

PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1970/008484/06)

JSE Limited (“JSE”) share code: PSG

ISIN code: ZAE000013017

LEI code: 378900CD0BEE79F35A34

(“the Company” or “PSG Group”)



PSG GROUP LIMITED

TERMS ANNOUNCEMENT REGARDING THE PROPOSED UNBUNDLING OF APPROXIMATELY 28.11% OF CAPITEC TO PSG GROUP SHAREHOLDERS AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENTS

Unless defined in the body of this announcement, capitalised terms shall have the meaning ascribed to them in the Definitions section at the end of this Announcement.

1. INTRODUCTION

- 1.1. PSG Group Shareholders are referred to the announcement by PSG Group on SENS on Wednesday, 29 April 2020, advising PSG Group Shareholders that the Board was in the process of investigating, and seriously considering, the potential unbundling of some or all of PSG Group’s shareholding in Capitec.
- 1.2. PSG Group Shareholders are hereby advised that, subject to the fulfilment (or where permissible, waiver) of the PSG Group Unbundling Conditions, PSG Group intends to distribute 32 502 856 Capitec Distribution Shares, comprising approximately 28.11% of the total issued share capital of Capitec, to PSG Group Shareholders by way of a *pro rata* distribution *in specie*, in the ratio of 14 Capitec Shares for every 100 PSG Group Shares held on the PSG Group Unbundling Record Date.
- 1.3. Shareholders should note that PSG Group will retain a 4.3% shareholding in Capitec post the PSG Group Unbundling (“**Capitec Retained Shares**”), which will be held by its wholly-owned subsidiary, PSG Financial Services. The Capitec Retained Shares will comprise a 2.6% shareholding in Capitec that will not form part of the PSG Group Unbundling and a 1.7% shareholding in Capitec that will be received by PSG Financial Services in terms of the PSG Group Unbundling, as a result of the treasury shares held by PSG Financial Services in PSG Group. The Capitec Retained Shares, comprising approximately 4.9 million Capitec Shares, will bolster PSG Group’s balance sheet post the PSG Group Unbundling.
- 1.4. The purpose of this Announcement is to provide PSG Group Shareholders with detailed information on the terms and conditions of the PSG Group Unbundling.

2. PSG GROUP UNBUNDLING

- 2.1. In terms of the PSG Group Unbundling, subject to the fulfilment (or, where permissible, waiver) of the PSG Group Unbundling Conditions, PSG Group will unbundle the Capitec Distribution Shares to PSG Group Shareholders, by way of a *pro rata* distribution *in specie* in terms of section 46 of the Companies Act and section 46 of the Income Tax Act.
- 2.2. The PSG Group Unbundling will result in PSG Group Shareholders holding a direct interest in Capitec rather than holding an indirect interest through PSG Group.

- 2.3. Whereas Capitec is listed on the JSE and will remain listed on the JSE on the implementation of the PSG Group Unbundling, the PSG Group Unbundling will not require the approval of PSG Group Shareholders under paragraph 5.85 of the JSE Listings Requirements. However, as the PSG Group Unbundling is deemed to be the disposal of the greater part of the assets or undertaking of PSG Group in terms of section 112 of the Companies Act, it will require the approval of the TRP and the approval of PSG Group Shareholders by way of a special resolution, in compliance with the provisions of section 115 of the Companies Act.
- 2.4. The salient terms and mechanics of the PSG Group Unbundling are set out in paragraph 4 of this Announcement.

3. RATIONALE FOR THE PSG GROUP UNBUNDLING

- 3.1. The rationale for the PSG Group Unbundling is to:
- 3.1.1. ease the administrative and regulatory compliance burden that would otherwise be imposed on PSG Group, should PSG Group be classified in terms of the FSRA as belonging to a financial conglomerate, as a result of its shareholding in Capitec, and to avoid the resulting restrictions that could impact on PSG Group's ability to operate as a dynamic and nimble investment holding company; and
- 3.1.2. assist in the reduction of the discount at which PSG Group Shares trade to the Company's sum-of-the-parts ("**SOTP**") value and to unlock value for PSG Group Shareholders.
- 3.2. The Board believes that the PSG Group Unbundling is in the best interest of PSG Group Shareholders and should unlock value for PSG Group Shareholders.

