

STADIO HOLDINGS LIMITED
(Previously Embury Holdings Proprietary Limited)
(Incorporated in the Republic of South Africa)
Registration number: 2016/371398/06
JSE share code: SDO
ISIN ZAE000248662
("STADIO")

LISTING OF STADIO ON THE MAIN BOARD OF THE JSE LIMITED ("JSE") AND
ABRIDGED PRE-LISTING STATEMENT

1. INTRODUCTION

- 1.1. Curro Holdings Limited ("Curro") is currently the largest for-profit independent school group in Africa, providing education services to approximately 47 000 learners in 127 schools across South Africa and Namibia. Curro has been a proud provider of pre-school and school-based education since 1998 and was listed on the JSE in 2011.
- 1.2. In 2013, Curro acquired the Embury Institute for Higher Education Proprietary Limited ("Embury"), a registered private higher education institution, which offers accredited undergraduate teacher-education qualifications. The acquisition of Embury was Curro's first investment in the post-school education environment.
- 1.3. In light of the opportunities presented in the post-school education market, it was a natural progression for Curro to develop and further expand its higher education offering. The Latin word "Curro", can be translated into English as "I run" and the Italian word "Stadio", can be translated into English as "stadium". In ancient Rome, long-distance races required athletes to run from stadium to stadium to reach the finish line. The progression from Curro to STADIO, symbolises the fact that STADIO is the way in which the race for education will be continued. It also epitomises the ethos of "continuing" (lifelong) learning.
- 1.4. On 28 February 2017, Curro announced its intention to unbundle its entire interest in STADIO and to list STADIO on the JSE.
- 1.5. Curro released a further announcement today, advising its shareholders ("Curro Shareholders") that the board of directors of Curro ("Curro Board") has resolved to unbundle 410 561 153 ordinary shares in STADIO ("STADIO Shares") to

Curro Shareholders in the ratio of one STADIO Share for every one ordinary share in the share capital of Curro held on the record date of the unbundling ("the Unbundling"), comprising 91.7% of the issued share capital of STADIO (the remaining 8.3% of the issued share capital of STADIO is held by the vendors of the South African School of Motion Picture Medium and Live Performance Proprietary Limited ("AFDA"), that was acquired by STADIO prior to the date of this announcement).

1.6. Shareholders are herewith advised that the JSE has granted STADIO a listing by way of introduction of all its issued ordinary shares on the main board of the JSE ("the Listing"), under the abbreviated name "STADIO", share code "SDO" and ISIN ZAE000248662, with effect from the commencement of trade on Tuesday, 3 October 2017 ("Listing Date"). STADIO will be listed in the "Specialised Consumer Services" sector of the main board.

2. PUBLICATION AND DISTRIBUTION OF PRE-LISTING STATEMENT

2.1. The pre-listing statement in relation to the Listing, which contains detailed information regarding STADIO ("Pre-listing Statement"), was published today, Friday, 15 September 2017 on STADIO's website (www.stadio.co.za).

2.2. STADIO will distribute the Pre-listing Statement to Curro Shareholders (who will receive STADIO Shares in terms of the Unbundling) on Monday, 18 September 2017.

2.3. Terms appearing in title case in this announcement and that are not otherwise defined herein, shall bear the meanings assigned to them in the Pre-listing Statement. Shareholders are referred to the footnotes and references contained in the Pre-listing Statement for the sources of the various statistics and facts contained in this announcement.

3. SALIENT DATES AND TIMES RELATING TO THE UNBUNDLING AND LISTING

The salient dates and times relating to the Unbundling and the Listing are set out below:

		2017
Unbundling declaration and finalisation announcement published by Curro on SENS on	Friday, 15 September	
Abridged Pre-listing Statement published on SENS on	Friday, 15 September	

Unbundling declaration and finalisation announcement published by Curro in the press on	Monday, 18 September
Abridged Pre-listing Statement published in the press on	Monday, 18 September
Last day to trade for Curro Shareholders to be entitled to participate in the Unbundling	Monday, 2 October
Listing of STADIO Shares under the abbreviated name "STADIO", share code "SDO" and ISIN ZAE000248662, on the main board at commencement of trade on	Tuesday, 3 October
Record date for the Unbundling on	Thursday, 5 October
Accounts at CSDP or Broker updated in respect of Dematerialised Shareholders on	Friday, 6 October
Share certificates posted to Certificated Shareholders by registered post on or about	Friday, 6 October

