

HULISANI LIMITED

Incorporated in the Republic of South Africa
(Registration number: 2015/363903/06)
Share code: HUL
ISIN: ZAE000212072
("Hulisani")

REATILE SOLAR POWER 2 PROPRIETARY LIMITED

Incorporated in the Republic of South Africa
(Registration number: 2019/313309/07)
("Reatile")
a wholly-owned subsidiary of:
REATILE GROUP PROPRIETARY LIMITED
Incorporated in the Republic of South Africa
(Registration number: 2003/027219/07)
("Reatile Group")

JOINT ANNOUNCEMENT OF REATILE'S FIRM INTENTION TO MAKE AN OFFER TO ACQUIRE ALL OF THE ISSUED ORDINARY SHARES IN HULISANI BY WAY OF A SCHEME OF ARRANGEMENT, THE DELISTING OF ALL HULISANI'S ORDINARY SHARES FROM THE JSE AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Introduction

Further to the cautionary announcements released on the Stock Exchange News Service of the JSE Limited ("**JSE**") on Friday, 2 July 2021, Monday, 16 August 2021 and Tuesday, 28 September 2021, holders of Hulisani ordinary shares ("**Hulisani Shareholders**") are hereby advised that on 9 November 2021 ("**Signature Date**"), Hulisani and Reatile, a wholly-owned subsidiary of the Reatile Group (the "**Parties**") entered into an offer and implementation agreement ("**Implementation Agreement**") pursuant to which Reatile intends to make an offer (the "**Offer**") to acquire all of the issued ordinary shares in the share capital of Hulisani ("**Hulisani Shares**" or "**Scheme Shares**") from the Hulisani Shareholders ("**Scheme Participants**") by way of a scheme of arrangement ("**Scheme**" or the "**Proposed Transaction**") in terms of section 114 of the Companies Act, 71 of 2008, as amended ("**Companies Act**") and the "**Takeover Regulations**", being the regulations published in terms of sections 120 and 223 of the Companies Act and set out in Chapter 5 of the Companies Regulations, 2011, promulgated under the Companies Act.

In terms of the Implementation Agreement, Reatile has agreed to make the Offer to acquire the Hulisani Shares from Hulisani Shareholders for a consideration of R4.30 per Hulisani Share, payable in cash ("**Scheme Consideration**"), plus an agterskot payment ("**Agterskot Payment**"), if any, as defined and more fully described in paragraph 6.2 below, subject to the fulfilment or waiver, as applicable, of the conditions precedent to the Scheme ("**Conditions Precedent**") as set out in paragraph 8 below. Upon implementation of the Scheme, it is proposed that all of the Hulisani Shares will be delisted from the JSE in terms of paragraph 1.17(b) of the JSE Listings Requirements.

The Hulisani board of directors ("**Hulisani Board**") has in accordance with regulation 108 of the Takeover Regulations constituted an independent board of directors comprising Mr Patrick Birkett, Ms Karabo Kekana and Ms Dudu Hlatshwayo ("**Independent Board**") to, amongst others, consider the terms of the Proposed Transaction and make a recommendation to the Hulisani Shareholders in respect thereof.

The purpose of this announcement ("**Firm Intention Announcement**") is to advise Hulisani Shareholders of Reatile's firm intention to proceed with the Offer and specifically the terms and conditions of the Scheme.

2. Irrevocable undertaking

Mazi Asset Managers Proprietary Limited, which entity in its capacity as investment manager, is in control of, and mandated by its clients (who are Hulisani Shareholders) in respect of 38 447 532 Hulisani Shares, which equate to 77% of the total voting rights in Hulisani, has furnished an irrevocable undertaking to vote all such shares in favour of the resolutions required to implement the Scheme ("**Requisite Resolutions**").

3. Information about Hulisani

Hulisani is an energy investment company which has been listed on the Main Board of the JSE since 2016. Hulisani's projects include both renewable and conventional energy. Hulisani's current focus is on assets in South Africa, however, Hulisani is well positioned to take advantage of the anticipated growth across all renewable

energy categories across Africa, supported by positive government policy and the African Continental Free Trade Agreement.

4. Information about Reatile and Reatile Group

Reatile is a wholly-owned subsidiary of Reatile Group and a company established for purposes of acquiring the Hulisani Shares.

