
CONDUIT CAPITAL LIMITED
Incorporated in the Republic of South Africa
(Registration number 1998/017351/06)
Share code: CND ISIN: ZAE000073128
("Conduit Capital" or "the Company")

DISPOSAL OF SHARES IN CALGRO M3 HOLDINGS LIMITED

1. INTRODUCTION

The Board of Directors of Conduit Capital ("**Board**") informs shareholders that the Company's wholly-owned subsidiary, Snowball Wealth Proprietary Limited ("**the Seller**") has concluded a Sale of Shares Agreement ("**Sale Agreement**") with Calgro M3 Holdings Limited ("**Purchaser**" or "**Calgro**") for the disposal of 6 750 000 Calgro shares ("**Sale Shares**"), subject to certain conditions precedent ("**the Transaction**"), as set out below.

2. NATURE OF CALGRO

Calgro is a property and property-related investment company focusing on the large addressable markets of residential property and memorial parks. The business develops large-scale integrated housing developments and high quality memorial parks. These projects profitably serve the needs of millions of South Africans where the housing shortfall is estimated at between 2 and 4 million units, with annual production in South Africa at only around 100,000 units.

3. SALIENT TERMS OF THE TRANSACTION

3.1 Rationale for the Transaction and Application of Proceeds

Conduit Capital applies a waterfall approach in terms of our investment strategy to determine capital allocation priorities. First, the solvency and liquidity of Constantia Insurance Group ("**CIG**") must be met. Second, the Company supports organic or inorganic growth opportunities for CIG. Third, investments in general equities and private opportunities are considered and fourth, Conduit Capital considers the repurchase of its own shares. Significant organic and inorganic growth opportunities exist for the insurer and in the Board's view Conduit Capital's shares trade well below intrinsic value. Therefore, the Company is reallocating capital to support these opportunities. Post the Transaction, the Company will still retain a significant shareholding in Calgro.

3.2 Disposal consideration and effective date

3.2.1 The disposal consideration payable for the Sale Shares shall be R14 175 000, to be received in cash on the effective date of the Transaction.

3.2.2 The effective date of the Transaction shall be the date of fulfilment of the last of the conditions precedent set out in paragraph 4 below.

4. CONDITIONS PRECEDENT

The Transaction is subject to the fulfilment of the following conditions precedent:

Within 90 days of the date of signature of the Sale Agreement:

4.1 The shareholders of the Purchaser shall approve the Transaction as required by paragraph 5.69(b) of the JSE Listings Requirements, by way of a special resolution at a meeting called for that purpose.

4.2 The Purchaser shall obtain all regulatory approvals for the implementation of the Transaction.

The Purchaser and the Seller shall use their best endeavours to procure the fulfilment of the conditions precedent as soon as reasonably possible after the date of signature of the Sale Agreement and shall each furnish the other with the relevant documents evidencing the fulfilment of such conditions precedent.

The conditions precedent are not capable of waiver.

5. FINANCIAL INFORMATION

The value of the net assets that are the subject of the Transaction as at 30 June 2020, being the latest financial year end of Conduit Capital, was R23 625 000. The loss after tax attributable to such net assets for the year ended 30 June 2020 was R13 095 000.

6. CATEGORISATION OF THE TRANSACTION

The Transaction is classified as a Category 2 transaction in terms of the JSE Listings Requirements.

Johannesburg
20 November 2020

Sponsor
Merchantec Capital