Notes:

1. The above dates are subject to change. Any such change will be announced on SENS.
2. All references to dates and times are to local dates and times in South Africa.
3. Share certificates may not be dematerialised or re-materialised between Tuesday, 3 October 2017 and Thursday, 5 October 2017, both dates included.
4. ABRIDGED PRE-LISTING STATEMENT OF STADIO

The Abridged Pre-Listing Statement appearing below, is not an invitation to the public to subscribe for STADIO Shares, but is issued in compliance with the JSE Listings Requirements for the purpose of providing information to the public and investors in respect of STADIO.

4.1. INDUSTRY BACKGROUND

- 4.1.1. "Education is the civil rights struggle of our generation requiring the biggest expansion of educational opportunity in modern history".

- 4.1.2. Education is indisputably fundamental for the development of the necessary skills and intellectual capital that will ultimately promote economic growth and development. Access to education plays a pivotal role in promoting equality, democracy and ultimately, social justice.
- 4.1.3. Whilst the early childhood development and basic education sectors are vitally important to laying the educational foundation for individuals, it is acknowledged that students who further their post-school education obtain a wide range of financial, personal and other lifelong benefits. Similarly, taxpayers and society as a whole derives a multitude of direct and indirect benefits when citizens have access to post-school education.
- 4.1.4. An expanding post-school education system has become a norm of modernisation and the demand for post-school education continues to grow.
- 4.1.5. Globally, the number of students enrolled, specifically at higher education institutions, more than doubled between 2000 to 2015, from 99.7 million students to 213.7 million students.
- 4.1.6. This growth has arisen mainly from:
 - 4.1.6.1. a growing population (including a growing middle-class population);
 - 4.1.6.2. an increase in the number of school leavers qualifying to participate in post-school education; and
 - 4.1.6.3. an increase in the actual Gross Tertiary Enrolment Rate ("GTER") of students typically attending higher education institutions (GTER defined as total student enrolments divided by the school leaver age-cohort in the national population i.e. the population typically between the ages of 18 and 24 years). The global average of the GTER was 32.9% increasing to 34% in 2014 and is expected to reach about 50% by 2034. GTER rates are on average 76,6% in Northern and Western Europe, 43.9% in Latin America and the Caribbean and 8.2% in Sub-Saharan Africa.
- 4.1.7. In South Africa, the higher education market is made up of 26 public higher education institutions (with an aggregate

of 985 212 students in 2015) and 124 private higher education institutions (with an aggregate of 147 210 students in 2015), which collectively had a total of 1 132 422 students in 2015.

4.1.8. As with global trends, the demand for higher education in South Africa has also increased, with the number of total students enrolled in higher education institutions more than doubling from approximately 557 000 students in 2000 to 1 132 422 students in 2015.

4.1.9. Over the same period the number of first-time students enrolled at public higher education institutions increased by approximately 75%, from 98 095 in 2000 to 171 930 in 2015, with the bulk of the growth arising from UNISA (a dedicated distance learning institution) and North West University (with its newly introduced distance learning focus).

4.1.10. Private higher education institutions only account for 13% of the total higher education market in South Africa, with 147 210 enrolled students in 2015, up from 90 767 enrolled students in 2009. In Brazil and Chile, for example, total enrolments in private higher education are closer to 71% in 2012 and 84% in 2013, respectively. For Organization for Economic Cooperation and Development (OECD) countries, the corresponding figure was approximately 31% in 2013.

4.1.11. It is an indisputable fact that the demand for private higher education in South Africa continues to increase, as is evident from the following facts:

4.1.11.1. the number of school leavers qualifying for post-school education has increased by 25% from approximately 334 718 students in 2009 to 442 672 students in 2016;

4.1.11.2. even with the introduction of two new public higher education universities in the Northern Cape and Mpumalanga in 2014, at least 60% of school leavers per annum who qualify for further study cannot be accommodated by the public higher education sector. With the increasing numbers of successful school leavers, the impact of this shortfall is compounded every year; and

4.1.11.3. in 2015, the GTER for South African universities was approximately 19% up from 14% in 2000. The National Development Plan (NDP) has set a target to increase

higher education participation to 1.6 million students in 2030, however, to meet the global average GTER, STADIO estimates that the number of participants should increase to approximately 2 million students.