Reatile Group is a 100% black-owned, 30% black woman owned South African investment holding company formed in 2003 focused on the energy, petrochemical and industrial sectors. It has a proven track record of successfully operating, maintaining/managing and growing a portfolio of energy investments alongside some of the largest energy companies in South Africa and the world.

Further, through its active participation in all aspects of the energy sector, the Reatile Group management team has developed and maintains, sustainable, professional relationships with all key players in the energy sector, including the Department of Mineral Resources and Energy, industry regulators and industry participants.

Since its incorporation, Reatile Group has concluded 17 acquisitions, disposals and merger transactions (including associated fund raising) and has been actively involved in the funding and implementation of 14 major organic growth projects.

5. Rationale for the Offer

Hulisani listed on the JSE in 2016 as a Special Purpose Acquisition Company to take advantage of investor demand for energy assets in South Africa and greater Sub-Saharan Africa. Its reasons for listing included, *inter alia*, access to institutional investment funding and the potential to use its shares as acquisition currency.

Since listing, however, Hulisani has been unable to attract further institutional interest to justify the limitations imposed by the regulatory processes and the ongoing compliance costs incidental to being listed on the JSE. Its ability to raise capital is not only hampered by the lack of investment interest in small, illiquid counters, but also by its current share price which is trading at a deep discount to their underlying net asset value and results in any capital raise at market value being highly dilutive to Hulisani Shareholders.

The Hulisani Board has therefore resolved to propose the Scheme to provide Hulisani Shareholders with the ability to realise their investment in Hulisani at a price higher than the 90-day and 120-day volume weighted average price (“**VWAP**”) of Hulisani Shares of R3.55 and R2.41, respectively, (measured with reference to the date preceding the date of this Firm Intention Announcement), and before taking into account the potential benefit of the Agterskot Payment (if any) more fully described in paragraph 6.2 below.

As part of Reatile Group’s strategic ambitions, its strategy contemplates creating value for its shareholders by investing in sectors that are aligned to energy, petro-chemicals and the industrial sector.

Reatile Group believes that the Proposed Transaction would align well to its group strategy, and further brings the additional benefits of:

- Reatile bringing a management team with a deep understanding of the sector and proven track record;
- creating scale and providing an immediate strategic impact to Reatile Group; and
- affording Reatile Group the opportunity to explore synergies in Hulisani by utilising Reatile’s ability to operate and manage Hulisani’s investment portfolio on a rationalised basis.

6. The Scheme Consideration and Agterskot Payment

6.1. Scheme Consideration

The Scheme will, if implemented, result in the payment of the Scheme Consideration, being an initial cash consideration of R4.30 per Scheme Share.

The Scheme Consideration is based on 50 000 020 Hulisani Shares in issue and therefore values the entire issued ordinary share capital of Hulisani at R215 000 086 (which, for the avoidance of doubt, excludes the Agterskot Payment (if any) as detailed in paragraph 6.2 below).

The Scheme Consideration represents a 3% and 21% premium to the closing price and 90-day VWAP of Hulisani Shares respectively, as at the close of trade on the date immediately prior to the Signature Date.

6.2. The Agterskot Payment

6.2.1. Background

Hulisani holds 50% of the issued ordinary shares in Pele SPV 13 Proprietary Limited (“**Pele 13**”) (“**Pele 13 Shares**”) and all the issued preference shares in Pele SPV 198 Proprietary Limited (“**Pele 198**”) (“**Pele 198 Preference Shares**”) which in turns holds the remaining 50% of the issued ordinary shares in Pele 13. Pele Green Energy Proprietary Limited holds all the issued ordinary shares in Pele 198.

Pele 13 holds 25% of the issued ordinary shares in GRI Wind Steel South Africa Proprietary Limited (“**GRI SA**”) (“**GRI Shares**”), with the remaining issued ordinary shares in GRI SA being held by GRI Renewables Industries. S.L (“**GRI SL**”).

In terms of a share sale and shareholders agreement between Pele 13 and GRI SL, Pele 13 has a right/put option to require GRI SL (during the period of two months which commences on the fifth anniversary of the conclusion of the agreement (i.e. 7 March 2022)) to purchase the GRI Shares from it (the “**GRI Put Option**”), at a price equal to the purchase consideration which Pele 13 originally paid therefor (being c. R82 500 000.00 less any dividends that may have been paid to Pele 13 in respect of the GRI Shares (being, as the Signature Date, R *nil*) (the “**GRI Put Option Consideration**”).

