

Sephaku Holdings Limited  
(Incorporated in the Republic of South Africa)  
(Registration number: 2005/003306/06)  
Share code: SEP  
ISIN: ZAE000138459  
("SepHold" or "the Company")



**NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA, HONG KONG, JAPAN AND ANY OTHER JURISDICTION WHERE THE EXTENSION OR MAKING OF THE RIGHTS OFFER WOULD BE UNLAWFUL OR IN CONTRAVENTION OF APPLICABLE LAW. THIS ANNOUNCEMENT DOES NOT CONSTITUTE OR FORM AN OFFER OF SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION.**

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**DECLARATION ANNOUNCEMENT IN RESPECT OF A PARTIALLY UNDERWRITTEN, RENOUNCEABLE RIGHTS OFFER**

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Shareholders are referred to the announcement released on SENS on 13 December 2019, in which the board of directors of SepHold ("**the Board**") advised of its intention to raise approximately R50 million in equity. Following a detailed review of the Company's capital requirements, the Board hereby advises shareholders that it intends to raise approximately ZAR37.5 million by way of a partially underwritten, renounceable rights offer ("**the Rights Offer**").

**1. SALIENT TERMS OF THE RIGHTS OFFER**

- 1.1. In terms of the Rights Offer, 46 270 261 new ordinary SepHold shares ("**Rights Offer Shares**") will be offered to SepHold shareholders recorded in the share register at the close of business on Friday, 31 January 2020 ("**Record Date**"), at a Rights Offer Issue Price of 81 cent per Rights Offer Share, in the ratio of 1 Rights Offer Share for every 4.5 SepHold ordinary shares ("**SepHold Shares**") held on the Record Date.
- 1.2. The Rights Offer Issue Price represents a discount of approximately 10.4% to the 30-day volume weighted average share price of SepHold Shares on the JSE on Tuesday, 14 January 2020, being the date on which the Rights Offer price was agreed.
- 1.3. Excess applications for Rights Offer Shares will be allowed. The Rights Offer is not conditional upon any minimum subscription being obtained.
- 1.4. The Rights Offer Shares to be issued will rank *pari passu* with the existing issued SepHold Shares.
- 1.5. Only whole numbers of Rights Offer Shares will be issued and accordingly fractional entitlements of 0.5 or greater will be rounded up and less than 0.5 will be rounded down.

## 2. RATIONALE FOR THE RIGHTS OFFER

- 2.1. Given the current market and trading conditions, resulting in, *inter alia*, reduced profitability numbers, the Board has taken a decision to focus on prudent debt management, and decreasing net debt levels, through an increase in cash balances. This strategy was communicated to shareholders in the latest financial results.
- 2.2. A decrease in net debt levels (through an increase in available cash reserves) is also necessary to ensure the group's continued compliance with debt covenants imposed by the group's lenders.
- 2.3. Accordingly, the proceeds from the Rights Offer will be used by SepHold to settle the Rights Offer expenses, with the remaining balance being retained by the Company in an interest-bearing cash reserve account. The increase in cash reserves will effectively reduce the net debt to acceptable levels, and thereby ensure continued compliance with certain debt covenants pertaining to the Company's net debt levels.

## 3. UNDERWRITING AND BRIDGE LOAN

Safika Resources Proprietary Limited (“**the Underwriter**”) has entered into an agreement with the Company in terms of which, *inter alia*, (i) the Underwriter advanced a bridge loan of an aggregate amount of R25 million as a bullet loan on 21 January 2020 (“**the Bridge Loan**”), (ii) the Underwriter agreed to subscribe for up to a maximum of 30 864 198 Rights Offer Shares, for a maximum subscription amount of R25 million (“**the Subscription Amount**”) and (iii) the Bridge Loan shall be automatically set-off against the Subscription Amount on the settlement date, with any remaining balance repayable on demand by the Underwriter. In terms of the agreement, an underwriting fee of R1,250,000, excluding VAT, which is equal to 5% of the total capital committed by the Underwriter, is payable by the Company to the Underwriter.

The Board, after due and careful enquiry, are of the opinion that the Underwriter has sufficient resources to meet its financial commitments in terms of the bridge loan and underwriting agreement.

## 4. CAPITAL COMMITMENTS

- 4.1. SepHold has received the following commitments by the shareholders listed below to follow their rights in respect of the SepHold Shares indicated:

Name of Shareholder	Number of Shares held before the Rights Offer	% Shareholding before the Rights Offer	Number of Rights Offer Shares to be taken up	Quantum of total capital committed
Allan Gray Proprietary Limited (Note 1)	40 111 770	19.3%	8 913 727	R7 220 119
Kenneth John Capes	5 940 858	2.9%	1 320 191	R1 069 354
Truffle Asset Management	15 190 615	7.3%	3 375 692	R2 734 311
<b>Total</b>	<b>61 243 243</b>	<b>29.5%</b>	<b>13 609 610</b>	<b>R11 023 784</b>

1. Allan Gray Proprietary Limited is the appointed discretionary investment manager of clients who are beneficial and/or registered holders of SepHold Shares. Allan Gray Proprietary Limited is not the beneficial owner of the shares and has irrevocably undertaken to procure the shares on behalf of its clients. This commitment is subject to the continuing mandates of its clients in their current form and in the absence of any instructions from its clients to the contrary.