4.1.12. The future growth of student enrolments in South African public universities is however constrained by the limited infrastructure and other resource capacity issues. It is estimated that the expected current maximum capacity of first-year enrolments at public higher education institutions is approximately 180 000 students.

4.1.13. Adding a further constraint to cater for the increased demand is the enrolment cap based on the limited available budget from the national fiscus that is applied to public higher education institutions by the DHET. This cap dictates the maximum new students that may be admitted annually that will be subsidised by the state.

4.1.14. Over and above the capacity (i.e. infrastructure and financial) shortages, public higher education institutions face the following further material challenges:

4.1.14.1. High drop-out rates, low graduation rates and the long time to graduate

Since 1994, the increase in the number of students accessing higher education has been significant, particularly amongst previously marginalised groups. However, the success rates of these higher student numbers have not been proportionately evident. Instead, the higher access rates are accompanied by equally higher attrition rates (mainly as a consequence of low output and throughput rates). In 2013, the CHE reported that as many as 55% of students never graduated. In 2015, the statistics from DHET indicated that average graduation rates at public higher education institutions ranged between 13% and 43% (with an overall 3.3% increase from 2014).

4.1.14.2. Limited articulation possibilities

Given the constraining impact of the enrolment cap on public higher education institutions, students who drop out and/or are academically cancelled have limited opportunities to further their studies within the public sector due to a lack of nationally applicable

articulation arrangements allowing them to continue their studies at other institutions in the post school sector.

4.1.14.3. Increase in operational costs of public higher education institutions

The operating expenses of public higher education institutions increase annually, which means that further pressure will be placed on government to increase funding to these institutions. If the state cannot increase its funding, these institutions will have to look to other sources of income to support themselves, including student fees.

4.1.15. Noting the challenges confronting public higher education and training, and the acknowledgement of the critical importance of higher education in growth and development, the private sector is an ideal partner to support and assist the state to address and mitigate its risks vis-à-vis post-school education and training. This view is supported by the DHET, which has recognised the critical role of private institutions in expanding opportunities specifically for higher education and training in South Africa. By 2030, the DHET would like to see 1 million students at private higher education institutions as an element of national growth and development.

4.2. BUSINESS RATIONALE OF STADIO

4.2.1. The current unemployment rate in South Africa remains critically high at 27.7%.

4.2.2. Education and training remains vitally important to reduce unemployment and promote economic growth.

4.2.3. Research further indicates that in South Africa, the graduate unemployment rate is at about 5%, implying that a degree or post school qualification dramatically increases the probability of securing a job and therefore economic security and stability.

4.2.4. As such, the board of directors of STADIO ("STADIO Board") believes that STADIO, through its subsidiaries, can play a meaningful role by:

4.2.4.1. Widening access to higher education, by:

- investing capital to create capacity to accommodate the increasing demand for higher education (i.e. with competing socio-economic demands the government does not have the financial and operational resources to address this demand);
- providing seamless access and articulation pathways through a compendium of qualifications that will allow for progression from higher certificate to degree qualifications;
- ensuring a sufficiently diverse programme and qualification mix that caters to both school-leavers, working adults and the post-graduate student, within the framework of lifelong learning; and
- enhancing the use of distance learning which is both more affordable and will increase the breadth of access;

4.2.4.2. Offering innovative curricula and programmes that are relevant and relate to the world of work and the needs of society i.e. programmes that will provide students with a real chance of finding or creating employment post-qualification but which will equally ensure that STADIO graduates have a fundamental understanding of responsible citizenship and global awareness; and

