Greystone Partners Limited
Investment Policy

TABLE OF CONTENTS

1. STATUS OF THIS INVESTMENT STRATEGY

This Investment Strategy sets out the broad investment policies of Greystone Partners Limited ("Greystone" or "the Company"), a public company incorporated on 27 January 2009. These policies contain the guiding criteria for the selection of investments by Greystone (and African Alliance Limited ("the Manager"), the appointed manager, on its behalf).

This Investment Strategy supersedes any other that may exist prior to its effective date of 15 August 2020.

2. INTERPRETATION

Words and phrases defined in the Revised Pre-listing statement dated 30 July 2020 bear the same meaning when used in this Investment Strategy.

3. AMENDMENTS TO THE INVESTMENT STRATEGY

This Investment Strategy may not be varied or deviated from except on the unanimous recommendation of the board of directors of Greystone ("the Board") based on the unanimous recommendations of the Board, motivated in each instance by a reasoned analysis of the proposed deviation or amendment.

4. INVESTMENT OBJECTIVES

The principal objective of Greystone is to carry on business as an investment company. Greystone invests primarily in emergent, unlisted businesses with sustainable growth potential. Greystone aims to invest predominantly in the Kingdom of Eswatini. Where opportunities are unavailable, there may be a case for investing elsewhere within the Common Monetary Area ("CMA").

Greystone's aim and objectives are as follows:

- To achieve superior long term capital appreciation through majority or minority equity stakes across a portfolio of investments;
- Through its network of business associates, to leverage off its strong relationships within the business community to identify and execute on the most attractive of investment opportunities; and
- To grow the Existing Portfolio with good quality businesses consisting of a quality "moat" in earnings, consistent growth in earnings, managed by quality and experienced management.

Supported by a robust product pipeline, the aim is to grow the shareholder base to create more liquidity and shareholder value.

5. INVESTMENT STRATEGY

Greystone, via the Manager, wants to take a more proactive role in the managing and driving of value in its underlying investments. Greystone's investment strategy is focused on building a diversified pool of investments that are by, *inter alia*, leveraging the Manager's active management model to maximize investor returns. In order to achieve this, Greystone's aim is thus to acquire strategic interests in companies to ensure strategic input on the direction of the respective company, good corporate governance and control over cash flows.

The investment process is rigid and defined, however the assessment of a particular opportunity presented may vary between fundamental bottom-up and macro top-down processes, but are all underpinned by a rigid and defined approach. These factors are the major driving factors when it comes to the decision of a minority versus majority ownership in an investment opportunity.

Greystone aims to offer its shareholders an opportunity to make a direct and proactive contribution to Eswatini's economic growth and development, and to participate in the process of creating wealth. Greystone focuses on wealth creation, service provision and economic enablement. Shareholder value is expected to be enhanced as a result of both organic growth and through acquisitions.

INVESTMENT PHILOSOPHY

Investments are primarily focused on established businesses with strong cash flows and a high degree of operational leverage. Greystone seek to partner with proven management teams, existing or new, in driving value. Greystone, via the Manager, identifies and invest in businesses that demonstrate, *inter alia*, some of the following key criteria:

- A proven track record, either by the management team or company itself;
- Businesses requiring expansion capital to grow operations and become both local and regional champions;
- Businesses that supply goods and services to core industries driving economies, which need acquisition, development or buy-out funding;
- Underrated businesses, including start-ups, or those operating in out-of-favour industries; and
- Businesses that support the creation of social and economic upliftment.

Over and above these key criteria, the following additional principles are applied when assessing a transaction:

- ***Maintenance of capital:*** Greystone's main principal is to ensure that no investment made results in loss of capital.
- ***Geographic Location:*** Greystone aims to invest predominantly in the Kingdom of Eswatini. Where opportunities are unavailable, there may be a case for investing elsewhere within the Common Monetary Area. Greystone offers its shareholders an opportunity to make a direct and proactive contribution to Eswatini's economic growth and development, and to participate in the process of creating wealth.
- ***Targeted Rate of Return:*** Greystone has a target of increasing its Net Asset Value in excess of 13.7% year on year. In order to achieve this, the Company will seek to make equity investments with an Internal Rate of Return ("IRR") in the region of 20%. Debt investments returns will be determined by the prevailing prime interest rates at the time and the Company will seek to achieve or exceed the prevailing prime rate.
    - Target returns are provided as indicators of how Greystone intends to manage the portfolio and are not intended to be viewed as indicators of likely performance returns.
    - Target returns are not guarantees, projections or predictions of future performance and are presented solely to provide the investors with insight into the portfolio's anticipated risk and reward characteristics.
    - There can be no assurance that the return target will be achieved or that Greystone will be

able to implement its investment strategy, achieve its objectives or avoid substantial losses.

