

SABVEST LIMITED

INVESTMENT POLICY

1. BACKGROUND AND RATIONALE

- 1.1 Sabvest is an investment group which has been listed on the JSE since 1988. Its shares are quoted in the Financials – Equity Investment Instruments sector.
- 1.2 The JSE Listings Requirements deal specifically with investment companies in section 15 and in particular require an Investment Policy to be approved by shareholders on listing or, by implication, from time to time.
- 1.3 Sabvest has prepared its Investment Policy to be approved by the JSE and considered by its shareholders with a view to approving its existing investment parameters, scope and related features.

2. INVESTMENT PARAMETERS AND SCOPE

2.1 Investment Focus

Sabvest:

- a) has a primary investment focus of maintaining and growing a portfolio of significant equity interests in listed and unlisted companies with sound growth records or potential for growth that are expected to earn above average returns over a period.
- b) has a secondary investment focus of holding cash, bonds, short term investments, debt instruments and fund participations, as well as growth, early-maturity stage, greenfield and special situation investments, depending on market conditions, availability of suitable opportunities, the investment maturity cycles of its portfolio, excess liquidity not invested in its primary portfolio and relevant macro-economic cycles.
- c) will also engage in corporate finance and acquisition and disposal activities with investees which may include making finance advances to previous, current and potential investee companies and their affiliates.

2.2 Sectors

Sabvest's primary equity investments will be confined to the industrial, retail, trading, services, media, IT and financial sectors.

2.3 Geographies

- a) Sabvest wishes to hold a meaningful level of investments in international currencies either directly or indirectly through the foreign operations of South African investee companies.
- b) Foreign investments held directly will usually be restricted to businesses in the United Kingdom and Europe.
- c) Foreign investments held indirectly are not restricted (as the location of these will be determined by the international strategies of the companies in which Sabvest has interests).

2.4 Size, Spread and Stage

Sabvest:

- a) aims to invest in good businesses with first class management without being restricted by any required absolute size or level of percentage holdings.
- b) may hold equity instruments that are small in percentage terms but where the group is able to exercise influence through board representation or shareholder agreements.
- c) may hold majority or joint controlling interests but without direct management responsibility.
- d) will not be constrained by any required balance between listed and unlisted holdings.
- e) will not be constrained by any required sector spread.
- f) will be unlikely to make new investments that exceed 15% of its portfolio or 25% of shareholders' equity.

2.5 Other Parameters

Sabvest:

- a) structures its investments such that each investment is free standing and ring-fenced as to risk.

- b) usually invests in companies where key management has meaningful interests or in family managed businesses or together with chosen financial investors.
- c) favours large or influential minority stakes in unlisted companies or small listed companies (with market capitalization of below R1 billion).
- d) usually procures that its CEO, other Sabvest directors or chosen financial investors are directors of investee companies (other than general portfolio companies).
- e) holds its investments without pre-determined realisation periods but subject to the continual review of the quality of the underlying businesses and to any constraints or obligations in shareholder agreements.
- f) may dispose of investments in the event of:
 - protracted periods of under-performance relative to criteria set by management depending on the nature, sector and stage of the investments;
 - the number of core investments exceeding its target portfolio spread (currently targeted as 10 (ten) in number);
 - receipt of unsolicited offers at materially higher values than attributed by Sabvest;
 - availability of alternative investments with substantially superior returns.

3. Growth Targets

Sabvest's target growth rates over three year rolling periods are:

Net asset value per share	15% p.a.
Dividends per share	10% p.a.

These may be changed by the Board from time to time, particularly if movement in macro economic factors such as CPI, exchange rates, interest rates and rates of taxation that affect the group make changes appropriate. Any material changes will require shareholder approval.

4. Categorisation of Transactions

Investment transactions undertaken by Sabvest will be categorised relative to Sabvest's market capitalisation as required by the JSE and relative to its own net asset value for internal parameter purposes.

5. Shareholder Approvals

- 5.1 All transactions concluded in accordance with this Investment Policy, which will include but are not limited to the acquisition and disposal of any of the Company's investments and/or financial instruments, the advance of and repayment of any loans and advances to investees and third-parties and the underwriting of transactions undertaken by its investees, will be regarded as being in the ordinary course of business.
- 5.2 Shareholder approval will consequently not be required for non-related party transactions (including for the avoidance of doubt the enforcement of provisions in agreements relating to such transactions) of any size to the extent such transactions are entered into in the ordinary course of business of Sabvest, as envisaged in paragraphs 2.1 and 5.1.
- 5.3 Shareholder approval will be required for related-party transactions in accordance with the thresholds and requirements for such approvals contained in Section 10 of the JSE Listings Requirements, irrespective of whether such transactions are in the ordinary course of business or not.
- 5.4 Shareholder approval will not be required for purchase and sale transactions irrespective of size if these are a result of pre-agreed terms of shareholders' agreements which have been approved by Sabvest shareholders or have been advised to Sabvest shareholders if the original transactions fall within the approved Investment Policy. Notwithstanding, the JSE Listings Requirements for shareholder approvals and communications will apply if the transaction is categorised as a reverse take-over in terms of Section 9.5(c).
- 5.5 It is intended that this pre-approval will relate to come along, go along, pre-emptive, put and call provisions that may be contained in agreements between Sabvest and other investors in investee companies.
- 5.6 The approvals may be obtained at the time of the original transaction or subsequently.

6. COMMUNICATION OF INVESTMENT TRANSACTIONS

6.1 Communications with shareholders will be in accordance with JSE regulations for category 1 and category 2 transactions (bearing the same meanings as defined in the JSE Listings Requirements), except that:

- a) subject to paragraphs 2 and 5, no circulars will be required for any size transaction as long as the requirements of 6.2 or 6.3 are met, unless the transaction is categorised as a reverse take-over in terms of Section 9.5(c) of the JSE Listings Requirements.
- b) a Stock Exchange News Service announcement will be required for non-related party transactions less than 10% of market capitalisation provided that:
 - they are regarded by the Board of Sabvest as price sensitive; and

For the avoidance of doubt, to the extent a transaction with a non-related party is concluded in the ordinary course of business and constitutes less than 10% of the market capitalization of the Company, such transaction will not be categorised in accordance with the JSE Listings Requirements but will be subject to the general obligation of disclosure provisions of the JSE Listings Requirements.

6.2 Notwithstanding the provisions of 6.1, the information required to be disclosed for a prelisting statement must be provided to shareholders if a transaction is a Category 1 transaction which results in an issue of securities that, together with any other securities of the same class issued during the previous three months, would increase the securities issued by more than the maximum threshold contained in accordance with Section 9.22 of the JSE Listings Requirements.

6.3 All transactions will be summarised for shareholders in the interim and final results announcements and in the annual report.

7. COMMUNICATION OF INVESTMENT POLICY

The initial Investment Policy and subsequent changes will be published on SENS, contained in the circular to shareholders for approval, published on Sabvest's website and included in the annual report.

8. APPROVAL OF INVESTMENT POLICY

Any future material changes must be approved by shareholders by way of ordinary resolution.