4.2.4.3. Focussing on graduate success and throughput (i.e. access with success), as follows:

- STADIO recognises that a number of higher education students do not progress academically as a result of not achieving examination admission. STADIO believes that, having registered a student, the higher education institution must take all reasonable and responsible steps to facilitate the success of such student, including the implementation of the 'credit retry' principle as an integral element of its teaching and learning methodology. The 'credit retry' principle focuses on identifying students at risk of

not achieving examination admission and providing adaptive further academic support and/or formative assessment opportunities that will improve their chances to sit for the examination, pass the examination and graduate successfully; and

- Private higher education institutions and STADIO particularly, introduce an opportunity for students who drop out and/or are academically cancelled, to ensure that no learning is wasted. STADIO's academic ethos promotes articulation and mobility between and among its own institutions as well as the public higher education sector through the application of existing DHET policies of credit accumulation and transfer, recognition of prior learning, and recognition and equivalence of degrees.

4.2.5. Notwithstanding STADIO's aforementioned intentions, STADIO is also cognisant that although increasing infrastructure is one pillar in the "access" discussion, a second pillar, given that further state funding is an unlikely option, is sustainable financial support for students. STADIO is considering several models that may be implemented individually or collectively and includes academic merit and needs bursaries and scholarships (estimated at between 1% and 3% of revenue per annum). Furthermore, STADIO believes that successful businesses in both the listed and unlisted environments can use their corporate, social responsibility funds to provide bursaries for students to study programmes which will provide young adults with the skillsets relevant to the world of work. By monitoring the learning success of these students, these companies will find comfort that their money is appropriately used for the benefit of the country.

4.2.6. The intention of the Unbundling and Listing is to create a separate listed business, focussing on higher education, with a strong management team and a dedicated anchor shareholder (namely PSG Group Limited) in order to become a leader in the higher education market in South Africa.

4.2.7. To achieve its goal, STADIO intends to create a "Multiversity". A Multiversity is defined as a large, diverse institution of higher learning created to educate for life and for a profession, and to grant degrees, (including higher certificates and diplomas). Whereas a university implies "sameness" and the integration of all

knowledge, a Multiversity implies a DIVERSITY of knowledge with diverse institutions catering for the diverse and relevant needs of the South African market place. The concept of a Multiversity further respects the uniqueness of every student.

- 4.2.8. As a Multiversity, STADIO will own various registered higher education institutions, which will retain their own brands, campuses and management teams, but will share a common ethos and benefit from the synergies, infrastructure and shared services arising from the STADIO Group structure.
- 4.2.9. STADIO is an investment holding company that focusses on the acquisition of, investment in, growth and development of higher education institutions to assist in meeting the demand for quality and relevant higher education programmes in Southern Africa. It intends to acquire and grow existing registered higher education brands, fund further expansions of existing brands and oversee the greenfield development of new campuses.
- 4.2.10. STADIO, through its subsidiaries, will have diverse offerings including undergraduate and post graduate programmes (higher certificates, diplomas and degrees), geared to providing students with a real chance of creating their own employment opportunities (entrepreneurship) or finding employment post-qualification. As the investment holding company of the various education institutions, STADIO will monitor the business success and drive efficiencies, innovations and best practices across the STADIO Group.
- 4.2.11. The STADIO Group is committed to being relevant to the higher educational needs of the country and the broader African higher educational and development agenda, however, the STADIO Group aims equally to be a recognised and valued participant in the international milieu of higher education. For this and other reasons, as a business STADIO will provide education through its various institutions and brands in the English language.
- 4.2.12. At the Listing Date, the STADIO Group will have:
 - 3 registered higher education institutions, namely Embury, AFDA and the Southern Business School (as more

fully described below) that have been operating for between 17 and 23 years;

- 5 faculties, namely (i) Education; (ii) Commerce and Business; (iii) IT; (iv) Law and (v) Arts;
- 28 accredited programmes, ranging from higher certificates and diplomas to post graduate degrees (including masters' degrees);
- approximately 22 new courses/programmes in the process of development and accreditation, which will be offered by the STADIO Group from the commencement of the 2018, 2019 or 2020 academic years;
- 10 registered campuses/sites, including sites in Gauteng, the Western Cape, Kwa-Zulu Natal, Eastern Cape, Botswana (Gaborone) and Namibia (Windhoek); and
- approximately 12 979 registered students.