- The targeted weighted average IRR as mentioned above represents gross IRR, which will ultimately be reduced by management fees, carried interest, taxes and other fees and expenses.

- Actual realised net IRR will depend on numerous factors, all of which may differ from the assumptions on which target returns are based.

- ***Margin of Safety:*** Greystone, via the Manager, is aware that the future is something that can never be predicted accurately. Therefore, in forecasting and in determining the major valuation assumptions impacting on the valuation, a conservative approach is taken in order to ensure a margin of safety in the forecasts and ultimate valuations to compensate for the unpredictability of the future.
- ***Identify a clear exit:*** No investment will be completed unless potential exit options are thoroughly reviewed. Exit strategies pursued will include, amongst others, leveraged recapitalisations, structured put options to third parties, sales to corporate buyers and public offerings.
  - The Manager consistently monitors its portfolio investments and is always considering when is the most opportune time to exit as well as the best exit route.
  - Throughout the duration of the investment, the Existing Portfolio will be groomed to suit an exit tailored to maximise its IRR.
  - Greystone's initial target holding period would range from 7 – 10 years, however, the Manager and Greystone have a preference for longer term, longer dated investments, to be funded by permanent capital vehicles / structures instead of predefined Limited Partnerships and capital structures.
  - The Manager has a passion for developing local markets and therefore its preferred exit will be via a listing if this does not impact on the potential returns that can be achieved.

Portfolio construction is integral in the Manager's approach to its investment considerations. In private equity, the concept of portfolio construction is not one of determining the level of exposure to various asset classes (equities, bonds, real estate etc.), but rather one of ensuring the highest return is achieved with the lowest risk.

The private equity risk spectrum is a broad one. Private equity investments have many risks in common with public equity, but they are also exposed to risks that are different from other alternative investments and specific to private equity.

On one hand, public equity markets influence the valuation and terms on which private equity funds acquire and exit from companies. Regardless of whether a company is publicly listed or privately held, the same macroeconomic and industry-specific dynamics are at work. On the other hand, private equity can lead to higher concentration and greater idiosyncratic risk. Market risk may also be higher, since private equity investments are often characterized by greater financial leverage than public equities.

The following factors are taken into account before making any investment:

- **Single investment exposure**

  In order to ensure diversification and to reduce concentration risk, in line with best practice in terms of risk mitigation principles, Greystone will seek to ensure that any one investment is in the region of 25% of the Company's market capitalisation at the time. With Board approval, this guideline can be exceed if deemed justified at the time.

- **Sector exposure**

  Greystone is a generalist investment firm and is sector agnostic avoiding only the so called "sin industries" (i.e. arms and ammunition, etc.) for ethical reasons. For any investment, consideration is given to the exposure of the Company to any one sector before making any further investments in that sector.