4. SALIENT TERMS AND MECHANICS OF THE PSG GROUP UNBUNDLING

- 4.1. Implementation of the PSG Group Unbundling
- 4.1.1. PSG Group will, subject to the fulfilment (or, where permissible, waiver) of the PSG Group Unbundling Conditions, unbundle the Capitec Distribution Shares to PSG Group Shareholders, by way of a *pro rata* distribution *in specie* in terms of section 46 of the Companies Act and section 46 of the Income Tax Act.
- 4.1.2. The PSG Group Unbundling will be implemented based on the Distribution Ratio of 14 Capitec Shares for every 100 PSG Group Shares held on the PSG Group Unbundling Record Date.
- 4.2. Theoretical Value Unlock
- 4.2.1. The PSG Group Unbundling could theoretically unlock value for PSG Group Shareholders for the reasons set out below.
- 4.2.2. The PSG Group 30-day volume weighted average traded share price ("**30-Day VWAP**") up to and including 28 April 2020, being the final trading day preceding the publication of the further cautionary announcement by PSG Group on SENS, amounted to R131.40 ("**PSG Group VWAP Price**"). When compared to the SOTP value of R203.11 per PSG Group Share, calculated using the 30-Day VWAP for

PSG Group's listed investments as at the close of business on the same date, the PSG Group VWAP Price represented a discount of R71.71, or 35.3% per PSG Group Share.

4.2.3. The PSG Group Unbundling will result in PSG Group Shareholders holding the Capitec Distribution Shares directly, which will eliminate the current discount applied to the Capitec Distribution Shares currently included in the SOTP value of the Company.

4.2.4. On a per PSG Group Share basis, the Capitec Distribution Shares had an attributable value of R125.48 on 28 April 2020 (based on the Capitec 30-Day VWAP on the same date) and accordingly comprised approximately 95.5%% of the PSG Group 30-Day VWAP and 61.8% of the SOTP value per PSG Group Share on the same date. Capitec's success resulted in it constituting a significant part of the PSG Group portfolio in recent times. Post the PSG Group Unbundling, PSG Group will remain well capitalised and will be in a healthy liquidity position. The active management style of PSG Group, along with its attractive portfolio of market leading investments, which will no longer be dominated by Capitec, could theoretically assist to reduce the discount at which PSG Group Shares trade to the Company's SOTP value post the PSG Group Unbundling.

4.3. PSG Group Unbundling Conditions

4.3.1. Subject to the provisions of paragraph 4.3.2 of this Announcement, the PSG Group Unbundling is subject to the fulfilment of the following conditions precedent:

4.3.1.1. the requisite majority of PSG Group Shareholders pass the Unbundling Resolution approving the PSG Group Unbundling, in term of section 112 of the Companies Act (read with section 115 of the Companies Act);

4.3.1.2. to the extent required in terms of section 115 of the Companies Act, the court approves the implementation of the Unbundling Resolution;

4.3.1.3. if any PSG Group Shareholder who voted against the Unbundling Resolution applies to court for a review of the Unbundling Resolution in terms of section 115(3)(b) of the Companies Act, either:

4.3.1.4. leave to apply to court for any such review is refused; or

4.3.1.5. if leave is so granted, the court refuses to set aside the Unbundling Resolution;

4.3.1.6. no PSG Group Shareholder delivers an objection notice in relation to the PSG Group Unbundling or the Unbundling Resolution on or before the date of the General Meeting, as contemplated in section 164(3) of the Companies Act, or, if such an objection notice has been duly delivered, PSG Group has waived this condition on or before the relevant date set out in the Circular (read with the provisions of paragraph 4.3.2);

4.3.1.7. the TRP issues a compliance certificate, in accordance with section 119(4)(b) of the Companies Act, to PSG Group in respect of the PSG Group Unbundling;

- 4.3.1.8. the JSE grants such approvals (if any) as are required in terms of the JSE Listings Requirements with respect to the PSG Group Unbundling;
- 4.3.1.9. the Financial Surveillance Department of the South African Reserve Bank approves the PSG Group Unbundling on terms and conditions acceptable to PSG Group;
- 4.3.1.10. the Prudential Authority grants the requisite approval of the PSG Group Unbundling, pursuant to the FSRA and, to the extent applicable, the Banks Act (Act 94 of 1990), as amended from time to time, on terms and conditions acceptable to PSG Group; and
- 4.3.1.11. the PSG Group internal restructure in relation to the Capitec Distribution Shares becomes unconditional and is implemented in accordance with its terms.

4.3.2. PSG Group may, at any time, extend the date for fulfilment of the PSG Group Unbundling Conditions as will be set out in the Circular or, to the extent legally permissible, waive, wholly or in part, any of the PSG Group Unbundling Conditions.