4.2.13. STADIO will grow its business by focussing on:

4.2.13.1. the acquisition of reputable higher education institutions, aligned with STADIO's Multiversity strategy and ethos, with the aim to accumulate a wide spread of programmes and qualifications in various fields of higher education;

4.2.13.2. optimising the utilisation of STADIO's newly constructed facilities, namely:

- Musgrave (Kwa-Zulu Natal) (contact learning capacity of 2 700 students);
- Montana (Pretoria) (contact learning capacity of 1 700 students); and
- Waterfall (Midrand) (contact learning capacity of 1 700 students);

4.2.13.3. promoting the growth of existing brands (i.e. Embury, AFDA, and the Southern Business School). This will include:

- geographic expansion through rolling out the brands to new locations;

- accrediting further undergraduate and post-graduate degrees, diplomas and higher certificate qualifications across various brands;
- investing in focused marketing across the various brands and products of the STADIO Group; and
- expanding distance learning offerings across the brands (key qualifications to be accredited on both distance learning and contact learning modes of delivery); and

4.2.13.4. expanding into greenfield opportunities by exploring its offering into new faculties, such as Engineering as well as Health and Sciences, in due course.

4.3. OVERVIEW OF THE STADIO GROUP

The various businesses of the STADIO Group are detailed below:

4.3.1. Embury Institute for Higher Education Proprietary Limited (Embury) (100%)

4.3.1.1. Embury is a South African registered higher education institution (DHET registration number 2008/HE07/004) which currently offers 8 accredited undergraduate teacher-education qualifications through both contact and distance learning modes, to prepare teachers for working in South African schools. Embury currently has approximately 1 100 students registered for contact and distance learning qualifications at its Morningside campus in Durban (Kwa-Zulu Natal). Currently the Morningside campus is at capacity which has limited Embury's growth potential in Kwa-Zulu Natal to date. During 2017, Embury (through STADIO) acquired and developed the Musgrave campus in order to meet the increased demand. The Musgrave campus will be able to accommodate a maximum capacity of 2 700 students. The current Embury Morningside campus will thus relocate to the newly constructed Musgrave campus at the beginning of 2018 and strongly position Embury for its next phase of growth in Kwa-Zulu Natal.

4.3.1.2. Embury is in the process of expanding its national footprint and academic programme offerings. The STADIO

Board believes that there exists a large opportunity for teacher-education qualifications in Gauteng. As such in January 2018, Embury will open two new campuses in Gauteng, one in Waterfall Estate (Midrand) and the other in Montana (Pretoria). It is estimated that these new campuses will take between 3 and 4 years (i.e. between 2020 and 2021) to breakeven, as the Embury brand gains traction in Gauteng, and thereafter both campuses are expected to contribute meaningfully to the profits of the STADIO Group.

4.3.1.3. Embury is also currently in the process of developing 17 new contact and distance learning qualifications for its teacher education and economic and management sciences faculties. Embury has developed and submitted a number of economic and management sciences qualifications, including its own PGDA, to the CHE for accreditation. Embury is also in the process of obtaining SAICA accreditation for this PGDA programme.

4.3.1.4. Furthermore, Embury has entered into an agreement to acquire the business, intellectual property and employees of CA Connect, with effect from 1 January 2018. CA Connect is a private education business which currently collaborates with a higher education institution in offering a one-year PGDA, which allows students to write the "Initial Test of Competence", being the first of SAICA's professional exams for students on the path to becoming registered Chartered Accountants. The CA Connect team will join and assist in the development of Embury's new economic and management sciences faculty from 1 January 2018.

4.3.2. The South African School of Motion Picture Medium and Live Performance Proprietary Limited (AFDA) (100%)

4.3.2.1. AFDA is a South African registered higher education institution, (DHET registration no. 2001/HE07/012) and offers 9 fully accredited programmes ranging from higher certificates to masters' degrees, primarily focused on the film, television and live performance industry.

