(Incorporated in Jersey)
(Registration No. 102785)
(External Registration No. 2010/024031/10)
JSE CODE: MMP ISIN: JE00B5N88T08
("Marshall's" or "the Company")

MONTEAGLE

DISPOSAL BY MARSHALLS OF MONTEAGLE MERCHANT GROUP SOUTHERN HOLDINGS PROPRIETARY LIMITED

Marshall's shareholders ("**Shareholders**") are advised that the Company's wholly owned subsidiary, Monteagle Tool & Machinery Holdings (Jersey) Limited (the "**Seller**"), on 3 June 2024 ("**Signature Date**"), concluded an agreement, subject to certain conditions precedent (the "**Disposal Agreement**"), to dispose of its entire shareholding in Monteagle Merchant Group Southern Holdings Proprietary Limited ("**MMGSH**") to Des Lyle Family Holdings Proprietary Limited ("the **Purchaser**") for a cash consideration of R64.3 million (the "**Disposal**").

The sole business of MMGSH is to hold 50% of the shares in L&G Tool and Machinery Distributors Limited ("**L&G Tools**"), which is engaged in the import, wholesale and distribution of tools and machinery and household products in South Africa. The remaining 50% interest in L&G Tools is held by the Purchaser, which is not a related party of the Company. The Purchaser is a privately-owned company, the beneficial owners of which are members of the Lyle family and the Des Lyle Family Trust.

1. RATIONALE AND BACKROUND TO THE DISPOSAL

Marshalls is an investment company but does not meet the definition of an "investment entity" under International Financial Reporting Standards ("IFRS"). It is listed on the JSE Limited ("JSE") and has a wide and diversified range of investments. The Company and its subsidiaries is a multinational enterprise that as well as investments in industrial and commercial properties and listed equities provides procurement, logistics and trading in various hard and soft commodities, industrial raw materials, consumer food and non-food products which fall broadly into the following categories:

- a portfolio of stock market investments in blue chip international listed companies;
- financing and trading operations on an international basis; and
- a portfolio of industrial properties in the United States of America and South Africa.

The Disposal is part of the Company's stated strategic focus to simplify its group structure and to dispose of unlisted investments, which are not wholly owned.

2. TERMS OF THE DISPOSAL

The Purchaser will acquire the interest in MMGSH from the Seller on the terms and conditions set out below:

2.1 Subject Matter of the Disposal

In terms of the Disposal Agreement the Seller will dispose of 1000 ordinary shares of no par value in MMGSH, constituting 100% of the total issued share capital of MMGSH, held by the Seller (the "**Sale Shares**") to the Purchaser. and MMSGH will repay 100% of the total amounts of all claims of whatsoever nature which the Seller may have against MMGSH, as at the effective date as detailed in paragraph 2.2 below (the "**MMGSH Loan**"), the current balance outstanding on which is R1,6 million.

2.2 Effective date of the Disposal

The effective date of the Disposal shall be the first day of the month following the date of fulfilment of the condition precent detailed in paragraph 2.3.3 below, being Competition Commission approval of the Disposal ("**Effective Date**").

2.3 Conditions Precedent

The Disposal is subject to the fulfilment, *inter alia*, the following outstanding conditions precedent:

2.3.1 Within 5 business days from the Signature Date, the boards of directors of the Seller and the Purchaser shall resolve to approve the Disposal Agreement;

2.3.2 within 20 business days after the Signature Date: -

2.3.2.1 the written consent of the relevant exchange control authorities of South Africa shall be obtained for the implementation of the terms of, or fulfilment of obligations under the Disposal Agreement;

2.3.2.2 any approval, exemption or compliance certificate which may be required from the South African Takeover Regulation Panel for the implementation of the Disposal in accordance with the requirements of the South African Companies Act, Act 71 of 2008, as amended, is obtained in writing in a form acceptable to the Seller and Purchaser;

2.3.3 to the extent required, within 90 days from the date of fulfilment of the conditions precedent detailed in paragraph 2.3.2 above, the Competition Authorities of South Africa shall have unconditionally approved the Disposal in terms of the Competition Act, Act 89 of 1998, as amended, and shall have issued a merger clearance certificate or shall have approved the Disposal subject to conditions which are accepted by the Seller and Purchaser in writing within 7 days after the issue of such merger clearance certificate.

2.4 The Consideration and Application of Proceeds

The aggregate purchase price payable by the Purchaser to the Seller for the Sale Shares will be approximately R64 311 350, (the "**Consideration**"). The Consideration in respect of the Sale Shares and the repayment of the MMGSH Loan will be settled as follows:

2.4..1 R13 million is payable in cash by the Purchaser to the Seller on the first business day after the date of the fulfilment of the last of the conditions precedent detailed in paragraph 2.3 above;

2.4..2 The balance of the Consideration for the Sale Shares shall be funded by the Seller by means of an interest free loan in the books of the Purchaser in favour of the Seller (the "**DLFH Loan**"), which loan shall be repayable in instalments; and

2.4..3 in terms of the Disposal Agreement the Purchaser shall utilise all dividends received from L&G Tools and all proceeds from the sale of any interest in L&G Tools and / or MMGSH to first settle the MMGSH Loan and then the DLFH Loan, save that the Purchaser may retain in any calendar year an amount equal to 20% of all dividends paid by L&G Tools in that calendar year, or the South African Rand equivalent of US Dollar 12 500.00, whichever is the lower, until the DLFH Loan has been repaid in full.

The Consideration will be applied by the Company to its investment portfolio and the funds will be invested in line with the Company's investment policy.

2.5 Additional Significant Terms of the Disposal Agreement

As the Seller has agreed to fund a portion of the Disposal Consideration and the MMGSH Loan by means of an interest free loan to the Purchaser and as the DLFH Loan is only likely to be repaid after a minimum period of 10 years from the Effective Date, the parties have agreed that the Disposal Consideration and related balance owing under the DLFH Loan will be adjusted either upwards or downwards with reference to the net asset value of MMGSH at any of the following times: -

2.5.1 any date before the 10-year anniversary of the Effective Date that R1 million or less remains outstanding under the DLFH Loan;

2.5.2 the 10-year anniversary of the Effective Date; and

2.5.3 if the DLFH Loan is not repaid within 3 years after the 10-year anniversary of the Effective Date, at the end of every 3-year anniversary of the Effective Date thereafter.

2.6 Profit / Losses and net asset value attributable to the Subject Matter of the Disposal

The audited after tax profit of the subject matter of the Disposal, for the year ended 31 March 2023, was ZAR 301,503 while the audited net asset value at 31 March 2023 was ZAR 12,724,728.

These audited figures have been extracted from the Company's latest annual financial statements and have been prepared in accordance with International Financial Reporting Standards.

2.7 Warranties and indemnities

The Purchaser and the Seller have given each other such warranties and indemnities as are usual in transactions of this nature.

3. CATEGORISATION OF THE DISPOSAL

The Disposal is classified as a category 2 transaction in terms of the Listings Requirements of the JSE and therefore does not require the approval of Shareholders in a general meeting.

United Kingdom
3 June 2024

JSE Sponsor to the Company

questco
CORPORATE ADVISORY

Questco Corporate Advisory Proprietary Limited