4.4. Classification

4.4.1. As noted above, the PSG Group Unbundling will not require the approval of PSG Group Shareholders in terms of the JSE Listings Requirements. However, the PSG Group Unbundling is deemed to constitute the disposal of the greater part of the assets or undertaking of PSG Group in terms of section 112 of the Companies Act and therefore requires the approval of the TRP and the approval of PSG Group Shareholders by way of a special resolution, in terms of the provisions of section 115 of the Companies Act.

4.4.2. As the PSG Group Unbundling is deemed to constitute a Section 112 Disposal, it constitutes an “affected transaction” as defined in section 117(1)(c)(i) of the Companies Act.

4.4.3. Consequently, the PSG Group Unbundling is regulated by the Companies Act and the Companies Regulations and requires the approval of the TRP.

4.5. Independent Board and Independent Expert’s Report

PSG Group has constituted the Independent Board for the purposes of the PSG Group Unbundling. The Independent Board has appointed the Independent Expert in order to, inter alia, prepare a fair and reasonable opinion for PSG Group Shareholders. The Independent Expert’s fair and reasonable opinion, as well as the Independent Board’s recommendation to PSG Group Shareholders in relation to the PSG Group Unbundling, will be detailed in the Circular as required in terms of the Companies Act and the Companies Regulations.

4.6. Fractional Entitlements

4.6.1. Where a Shareholder’s entitlement to the Capitec Distribution Shares in terms of the PSG Group Unbundling, calculated in accordance with the Distribution Ratio,

gives rise to a fraction of a Capitec Distribution Share, such fraction will be rounded down to the nearest whole number, resulting in allocations of whole Capitec Distribution Shares and a cash payment for the fraction to such PSG Group Shareholders. The remaining fractions of Capitec Distribution Shares will be bundled and sold on the market on behalf of the relevant PSG Group Shareholder to fund the cash payment referred to above.

- 4.6.2. In accordance with the JSE Listings Requirements, the weighted average traded price for a Capitec Distribution Share on the last day to trade, plus one business day, less 10%, will be used to calculate the cash value in respect of the respective fractions of Capitec Distribution Shares to be paid to the applicable PSG Group Shareholders.

4.7. Implementation of the PSG Group Unbundling

- 4.7.1. Under the PSG Group Unbundling, PSG Group Shareholders will receive the Capitec Distribution Shares in Dematerialised form only.
- 4.7.2. Accordingly, all Certificated Shareholders wishing to receive their Capitec Distribution Shares in Dematerialised form must appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the Capitec Distribution Shares on their behalf.
- 4.7.3. Should a Certificated Shareholder not appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the Capitec Distribution Shares on its behalf, such PSG Group Shareholder will be issued with a statement of allocation, reflecting its Capitec Distribution Shares, by the Transfer Secretaries. Such PSG Group Shareholders can thereafter instruct the Transfer Secretaries to transfer their Capitec Distribution Shares, represented by the statement of allocation, to their appointed CSDP or can instruct the Transfer Secretaries to issue them with a share certificate at any time following the PSG Group Unbundling.
- 4.7.4. If a PSG Group Shareholder is in any doubt as to what action to take in respect of the PSG Group Unbundling, such Shareholder should consult its Broker, CSDP, banker, attorney or other professional adviser.

4.8. Tax considerations in relation to the PSG Group Unbundling

- 4.8.1. PSG Group Shareholders are advised to consult their own tax advisers regarding any tax consequences of the PSG Group Unbundling.
- 4.8.2. It is expected that the distribution of the Capitec Shares in terms of the PSG Group Unbundling should qualify as an “unbundling transaction” for purposes of section 46(1) of the Income Tax Act and should accordingly be disregarded for tax purposes in South Africa for PSG Group and its Shareholders. The tax consequences for Foreign Shareholders should be confirmed by such Foreign Shareholders with advisors in those jurisdictions.
- 4.8.3. Consequently, the receipt of the Capitec Distribution Shares by PSG Group Shareholders resident in South Africa should qualify for tax relief and should not constitute a “return of capital” or a “dividend”.
- 4.8.4. Additional tax information in relation to the PSG Group Unbundling will be included in the Circular.