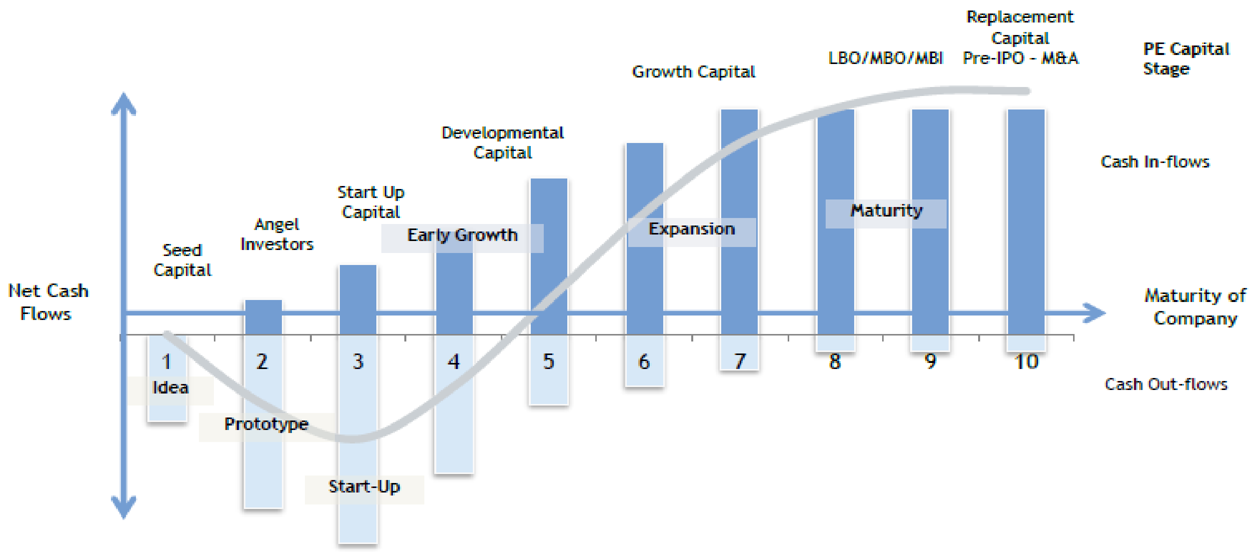
- **Economic risk considerations**

  Accurate risk assessments play a key role in building a portfolio. To measure Greystone's exposure to economic risk, public equity data will be adjusted for specific attributes of private equity, such as investment vehicle, strategy, sub-strategy, vintage year, region and sector. Based on these attributes, exposures are derived to a set of risk factors that are relevant to private equity investments. These include an equity market risk factor, as well as geographic, currency, capitalization, sector and idiosyncratic risk factors.

  Another factor that plays a key role in the overall single investment exposure is the valuation techniques used. African Alliance Group's valuation policy is in accordance with the principles of the International Private Equity and Venture Capital ("IPEVC") guidelines and International Financial Reporting Standards ("IFRS").

- **Business development life cycle exposure (early stage vs. mature)**

  Greystone and the Manager constructs its private equity portfolio with the risk/reward trade-off as one of the considerations of the overall portfolio. Investing in various stages across the business life cycle ensures that a well-balanced private equity portfolio is constructed. The graph below overlays the various sub-sectors of private equity with the business life cycle. At the far end of the risk spectrum is venture capital with its focus on start-up companies, although if picked correctly, will provide the greatest opportunity for returns. The risk/reward trade-off is often determined by the funder's appetite for risk and this guides Greystone and the Manager in its investment approach.



- **Requirements of the Company (liquidity etc.)**

  Greystone should continually monitor the Company's liquidity profile and as well as the portfolio of the Company's investments. Continual monitoring also occurs to ensure that at no stage would the Company be breaching any target asset allocations between regional, domestic and the Company exposure.

  Annexure B sets out Greystone's detailed investment process, which details the essence and specifics of the Company's investment philosophy as described above.

6. SIZE OF INVESTMENTS

The following guidelines regarding the size of investments by Greystone will apply:

- The average size of a specific equity investment is in the order of E10 million and above; and
- Greystone's aim is to acquire strategic interests in companies to ensure strategic input on the direction of the respective company, good corporate governance and control over cash flows. These factors are the major driving force when it comes to the decision of a minority versus majority ownership in an investment opportunity, with the minimum size of investments for Greystone to be approximately E500,000 (Five hundred thousand Emalangeni), however, exceptional circumstances will be considered as well.

7. NATURE OF INVESTMENTS

- Investments in Greenfield or start-up ventures, as well as Brownfield operations, will be considered.
- Although Greystone will be a long-term investor, holdings in underperforming companies or companies whose long-term growth prospects are in doubt will be appropriately dealt with. Short-term profitable situations will arise from time to time. These will be accommodated based on merit.

