.20%
Total	57 964 235	41.59%	66.32%

16. Eligible votes

Ordinary shares in issue	139 366 188	100%
Excluded from voting	51 966 018	37.29%
Eligible votes	87 400 170	62,71%
Irrevocables received	57 964 235	66.32%

17. Termination Events

The Scheme and/or Standby Offer, as the case may be, will terminate with immediate effect, if any or all of the Conditions Precedent, Scheme Conditions or Standby Offer Conditions have not been fulfilled or waived on or before the relevant date/s for fulfilment or waiver.

18. Independent Board, Independent Expert and Recommendations

As required in terms of the Companies Act and Companies Regulations, ACE has constituted an independent board comprising Ralph Bruce Patmore, Pieter Slabbert Kriel and Andile Mjamekwana, all of whom are independent non-executive directors of Accentuate (“the ACE Independent Board”) to consider, *inter alia*, the terms and conditions of the Scheme, and Standby Offer. The ACE Independent Board has appointed Merchantec Capital as an independent expert to provide the ACE Independent Board with external advice regarding the Scheme, and Standby Offer and to make appropriate recommendations to the ACE Independent Board for the benefit of ACE Shareholders.

19. The Independent Board and Board Responsibility Statement

The directors of ACE, insofar as the information in this Announcement relates to ACE:

- Collectively and individually accept full responsibility for the accuracy of this information given in this Announcement;
- Certify that, to the best of their knowledge and belief, the information in this Announcement is true and correct; and

Certify that, the Announcement relating to ACE does not omit anything likely to affect the importance of the information relating to the Scheme and the Standby Offer.

20. Pruta Responsibility Statement

- accepts responsibility for the information contained in this announcement;
- confirms that to the best of each member's respective knowledge and belief, the information contained in this announcement relating to Pruta is true; and
- confirms that this announcement relating to Pruta does not omit anything likely to affect the importance of the information relating to the Subscription, Scheme and Standby Offer.

21. The Delisting

The listing of the ACE Shares on the JSE will be terminated subject to:

- the Scheme becoming operative; or
- the Resolution for the Delisting being approved by the requisite majority of Shareholders at the General Meeting and the Standby Offer being implemented.

22. Circular and salient dates

ACE and Pruta will issue a combined circular to Shareholders, containing full terms and conditions of the Scheme and Standby Offer, Delisting and a notice to convene the General Meeting ("Circular"). The Circular is expected to be posted on or about Monday, 9 November 2020.

23. Withdrawal of Cautionary announcement

Shareholders are referred to the various cautionary announcements the last of which was dated 4 September 2020 and are advised that as the details of the Scheme and Standby Offer and Delisting are now disclosed caution is no longer required to be exercised by Shareholders when dealing in their securities.

Johannesburg

12 October 2020

Designated Adviser: Bridge Capital Advisors Proprietary Limited

Legal Adviser: Fullard Mayer Morrison Inc.