6.2.2. Agterskot Payment Mechanism

The purpose of the Agterskot Payment is to ensure that any net proceeds of the GRI Put Option Consideration and distributions in respect of the Pele 198 Preference Shares that may be received by Hulisani in respect of any effective realisation by Hulisani, after the Scheme record date, of its indirect interests (via the Pele 13 Ordinary Shares and the Pele 198 Preference Shares) in the GRI Shares, will in effect accrue for the benefit of, and be payable by or on behalf of Reatile to, the Scheme Participants, in the form of an additional consideration for their Scheme Shares.

The Agterskot Payment, if any, will take the form of a payment from Reatile of an amount to each Scheme Participant equal to its shareholder proportion (being the proportion which its Scheme Shares bear to all the Scheme Shares on the record date of the Scheme) of an amount equal to the amount of any realisation or distribution contemplated in the paragraph above which has been received by Hulisani less an amount equal to (i) any and all taxes that may be payable by Hulisani in respect thereof; and (ii) any and all reasonable and verifiable costs or expenses that may have been or are required to be incurred by Hulisani or Reatile (the resultant amount being the “**Applicable Agterskot Amount**”).

If Hulisani receives any distribution of proceeds in respect of any effective realisation of the GRI Put Option (as well as any distributions in relation to the Pele 198 Preference Shares), Reatile will calculate the Applicable Agterskot Amount, if any, and shall procure that the Applicable Agterskot Amount is, as soon reasonably possible thereafter, audited by the statutory auditor of Reatile with a view to confirming that the quantum of the Applicable Agterskot Amount has been correctly calculated. Thereafter, Hulisani will pay (on behalf of Reatile, as part of the Scheme Consideration owing to Scheme Participants) to the existing transfer secretary of Hulisani (the “**Transfer Secretary**”) an amount equal to the Applicable Agterskot Amount and notify Scheme Participants of the Applicable Agterskot Amount.

The Transfer Secretary shall, as soon as reasonably possible after receipt of any amount contemplated above, apply such amount in order to settle and pay to Scheme Participants the Applicable Agterskot Amount, such settlement and payment to take place as far as practicably possible in the same manner and by applying the same procedures as is applicable to the settlement and payment of the Scheme Consideration.

Full details regarding the terms and conditions, including the notification, settlement and payment of the Applicable Agterskot Amount to Scheme Participants, will be contained in the joint scheme circular to be distributed to Hulisani Shareholders ("**Circular**").

7. Proposed Transaction mechanism

- 7.1. The Hulisani Board will propose the Scheme to Hulisani Shareholders for consideration, as a scheme of arrangement in terms of section 114 of the Companies Act between Hulisani and the Hulisani Shareholders, and to which Reatile shall be a party, in terms of which Scheme Participants shall dispose of their Scheme Shares to Reatile for the Scheme Consideration and the Agterskot Payment (if any), on and subject to the terms and conditions of the Scheme contemplated in the Implementation Agreement and the Circular.
- 7.2. In terms of the Implementation Agreement, the Hulisani Board has undertaken to propose the Scheme to Hulisani Shareholders in accordance with section 114 of the Companies Act and the Takeover Regulations, and to ensure that Hulisani Shareholders are given the opportunity to consider the Scheme and the Requisite Resolutions at the meeting of Hulisani Shareholders to be convened in connection with the Scheme and, if deemed fit, to approve, with or without modification, the Requisite Resolutions, including any adjournment or postponement thereof ("**Scheme Meeting**").
- 7.3. In terms of the Scheme, Reatile will, on the business day on which the Scheme becomes operative and is implemented in accordance with its terms, acquire all of the Scheme Shares held by Scheme Participants for the Scheme Consideration and the Agterskot Payment (if any).
- 7.4. The Scheme Consideration will be settled by payment in cash to the Scheme Participants on the date on which Hulisani Shareholders are required to be reflected as such in the register in order to receive the Scheme Consideration pursuant to the Scheme, in accordance with the settlement procedures set out in the Circular.
- 7.5. Any Agterskot Payment which becomes payable will be settled and paid subsequently as envisaged in paragraph 6.2.2 above.
- 7.6. Should the Scheme be approved by Hulisani Shareholders, and thereafter become unconditional and operative in accordance with its terms, Reatile will acquire the entire issued ordinary share capital of Hulisani, and Hulisani will become a wholly-owned subsidiary of Reatile, after which the listing of Hulisani Shares on the JSE will be terminated.