4.3.2.2. AFDA was founded in 1994 by Garth Holmes, Bata Passchier and Deon Opperman. Since then it has grown from 6 students, to a premier institution of its kind in the world, with approximately 1 950 students on campuses in Johannesburg, Cape Town, Durban and Port Elizabeth. AFDA

has grown its student numbers consistently from approximately 1 570 students in 2015 to approximately 1 775 students in 2016 and to approximately 1 950 students currently enrolled at its 4 South African campuses. These current campuses can accommodate an approximate student capacity of 4 000 students. AFDA will further look to expand its offerings to locations such as Pretoria and Soweto over time.

4.3.2.3. As a further part of its strategy to expand its brand offering, and prepare graduates for the demands of a digital economy, AFDA launched its business innovation and technology degree offering, to address the exciting exponential development of the creative economy.

4.3.2.4. It is the intention of AFDA to broaden the scope of its offering in the connected creative ecology, by increasing its choice of disciplines, including interior, graphic and fashion design, advertising, virtual reality, 3D printing, music, sound and application development to produce innovative and profitable business concepts, popular culture, media and entertainment, for both local and global markets.

4.3.3. Southern Business School Proprietary Limited (Southern Business School) (74%)

4.3.3.1. The Southern Business School is a South African registered higher education institution (DHET registration number: 2002/HE07/015), with its Subsidiary, Southern Business School Namibia, being recognised by the Namibian Qualification Authority. The Southern Business School has 11 accredited distance learning programmes (ranging from higher certificates to masters' degrees) with 3 academic schools, namely the School of Business and Economics, the School of Safety in Society and the School of Law, which offer dedicated formal programmes as well as short courses.

4.3.3.2. Founded by Chris Vorster in 1996, the Southern Business School, which originally opened its doors with 38 students in 1996, offers accredited programmes through distance learning. The business has reflected stellar growth in student numbers from approximately 6 905 students in 2015, to approximately 8 533 students in 2016 and to approximately 9 956 students in 2017, enrolled in South Africa and Namibia.

- 4.3.3.3. As a contributor to growth, in 2016, the Southern Business School launched a Bachelor of Commerce (in Law) degree as part of its strategy to expand its range of programmes offered.
- 4.3.3.4. The Southern Business School will continue to seek out growth opportunities (in South Africa and Namibia) by introducing new programmes as well as increasing its presence, through effective marketing, and extending its reach geographically. Being a distance learning provider, the Southern Business School will not require the physical building infrastructure required, for example, by the Embury or AFDA businesses. This business is thus able to scale its operations and widen access with investment in appropriate information technology improvements over time.

4.4. RATIONALE FOR THE UNBUNDLING AND LISTING

- 4.4.1. In light of the significant opportunities in the post-school education market and the capital required to pursue these opportunities, the Curro Board undertook to separate the "schools" and higher education businesses, to ensure that each business has its own dedicated management team, with a dedicated focus to effectively pursue their growth strategies in separate distinct markets that both offer attractive room for growth.
- 4.4.2. Thus, the ultimate rationale for the Unbundling and the Listing is to:
 - 4.4.2.1. provide STADIO with access to the equity and debt capital markets in order to facilitate growth;
 - 4.4.2.2. enable STADIO to raise funds from its Shareholders for the planned expansion (acquisitive and organic) of STADIO by way of a rights offer in a listed environment;
 - 4.4.2.3. enhance STADIO's deal making ability, as listed shares can be more readily utilised for the purposes of acquisitions;
 - 4.4.2.4. provide additional credibility for STADIO to its clients and debt funders; and

4.4.2.5. provide Shareholders with a liquid, tradable security within a regulated environment, with a market determined share price and an exit mechanism for those Shareholders who wish to exit.

4.5. PROSPECTS

4.5.1. STADIO's objective is to facilitate, through its subsidiaries, access to quality higher education, giving its students realistic opportunities of finding or creating future employment.

4.5.2. Through implementing its growth strategy, the details of which are set out in paragraph 4.2.13 above, the STADIO Group's objective is to increase its student enrolments (across both the contact and distance learning modes of delivery) initially to 35 000 students in the medium term and then to approximately 56 000 students by 2026, earning a profit after taxation of approximately R500 million (also by 2026). STADIO believes that the aforementioned target can be achieved through deploying: (i) the capital of R840 million raised from the Rights Offer and the B-BBEE Transaction; (ii) internally generated cash; and (iii) debt funding.