- Greystone intends to be instrumental in the listing of some of its unlisted investments, not only to unlock value, but to create further opportunities.
- No investment will be completed unless potential exit options are thoroughly reviewed. Exit strategies pursued will include leveraged recapitalisations, structured put options to third parties, sales to corporate buyers and public offerings amongst others.
- During the period that Greystone is investing in various investment opportunities to establish whether they fully satisfy its investment criteria, Greystone will take advantage of favourable circumstances in the CMA financial markets to enhance investor returns.

8. DIVERSIFICATION

Greystone provides investors with exposure to a diverse, well-managed and well-maintained portfolio of investments, with the security of well-located, quality underlying capital assets which are expected to appreciate in value over time.

The Existing Portfolio is currently well diversified, with investments ranging from insurance and agricultural manufacturing to fast moving consumer goods ("FMCG") and financial services companies. Strategically, Greystone targets businesses which fits the criteria of being clearly understood, strong and aligned management, companies which generates high returns on equity and consistent growth in after-tax profits, compelling business models and high growth potential.

Greystone is focused on "value add" initiatives to improve performance on the Existing Portfolio, with the aim of:

- attracting new capital from institutional shareholders, in order to diversify further;
- improving liquidity in the share price, attracting new institutional capital; and
- ensuring effective cost management of all underlying investments.

The selection of stabilised and quality assets is expected to support meaningful capital growth and regular income in the form of dividends and interest from the underlying investments, thereby diversifying the portfolio income streams to various industries affecting the Eswatini economy. Efficient management and the acquisition of new investments are also expected to help enhance performance of Greystone's portfolio over time.

Although Greystone's main focus is unlisted investments, Greystone's investment mandate allows it to invest in a variety of instruments from pure debt, structured products, quasi equity funding, unlisted equity and listed equity investments in order to further diversify its portfolio.

9. APPLICABLE CURRENCY

All Investments to be made by Greystone shall be made in Eswatini Emalangeni.

10. ANNEXURE A

INVESTMENT COMMITTEE

The Board has established an investment committee which will assist the Manager to discharge its duties in respect of Greystone in terms of the Manager's mandate. The investment committee will not relieve the Manager or the directors of the Manager of any of their responsibilities, but rather assist them to fulfil those responsibilities.

The Investment Committee is an advisory committee and not an executive committee. As such, it does not perform any management functions or assumes any management responsibilities and primarily makes investment recommendations to the board of the Manager for its approval and final decision, unless mandated otherwise.

The Investment Committee's primary role is to:

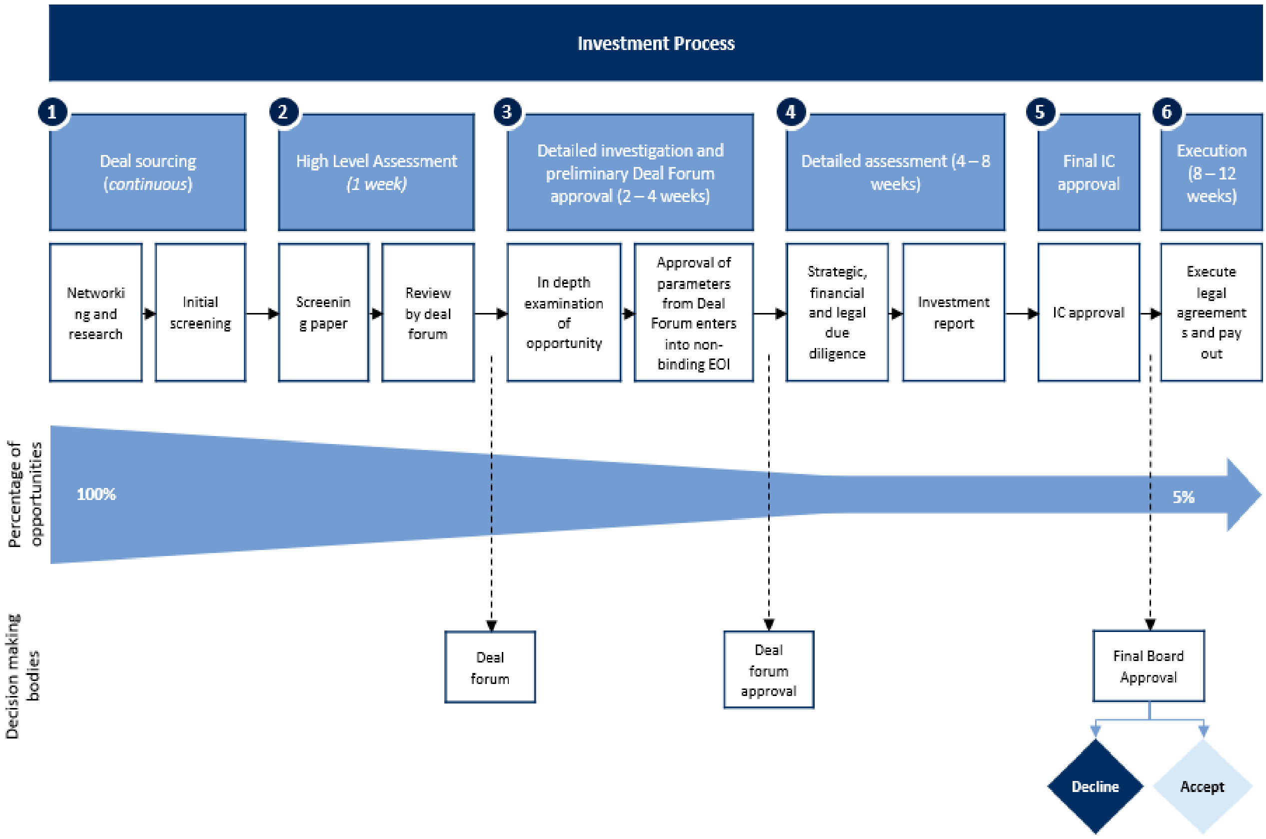
- Investigate and research, consider, analyse and recommend on potential investment decisions to be made by Greystone; and
- Consider Greystone's portfolio weightings and proposed investments monthly, and takes into consideration, amongst other factors, the liquidity of investments, the length of time that they are expected to be held, the potential return, the currency and economic factors when considering portfolio weightings and their potential risk to the Company's assets.

The length of time Greystone will hold an investment, generally will be determined by the Board's view of the changing risk/reward profile relative to other investment opportunities. The weighting of each investment in Greystone's portfolio will typically reflect its relative risk/reward at current valuations, which will be continually monitored.

11. ANNEXURE B

INVESTMENT PROCESS

The investment process is summarized in the diagram below. African Alliance's investment process is an extremely vigorous one. It is aimed at ensuring that all potential investments are considered properly and in order to mitigate as much risk as possible in the investment decision.



1. Deal Sourcing:

The first step in the investment process consists of the identification of potential opportunities and the completion of a basic initial screening by the private equity executives. Preliminary discussions are held with potential investee company shareholders/management. African Alliance follows a rigorous approach to identify attractive opportunities and sources transactions from a range of sources, which include:

- ***Proprietary Networks*** - African Alliance has a strong network of stakeholders, including its shareholders, that provide deal flow to it;
- ***The Manager*** - Through African Alliance's on-the-ground presence, track record and history in Eswatini, there is an established network in the business community which provides a significant source of deal flow;
- ***Passive Deal Flow*** – Equity seekers approaching African Alliance; and
- ***Active Deal Search*** – African Alliance identifying opportunities in the open market.

2. High Level Assessment:

Opportunities deemed worthy of further consideration on the basis of an initial screening process are put forward to the Deal Forum. A Screening Investment Paper is prepared by the private equity executives and presented to the Deal Forum for consideration.

This document contains amongst others the following: key background information on the company and the sector, historical financial information and high level financial projections, the potential terms of the transaction being discussed and projected returns, key attractions and key risks.

The Deal Forum comprises the private equity team of African Alliance, which meets on a weekly basis to discuss and decide on which opportunities should be further pursued.