8. Conditions Precedent

Implementation of the Proposed Transaction will be subject to the fulfilment or waiver (in whole or in part) of the following Conditions Precedent:

- 8.1. by not later than 17h00 on 28 February 2022, the approval by the requisite majority of Hulisani Shareholders of the resolutions necessary to implement the Scheme, as contemplated by the Companies Act;
- 8.2. by not later than 17h00 on 28 February 2022, to the extent required under section 115(3) of the Companies Act, approval of the implementation of the special resolution, as contemplated in section 115(2) of the Companies Act ("**Scheme Resolution**") by any court of competent jurisdiction ("**Court**") is obtained and, if applicable, Hulisani not having treated the Scheme Resolution as a nullity (which it may not do unless it is instructed to do so by Reatile), as contemplated in section 115(5)(b) of the Companies Act;

- 8.3. by not later than 17h00 on 28 February 2022, Reatile has procured the written consent of the Department of Minerals and Energy of the change of indirect control of Rustmo1 Solar Farm (RF) Proprietary Limited (“**Rustmo**”) (an investee company of Hulisani) that would result from the implementation of the Scheme;
- 8.4. by not later than 17h00 on 28 February 2022, Reatile has procured that the counterparties to any debt funding in relation to Rustmo and Kouga Wind Farm (RF) Proprietary Limited have (both investee companies of Hulisani), to the extent required, provided such consents or approvals, in writing, as may be required under the relevant agreements relating to such debt funding in order for the Scheme to be implemented without triggering any event of default or other potential adverse consequence under such relevant agreements;
- 8.5. as at 12h00 on the business day immediately following the last day on which a valid demand made in terms of section 164(5) to (8) of the Companies Act (“**Valid Demand**”) may be made by a Hulisani Shareholder in respect of the Scheme in terms of section 164(7) of the Companies Act, Hulisani has not received Valid Demands from Hulisani Shareholder/s holding in aggregate more than 4% of all the issued Hulisani Shares;
- 8.6. by not later than 17h00 on 28 February 2022, to the extent required, the receipt of the unconditional approval of the Scheme in writing by the relevant South African competition authority/ies, to the extent required in terms of the Competition Act, 89 of 1998, as amended, or if such approval is conditional, such conditions being acceptable to the Parties upon whom they are imposed or upon whom they have an impact;
- 8.7. by not later than 17h00 on 28 February 2022, all regulatory approvals legally necessary for the implementation of the Scheme (including any exchange control approvals and approvals of the JSE, but excluding the approvals by the competition authorities as contemplated in paragraph 8 and the issue of the compliance certificate by the Takeover Regulation Panel (“**TRP**”) as contemplated in paragraph 8.11 below) have been obtained on an unconditional basis or if any such approval is conditional, such conditions being acceptable to the Parties upon whom they are imposed or upon whom they have an impact;
- 8.8. as at 17h00 on the date on which the last of the Conditions Precedent in paragraphs 8.1 to 8.7 above has been fulfilled or waived, none of the following events shall have occurred in respect of Hulisani –
- 8.8.1. any corporate action, legal proceedings or other procedure or step (including an application to Court, proposal of a resolution or convening of a meeting of shareholders, directors or other officers) is taken by any person other than Reatile Group, any person related to Reatile Group (being any person who is a related party to Reatile Group, as contemplated in section 2 of the Companies Act), or any person acting in concert with any of them with a view to (i) a moratorium, compromise, composition, business rescue or similar arrangement with any of its creditors or (ii) its winding-up, dissolution or commencement of business rescue proceedings, or for the seeking of relief under any applicable bankruptcy, insolvency, company or similar law, or any such resolution; or
- 8.8.2. the value of its assets is less than its liabilities or it is unable to pay its debts as they fall due;
- 8.9. (i) as at 17h00 on the date on which the last of the Conditions Precedent in paragraphs 8.1 to 8.7 above has been fulfilled or waived, no Material Adverse Event (as defined in the Implementation Agreement) has occurred (and this condition will be regarded as having been fulfilled unless Reatile has informed Hulisani by no later than such time that that condition has not been fulfilled); or (ii) if Reatile has delivered a notice to Hulisani that a Material Adverse Event has occurred, then by the 20th business day after the appointment of an independent expert to determine if a Material Adverse Event occurred, Reatile and Hulisani having agreed in writing, or the independent expert having determined, that no Material Adverse Event has occurred, provided that if the independent expert does not make a determination within the aforementioned 20 business day period, this condition will be deemed not to have been fulfilled;

- 8.10. as at 17h00 on the date on which the last of the Conditions Precedent in paragraphs 8.1 to 8.7 above has been fulfilled or waived (where a Condition Precedent is capable of being waived), a certificate having been delivered to Reatile by the financial director of Hulisani, and it confirms that the interim conduct provisions contained in the Implementation Agreement have been fully complied with, and are expected to be complied with as at the operative date of the Scheme; and
- 8.11. by not later than 17h00 on 28 February 2022, the TRP has issued a compliance certificate in relation to the Scheme in terms of section 119(4)(b) of the Companies Act.