PLEASE NOTE THAT THE AFOREGOING STATEMENT OF STADIO'S OBJECTIVE HAS NOT BEEN REVIEWED OR REPORTED ON BY STADIO'S AUDITORS OR BY AN INDEPENDENT REPORTING ACCOUNTANT NOR IS SAME GUARANTEED. IT IS HOWEVER AN OBJECTIVE THAT STADIO WISHES TO ACHIEVE BY 2026.

4.5.3. Over time however, STADIO's vision is to increase its reach to 100 000 students.

4.5.4. Given the opportunities in the sector and the demand for quality higher education, the STADIO Board is of the opinion that STADIO's prospects are very favourable.

4.6. CAPITAL RAISING

4.6.1. STADIO will, following the Listing and concurrently with the B-BBEE Transaction, raise capital from its Shareholders by way of the Rights Offer. STADIO intends raising approximately R640 million through the aforementioned Rights Offer and up to R200 million through the B-BBEE Transaction (details of which are set out in paragraph 4.7 below), resulting in a total capital raising

of up to R840 million. The details of the Rights Offer will be disclosed to Shareholders in a SENS announcement to be published on or about 3 October 2017 and in the Rights Offer Circular to be published by STADIO on or about 9 October 2017.

- 4.6.2. PSG Financial Services Limited ("PSG Financial Services"), who will hold approximately 51% of STADIO post the Unbundling, has irrevocably undertaken that it and/or PSG Alpha Investments Proprietary Limited (a subsidiary of PSG Financial Services), will follow all of their rights in terms of the Rights Offer. PSG Financial Services has also irrevocably undertaken to underwrite the balance of the Rights Offer.
- 4.6.3. The capital raised in terms of the Rights Offer will be used to fund the cash settled portions of the purchase considerations payable in terms of the AFDA Acquisition and the SBS Acquisition. It will further be utilised to fund the further acquisitions which are in various stages of negotiation, the transaction costs related to the various acquisitions as well as the costs of the capital raising and the Listing.
- 4.6.4. The capital raised in terms of the B-BBEE Transaction will be used to fund the acquisition of land and the development of existing campuses to facilitate growth, for working capital purposes and to build up the capital resources for future opportunities.
- 4.6.5. Assuming all the aforementioned capital is successfully raised, post settlement of the purchase considerations payable in terms of the AFDA Acquisition and the SBS Acquisition, STADIO will have excess cash on hand of approximately R430 million, which will specifically be utilised to fund further acquisitions that are in various stages of negotiations. STADIO believes that this capital will be fully invested within the next 6 to 12 months.

4.7. BROAD-BASED BLACK ECONOMIC EMPOWERMENT STRATEGY

- 4.7.1. STADIO recognises the importance of social and economic transformation in the South African environment and intends, shortly after the Listing and concurrently with the Rights Offer, to implement the B-BBEE Transaction by way of a private placement of STADIO Shares to Black People

and Brimstone Investment Corporation Limited ("Brimstone"), as part of its larger B-BBEE strategy.

- 4.7.2. Brimstone is a black controlled and managed investment holding company listed on the JSE, with investments across various sectors including financial services, food and healthcare.
- 4.7.3. On 23 August 2017, Shareholders approved the B-BBEE Transaction on the following terms:
 - 4.7.3.1. STADIO will use its reasonable endeavours to place Placement Shares up to a maximum value of R100 million with Black People, including Black Employees (the "Individual Placement");
 - 4.7.3.2. Placement Shares to the value of R100 million will be placed with Brimstone (the "Brimstone Placement");
 - 4.7.3.3. Brimstone has irrevocably agreed to underwrite the Individual Placement and will subscribe for all Placement Shares which are not placed with Black People, including Black Employees, in terms of the Individual Placement;
 - 4.7.3.4. the minimum subscription amount per Black Employee in terms of the Individual Placement shall be R20 000;
 - 4.7.3.5. the minimum subscription amount per Black People, excluding Black Employees, in terms of the Individual Placement is R50 000;
 - 4.7.3.6. the price at which the Placement Shares will be issued will be the lower of:
 - R2.96 per Placement Share; and
 - the VWAP of a STADIO Share for the 30 trading day period after the Listing Date, less a 20% discount ("Discounted Price"), provided that if the Discounted Price is lower than R2.50 per Placement Share, the STADIO Board will have the right, in its sole discretion, to decide whether or not to proceed with the proposed B-BBEE Transaction; and
- 4.7.4. all Placement Shares issued as part of the B-BBEE Transaction will be subject to a lock-in period of seven

years, during which period, participants in the B-BBEE Transaction shall only be allowed to sell their Placement Shares to other Black People, which have been verified by STADIO.

