

GLOBAL ASSET MANAGEMENT LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2002/003192/06)
Share Code: GAM ISIN: ZAE000173498
("Global" or "the Company")

AGREEMENT FOR THE ACQUISITION OF AN ADDITIONAL 90.25% INTEREST IN EARTHWISE HOLDINGS PROPRIETARY LIMITED ("EWEH") AND 9.5% DISPOSAL OF TOTAL RUBBER RECYCLE PROPRIETARY LIMITED ("TRR"), SECTION 122 ANNOUNCEMENT AND PARTIAL WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Background

Shareholders are referred to the cautionary announcement dated 7 December 2015 advising of a possible acquisition of a company in the renewable energy sector. Shareholders are further advised that the Company has entered into a sale agreement and addenda thereto to acquire 85.25% of EWEH for a total consideration of R35 858 358 to be settled through a combination of shares and cash as detailed in paragraph 2 below ("Consideration").

In addition, Global will dispose 9.5% of TRR, a wholly owned subsidiary of Global ("the Disposal"). The 9.5% disposal of TRR forms part of the sale agreement and the Consideration. The sellers of EWEH are not related parties of Global and comprise the following:

- The trustees of the Altena Investment Trust ("Altena"), the family trust of Joe Kruger (34.9%);
- Proprocess Engineering Proprietary Limited ("Proprocess Engineering") (28.5%);
- The Trustees of the JSRI Trust (5.7%);
- The Trustees of the Loerie Trust (11.4%);
- The Trustees of the Balalaika Trust (1.9%); and
- Cassiem Solomon (2.85%).

(collectively "Transaction Parties")

In addition, the Company has entered into a separate agreement dated 18 December 2015 with Altena for the acquisition of a further 5% in EWEH for a cash consideration of R2 000 000.

The Transaction Parties and Joe Kruger are not related parties to Global.

Global previously held 5% in EWEH and pursuant to the above acquisition of EWEH shares, Global will hold 95.25% in EWEH.

Consideration

The Consideration will be settled as follows:

- Through the issue of 8 111 309 Global shares at the 30 day Volume Weighted Average Price ("VWAP") being R1.90;
- An amount of R2 368 055 payable in cash from the Company's reserves;
- The issue of a maximum of 2 703 766 earn-out Global shares, to be issued at the earlier of the Global share price reaching R5.00 per share or the achievement of profit warranties over a six year period, being a maximum consideration of R13 518 830.

- An additional maximum earn-out cash amount of R4 559 891.06 payable to the Transaction Parties over a period of six years; and
- The Transaction Parties will also receive 9.5% of the existing issued share capital of TRR. The consideration attributed to the TRR shares is R95.00 at R1.00 per share.

Description of the business carried on by EWEH

EWEH specialises in alternative energy in the field of waste to energy, focussing primarily on hydrocarbon type waste streams, such as rubber and plastic and converting these into oil products. EWEH has developed its own proprietary technology which will be employed to divert various waste streams from going to landfill by converting these into value commodities on a sustainable basis.

Description of the Business carried on by TRR

TRR is poised to become an important market player in Southern Africa in the waste-to-energy sector, focussing specifically on hydrocarbon waste, ie. waste plastic and waste rubber. The business model is simple, yet powerful: by converting “cheap” and “problematic” resources such as waste plastic and waste rubber into valuable products such as oil, steel and carbon black the company will not only realise attractive returns, but at the same time will also solve a significant environmental waste problem. TRR has established its first waste rubber plant located in Springs, in the West Rand of Gauteng, which will be fully operational during the first quarter of 2016.

Effective Date

The effective date for the Transaction is 1 December 2015.

Rationale for the Transaction

In line with its medium term strategy at the time of listing and following the successful establishment of its first rubber to waste pilot plant, Global is focusing on the launch of its renewable and clean energy businesses. To this end Global intends utilizing the proprietary technology developed by EWEH to establish a plastic waste to oil operation. Global will also utilise the EWEH management expertise to build and operate a waste rubber recycling facility, which will be launched during the first quarter of 2016. Joe Kruger, the largest vendor, will be retained in the Global group as key management.

Conditions precedent

All conditions precedent in terms of the Transaction have been fulfilled. Global will proceed with the application for the listing of the 8 111 309 shares on the JSE. Application for the earn-out shares will be made to the JSE at a suitable time in the future in accordance with the terms stipulated in the sale agreement entered into between Global and the Transaction Parties.

Categorisation

The acquisition of 90.25% of EWEH is classified as a Category 2 transaction in terms of the JSE Listings Requirements so it does not require shareholder approval.

The Disposal is below 5% of the market capitalisation of Global and thus does not meet the Categorisation 2 level.

Financial information

Per the draft financial statements of EWEH as at 28 February 2015 and the draft financial statements of TRR as at 30 November 2015, the financial information is as follows:

- The value of the net assets of EWEH was R710 780;
- The profit after tax attributable to the net assets of EWEH was (-R61 334);
- The value of the net assets of TRR was (-R1 992 482); and
- The profit after tax attributable to the net assets of TRR was (-R1 100 706).

Subsequent to the respective year-ends, there have been no material changes to the above other than in the ordinary course of business.

Memorandum of Incorporation (“MOI”) of EWEH

Post the Transaction; Global will hold a total interest of 95.25% in EWEH making EWEH a subsidiary of Global. Accordingly, Global will ensure that the provisions of the MOI do not frustrate or relieve the Company in any way from compliance with its obligations in terms of the JSE Listings Requirements.

Section 122 announcement

Pursuant to the Transaction, Altena and Proprocess Engineering will own 8.5% and 5.1% beneficial interest in the securities of Global respectively. Altena and Proprocess Engineering will make the necessary section 121.1 declarations to the Company subsequent to the Effective date, where after the Company will make the section 121.2 declaration to the Takeover Regulation Panel.

Partial withdrawal of a cautionary announcement

The cautionary announcement regarding the negotiations for the acquisition of EWEH and the 9.5% disposal of TRR is withdrawn as the full terms have been disclosed above. Shareholders are however advised to continue to exercise caution in dealing in their Global shares as negotiations for a possible strategic BEE partnership are still underway.

21 December 2015
Johanneburg

Designated Advisor

Arbor Capital Sponsors Proprietary Limited