4.2. A commitment fee of 3% of their capital committed is payable by the Company to each of the aforementioned shareholders.

## 5. SALIENT DATES AND TIMES

**2020**

Finalisation announcement released on SENS	Thursday, 23 January
Finalisation announcement published in the press	Friday, 24 January
Publication of Rights Offer circular (" <b>Circular</b> ") on the Company's website	Monday, 27 January
Last day to trade in Shares in order to participate in the Rights Offer (cum rights)	Tuesday, 28 January
Shares commence trading ex-rights on the JSE at 09:00 on	Wednesday, 29 January
Listing of Letters of Allocation under JSE Code SEPN and ISIN: ZAE000280434 at 09:00	Wednesday, 29 January
Circular and Form of Instruction emailed/posted to Certificated Shareholders	Thursday, 30 January
Record Date for the Rights Offer	Friday, 31 January
<b>Rights Offer opens at 09:00 on</b>	<b>Monday, 03 February</b>
Dematerialised shareholders accounts at their CSDP or Broker credited with their entitlement of Letter of Allocation at 09:00 on	Monday, 03 February
Certificated shareholders' letters of allocation credited to an electronic account held at the Transfer Secretaries at 09:00 on	Monday, 03 February
Circular and Form of Instruction emailed/posted to dematerialised Shareholders	Monday, 03 February
Last day to trade in letters of allocation on the JSE	Tuesday, 11 February
Certificated Shareholders wishing to <b>sell all or part</b> of their entitlement must lodge their Form of Instruction with the Transfer Secretaries by 12:00	Tuesday, 11 February
Listing of, and trading in, the Rights Offer Shares on the JSE commences at 09:00 on	Wednesday, 12 February

Certificated shareholders wishing to <b>renounce</b> or <b>subscribe</b> for all or part of their entitlement must lodge their Form of Instruction together with their payment with the Transfer Secretaries by 12:00	Friday, 14 February
Record Date for the letters of allocation	Friday, 14 February
<b>Rights Offer closes at 12:00 on</b>	<b>Friday, 14 February</b>
Rights Offer Shares issued and posted to shareholders in certificated form (where applicable) on or about	Monday, 17 February
Dematerialised shareholders' CSDP or Broker accounts updated and credited with Rights Offer Shares on	Monday, 17 February
Results of Rights Offer announced on SENS	Monday, 17 February
Refunds made to shareholders in respect of unsuccessful excess applications	Wednesday, 19 February
Shares issued in respect of excess applications (if applicable)	Wednesday, 19 February

**Notes:**

1. Shareholders may not dematerialise or rematerialise their SepHold Shares between Wednesday, 29 January 2020, and Friday, 31 January 2020, both dates inclusive.
2. All references to dates and times are to local dates and times in South Africa.
3. The above dates and times are subject to amendment. Any such amendment will be released on SENS.
4. CSDPs effect payment in respect of dematerialised shareholders on a delivery-versus-payment method.

**6. FOREIGN SHAREHOLDERS**

Any qualifying shareholder resident outside the common monetary area who receives the Circular and form of instruction should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such form of instruction.

The Rights Offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer and the Circular and Form of Instruction should not be forwarded or transmitted by recipients thereof to any person in any territory other than where it is lawful to make such an offer.

The letters of allocation and the Rights Offer Shares have not been and will not be registered under the Securities Act of 1933, as amended (the "**U.S. Securities Act**"), U.S. Securities Act, or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state and other securities laws of the United States.

There will be no public offer of the letters of allocation and the Rights Offer Shares in the United States. The Rights Offer Shares are being offered and sold in offshore transactions in compliance with Regulation S of the U.S. Securities Act and subject to limited exceptions, are not being sold in the United States. The Circular does not constitute an offer of any securities for sale in the United States or to United States persons.

The Rights Offer contained in the Circular does not constitute an offer in the District of Columbia, the United States, the Dominion of Canada, the Commonwealth of Australia, Japan or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer (“**Non-qualifying Shareholder**”). Non-qualifying shareholders should consult their professional advisors to determine whether any governmental or other consents are required, or other formalities need to be observed to allow them to take up the Rights Offer Shares or trade in those shares.

Shareholders holding SepHold Shares on behalf of persons who are Non-qualifying Shareholders, are responsible for ensuring that taking up the Rights Offer, or trading therein, do not breach regulations in the relevant overseas jurisdictions.

To the extent that Non-qualifying Shareholders are not entitled to participate in the Rights Offer as a result of the aforementioned restrictions, such Non-qualifying Shareholders should not take up their Rights Offer entitlement or trade-in their Rights Offer entitlement and should allow their Rights in terms of the Rights Offer to lapse.

Centurion  
21 January 2020

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Sponsor to Sephaku Holdings: Questco Corporate Advisory (Pty) Ltd

**About Sephaku Holdings Limited**

Sephaku Holdings Limited (“SepHold”) is a building and construction materials company with a portfolio of investments in the cement sector in South Africa. The company’s core investments are a 36% stake in Dangote Cement South Africa (Pty) Ltd (Sephaku Cement) and 100% in Métier Mixed Concrete (Pty) Ltd. The strategy of SepHold is to generate growth and realise value for shareholders through the production of cement and ready mixed concrete in Southern Africa.

[www.sephakuholdings.com](http://www.sephakuholdings.com)