3. Detailed investigation and preliminary Deal Forum approval:

Should the Deal Forum provide its approval to proceed, a more in depth examination of the opportunity is undertaken. This examination concludes in the preparation of an Initial Investment Paper. The Initial Investment Paper will provide:

- Key background information on the company and the sector,
- Historical financial information,
- Key attractions and key risks
- Indicative valuations and pricing for the transaction
- Expected returns
- Expected exit route

The initial investment paper is presented to a formal meeting of Deal Forum (Internal African Alliance Private Equity Team). The Deal Forum will review this information and provide the investment team with its approval and parameters to enter into a non-binding expression of interest with the investee company. The non-binding expression of interest will set out the valuation methodology and expected pricing as well as exclusivity on the transaction for a period. Only once the non-binding expression of interest has been executed will the detailed assessment begin.

4. Detailed Assessment:

Upon the execution of a non-binding expression of interest, the detailed assessment of the opportunity commences. This includes an in-depth commercial, financial, legal and strategic due diligence being conducted on the potential investee company. External experts in the particular sector being assessed are often engaged to assist with this process and assist in providing in-depth knowledge on the opportunities.

Once the due diligence is complete, a comprehensive Investment Paper is compiled. The aim of the Investment Paper is to detail how the Fund will achieve the required returns from the proposed investment. This document includes the following subject matters:

- The quality of the business case, business model and strategy as supported by a detailed implementation plan and other supporting documentation
- The nature/extent of competition and/or barriers to entry and its potential influence on the business case
- The extent to which the project risks are adequately identified and whether suitable and realistic risk management strategies have been proposed

- The experience and skill of the management team – their background, skills, motivation and leadership capability (including reference checks) and the extent to which this experience and skills as well as the experience and skill of other personnel in the project is compatible with the project objectives and likely to result in a successful project
- Detailed historical financial analysis
- Detailed financial projections
- Opportunity analysis
- Valuation
- Detailed transaction structure and potential returns
- The proposed terms of the transaction
- Environmental, Social and Governance ("ESG") review
- Post deal investment management strategy and exit strategy

Valuation

African Alliance Group's valuation policy is in accordance with the principles of the International Private Equity and Venture Capital ("IPEVC") guidelines and International Financial Reporting Standards ("IFRS").

The ultimate aim of a valuation is to determine the fair value of an investment. IFRS 13 and IPEVC most appropriately defines the fair value as "price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions".

Over and above the valuation methodology, the African Alliance Group applies the following principles when assessing a transaction:

- **Maintenance of capital:** Our main principal is to ensure that no investment made which results in loss of capital. African Alliance Group is very conservative in determining the fair value of its potential investments.
- **Margin of Safety:** The future is unpredictable, therefore a significant margin of safety is built in to compensate for the unpredictability of the future.

5. Formal Investment Committee Approval

Subsequent to the detailed due diligence in Step 4 and terms that have been agreed upon, the Investment Paper is presented to the Investment Committee for approval and recommendation to the Board.

Once the investment committee approves a transaction, final Board approval is required before an investment can be made.

6. Execution

After Board approval has been granted, the acquisition of the investment is finally agreed with the selling shareholders and/or the management team of the investee company. Should the final terms of the transaction differ from those approved by the Investment Committee and Board, then the private equity executive team will have to return to the Investment Committee for approval of the revised terms. Following this approval and final agreement amongst all parties, the acquisition of the investment is executed. Final execution typically requires entering into all requisite legal agreements, obtaining all necessary regulatory and statutory approvals that may be required. Upon the satisfactory completion of all legal and other statutory agreements, capital will flow to the investee company and/or shareholders.

7. Post Deal Value Creation

African Alliance has a strong value-add focus as it is of the opinion that a big part of private equity value creation comes from driving business improvements in portfolio companies. Value addition starts as early as the deal sourcing phase when engaging with management in order to ensure that management teams are open to partnering with the Manager and actively driving and generating value.

Some examples of value addition initiatives are provided below:

- Constituting the board and its sub-committees according to international best practices of corporate governance;
- Active involvement on the board and sub-committees;
- Strategy setting and budget setting;
- Frequently interacting with management, providing input on how to improve effectiveness of interventions;
- Assisting with strategic growth and innovation initiatives;
- Identifying technical partners for growth initiatives;
- Ensuring adequate staffing and personnel management;
- Assisting in negotiating agreements with customers;
- Optimising the capital structure and fundraising initiatives; and
- Developing environmental, social and corporate governance, also known as ESG, to measure the sustainability and ethical impact of companies.