The Conditions Precedent in paragraphs 8.4, 8.5, 8.8, 8.9, and 8.10 are for the benefit of Reatile and may be waived or relaxed by Reatile in its sole discretion by notice in writing to Hulisani prior to the expiry of the time period set out in those respective clauses (or such extended time period as may be agreed in writing between the parties, in accordance with the Implementation Agreement). The Condition Precedent in paragraph 8.3 has been inserted for the benefit of both Hulisani and Reatile and may be waived or relaxed by written agreement between Hulisani and Reatile prior to the expiry of the time period set out in that paragraph. The Conditions Precedent in paragraphs 8.1, 8.2, 8.6, 8.7 and 8.11 cannot be waived.

On the first business day on which Hulisani and Reatile are satisfied that all the Conditions Precedent have been fulfilled or waived (as the case may be), Hulisani and Reatile will confirm to each other in writing that all the Conditions Precedent have been fulfilled or waived (to the extent permitted), as the case may be, whereupon all the Conditions Precedent will be deemed to have been timeously fulfilled or waived in accordance with the Implementation Agreement. An announcement will be released on the Stock Exchange News Service of the JSE (and, if required, published in the South African press) as soon as possible after the fulfilment, waiver or non-fulfilment, as the case may be, of the Conditions Precedent.

9. Funding

Reatile will fund the Scheme Consideration from its own available cash resources. In accordance with regulations 111(4) and 111(5) of the Takeover Regulations, Reatile has procured from Rand Merchant Bank, a division of FirstRand Bank Limited, and has delivered to the TRP, an irrevocable unconditional bank guarantee that it holds sufficient cash for the sole purpose of satisfying the Scheme Consideration.

10. Beneficial interests in Hulisani and concert party arrangements

Reatile does not hold or control, whether directly or indirectly, any beneficial interest in Hulisani and does not have any arrangements, including any option to purchase, to acquire any beneficial interest in Hulisani, other than pursuant to the Proposed Transaction. Reatile is not acting in concert with any other person.

11. Independent Expert's Report

The Independent Board has appointed PKF Octagon ("**Independent Expert**") as the independent expert in terms of section 114(2) of the Companies Act and regulation 90 of the Takeover Regulations to provide the Independent Board with an opinion in relation to the Scheme Consideration ("**Independent Expert's Report**").

The Independent Expert's Report and views and recommendation of the Independent Board will be included in the Circular.

12. Posting of Circular and notice of Scheme Meeting

A Circular providing full details of the Scheme and containing, *inter alia*, a notice of the Scheme Meeting, the Independent Expert's Report, recommendations of the Independent Board and the Hulisani Board and the salient dates and times relating to the Scheme is expected to be distributed to Hulisani Shareholders on or about Tuesday, 7 December 2021. A further announcement setting out details of the salient dates and times will be published in due course.

13. Responsibility statements

The Independent Board accepts responsibility for the information contained in this Firm Intention Announcement insofar as it relates to Hulisani. To the best of its knowledge and belief, the information contained in this Firm Intention Announcement is true and the announcement does not omit anything likely to affect the importance of the information.

The board of directors of Reatile accepts responsibility for the information contained in this Firm Intention Announcement insofar as it relates to Reatile and the Reatile Group. To the best of its knowledge and belief, the information contained in this Firm Intention Announcement is true and the announcement does not omit anything likely to affect the importance of the information.

14. Withdrawal of cautionary announcement

Following the release of this Firm Intention Announcement, Hulisani Shareholders are advised that they are no longer required to exercise caution when dealing in their Hulisani Shares.

9 November 2021
Sandton

Corporate advisor and transaction sponsor to Hulisani
Questco Proprietary Limited

Legal advisor to Hulisani
Webber Wentzel Attorneys

Investment bank and corporate advisor to Reatile Group
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