4.8. STATEMENT AS TO LISTING ON THE JSE

- 4.8.1. The JSE has granted STADIO a listing of all its issued STADIO Shares on the main board of the JSE under the abbreviated name "STADIO", share code "SDO" and ISIN ZAE000248662 with effect from the commencement of trade on Tuesday, 3 October 2017. STADIO will be listed in the "Specialised Consumer Services" sector of the main board.
- 4.8.2. Shareholders are advised that their STADIO Shares may only be traded on the JSE in Dematerialised form. Accordingly, Shareholders who receive STADIO Shares in certificated form in terms of the Unbundling, will need to Dematerialise their STADIO Shares into an account held at a suitable service provider, in order to trade their STADIO Shares on the JSE. This can be either one of the CSDPs that offers a trading service or a JSE-registered Broker. The process takes a few days, depending on the volumes of certificates to be authenticated. While such STADIO Shares are undergoing Dematerialisation, the Shareholder will be unable to trade them.

4.9. SHARE CAPITAL

The authorised and issued share capital of STADIO, immediately prior to the Listing Date, is set out below:

	Number of Shares	R
<hr/>		
Authorised share capital		
Ordinary Shares of no par value	1 000 000 000	-
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Issued share capital		
Stated capital - ordinary Shares of no par value	447 580 089	441 963 964
Treasury Shares	-	-
Total	447 580 089	441 963 964

4.10. DIRECTORS

The full names, ages, business address and capacities of the Directors of STADIO are provided below:

Full name	Age	Capacity	Business Address
Christiaan Rudolph van der Merwe	55	Chief executive officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Samara Totaram	38	Chief financial officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Divya Singh	52	Chief academic officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Rolf Heinrich Stumpf	71	Independent non-executive Director	5 Clingendael Close, Tokai, Cape Town, 7945
Renganayagee Kisten	52	Independent non-executive Director	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Khayelihle Sibusiso Sithole	31	Independent non-executive Director	18 Gladiolus Road, Avoca Hills, Durban, 4051
Pieter Nicolaas de Waal	42	Non-executive Director	2nd Floor, Ou Kollege, 35 Church Street, Stellenbosch, 7600
Andries Mellet	33	Alternate non-executive Director to PN de Waal	2nd Floor, Ou Kollege, 35 Church Street, Stellenbosch, 7600

4.11. COPIES OF THE PRE-LISTING STATEMENT

Copies of the Pre-listing Statement are available in English and may be obtained during normal business hours from Friday, 15 September 2017 until Tuesday, 3 October 2017 (both days inclusive), from the registered office of STADIO at Unit 13, San Domenico, 10 Church Street, Durbanville, 7550 and from the offices of PSG Capital Proprietary Limited, the

Transaction Advisor and Sponsor, at 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600 and 2nd Floor, 11 Alice Lane (Bowmans Building), Sandhurst, Sandton, 2196. A copy of the Pre-listing Statement will also be available on STADIO's website (www.stadio.co.za) from Friday, 15 September 2017.

Durbanville
15 September 2017

Transaction Advisor and Sponsor: PSG Capital Proprietary Limited

Independent Sponsor: Questco Proprietary Limited

Independent Reporting Accountant and Auditor of STADIO and Embury:
PricewaterhouseCoopers Incorporated

Independent Reporting Accountant in respect of Embury 2014 and 2015 historical financial information: Grant Thornton Durban Partnership CA(SA)

Independent Reporting Accountants in respect of AFDA and Intraframe historical financial information: Middel & Partners Centurion Partnership CA(SA)