

TIP One Investment Policy

Objective

TIP One is a B-BBEE investment company that aims to generate long-term, per-share capital growth for its shareholders by focusing on investments that are unlocked through TIP One's B-BBEE credentials i.e. are reserved for B-BBEE investors only. In addition to growth in net asset value (NAV) per share, returns to investors can be enhanced through distributions, which may take the form of share buybacks or dividends.

Qualifying investments

Investments may include, but are not limited to, equity securities related to B-BBEE schemes, unlisted equity securities, investment funds, special purpose vehicles established for the purpose of facilitating B-BBEE investments, derivatives of such securities and direct investments in listed companies and/or components thereof (e.g. subsidiaries, joint ventures and other entities within a business grouping of a listed company). TIP One may also invest in derivative instruments for the purpose of capital protection or structuring, but not with speculative intent.

To maximise the income yield on unutilised cash resources, TIP One's policy insofar as cash resources is concerned may include investment in a prudent combination of bank deposits, short-term money market instruments, ETFs and other instruments deemed to have suitable investment characteristics for excess cash.

Diversification and portfolio strategy

TIP One aims to employ a diversification strategy over time, with diversification across economic sectors and industries, and will seek to maintain an adequate spread of investment risk. TIP One is first and foremost an investor in equity instruments and, although it might have to make investments in loans and or fixed-income instruments in order to gain access to equity instruments, TIP One will not aim to diversify the portfolio away from equity instruments. Geographically, TIP One will focus on South African investments, as that is the jurisdiction where its B-BBEE credentials will provide it with the opportunity to access appropriate investments.

Due to the often illiquid or structured nature of TIP One's investments and particularly during the initial period of portfolio construction, individual exposures may, from time to time, exceed 33.3% of its total portfolio. A single investment should only exceed this threshold on a temporary basis.

Investment criteria

Before investing, the Investment Committee will assess each investment by taking into account at least the following factors:

- Fundamental economics to which the business underlying the investment is exposed

- Time horizon of the investment and the impact on the liquidity of the relevant instrument
- Potential dividend income
- Funding structures that enhance returns and analysis of the associated risks
- Specific structuring elements and legal matters related to B-BBEE schemes where applicable
- Impact on the overall TIP One portfolio from a mix and risk perspective
- Expected return from the proposed investment

Source of funds to execute investments

TIP One may utilise various potential sources of funds to execute investments, including *inter alia*:

- Existing cash resources
- Equity capital raised from new or existing shareholders
- Debt or mezzanine funding
- Specific equity issuance through which shares in TIP One are issued as consideration for qualifying investments (i.e. an acquisition issue as per the Listings Requirements of the relevant exchange that TIP One may be listed on from time to time)

Role in portfolio companies

TIP One aims to primarily seek out minority stakes in portfolio companies, and will not control, or seek to control any company underlying an investment. By nature, these are passive investments in which TIP One acts as a financial investor and will not be actively involved in the management thereof.

In some cases, TIP One may act as a strategic B-BBEE investor and may play a role in setting, monitoring and influencing transformation objectives. Where needed, TIP One may apply corporate and governance oversight and intervene accordingly.

Realisation of investments

TIP One will assess the various options available for each investment from time to time in line with the investment objective. This may include a disposal of part or all of the securities or a rollover into a replacement structure. Positions may be partially or fully sold when there is a financial rationale for doing so, for example when a share is trading above its intrinsic value.