4.9. Foreign Shareholders

- 4.9.1. No action has been taken by PSG Group to obtain any approval, authorisation or exemption to permit the distribution of the Capitec Distribution Shares or the possession or distribution of the Circular (or any other publicity material relating to the Capitec Distribution Shares) in any jurisdictions other than South Africa.
- 4.9.2. The PSG Group Unbundling is being conducted under the procedural requirements and disclosure standards of South Africa which may be different from those applicable in other jurisdictions. The legal implications of the PSG Group Unbundling on persons resident or located in jurisdictions outside of South Africa may be affected by the laws of the relevant jurisdiction. Such persons should consult their professional advisers and inform themselves about any applicable legal requirements, which they are obligated to observe. It is the responsibility of any such persons wishing to participate in the PSG Group Unbundling to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith.
- 4.9.3. Foreign Shareholders should refer to and take into account the disclaimers set out at the end of this Announcement and in the Circular in relation to those jurisdictions.
- 4.9.4. Additional information for the benefit of Foreign Shareholders will be included in the Circular including information in respect of the treatment of any Foreign Shareholder who may not be able to participate in the PSG Group Unbundling having regard to the relevant laws of their jurisdiction or otherwise.

5. BUSINESS, STRATEGY AND PROSPECTS OF PSG GROUP AFTER THE PSG GROUP UNBUNDLING

- 5.1. PSG Group is an investment holding company consisting of underlying investments that operate across a diverse range of industries, which, after the PSG Group Unbundling, include financial services (PSG Konsult), education (Curro) and food and related business (Zeder), as well as early-stage investments in select growth sectors such as utilities (Energy Partners), retirement villages (Evergreen), private higher education (STADIO), and the like. A number of PSG Group's investments are essential services/foods businesses that continue to trade and/or operate remotely during the COVID-19 lockdown.
- 5.2. PSG Group's strategy post the PSG Group Unbundling is as follows:
 - 5.2.1. Firstly, to reduce debt and ensure a healthy liquidity position, assuming that investment holding companies may continue to trade at a discount and that equity markets may accordingly be less accessible for capital raisings in the foreseeable future. In this regard, PSG Group is in the process of early-settling its only remaining term debt comprising redeemable preference shares amounting to R1bn. Following such redemption, PSG Group's only ongoing funding obligation will comprise the bi-annual preference dividend payable in respect of the perpetual (i.e. non-redeemable) preference shares issued by PSG Financial Services;
 - 5.2.2. Secondly, to secure adequate liquidity for PSG Group in order to support its key investments where necessary. In this regard, PSG Group has revisited the strategic objectives of its investee companies and assessed how they may possibly be affected by the severe downturn in the economy following the COVID-

19 lockdown. Although it is not possible to accurately predict the extent of the damage to the economy, PSG Group has performed various scenario analyses to stress test its investee companies' resilience. Such analyses included assessing the capital needs of its investee companies, while assuming that access to debt funding may be limited in the short to medium term;

- 5.2.3. Thirdly, to have sufficient resources available to support investee companies when attractive bolt-on acquisition opportunities become available (this part of the strategy is aligned to the second part); and
 - 5.2.4. Finally, PSG Group aims to proactively seek new investments which fit its investment philosophy and show promise to flourish in the emerging new economy post COVID-19.
- 5.3. PSG Group will have a strong balance sheet with ample liquidity and limited funding obligations post the PSG Group Unbundling. Its core investee companies such as PSG Konsult and Curro are market leaders in their respective industries and are suitably positioned to capitalise on any economic recovery. PSG Group's early-stage investments provide meaningful optionality, particularly so in the context of a "smaller" PSG Group ex-Capitec. The PSG Group board therefore remains optimistic about PSG Group's long-term growth prospects and value creation for Shareholders, albeit cautiously so as much will depend on the state of the South African economy going forward.

6. SALIENT DATES AND TIMES

The salient dates and times of the PSG Group Unbundling will be announced on SENS when the Circular is distributed.

7. CIRCULAR AND IMPLEMENTATION

- 7.1. The information contained in this Announcement should be read in conjunction with the terms of, and subject to, the disclaimers contained in the Circular. The Circular will contain full details of the PSG Group Unbundling and will incorporate a notice convening a General Meeting of PSG Group Shareholders in order to consider and, if deemed fit, to pass, with or without modification, the resolutions set out therein.
- 7.2. The Circular is anticipated to be distributed to PSG Group Shareholders on or about Wednesday, 1 July 2020. A copy of the Circular will also be available on SENS and on PSG Group's website (<http://www.psggroup.co.za>) from that date. The implementation date of the PSG Group Unbundling is anticipated to be on or about the end of August 2020.

8. RESPONSIBILITY STATEMENT

The Independent Board, individually and collectively accepts full responsibility for the accuracy of the information contained in this announcement. In addition, the Independent Board certifies that to the best of its knowledge and belief, the information contained in this announcement solely pertaining to the Company is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein, and that all reasonable enquiries to ascertain such information have been made.

9. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENTS

PSG Group Shareholders are advised that, as a result of the publication of this Announcement, the cautionary announcements previously released on SENS are hereby withdrawn.

Stellenbosch
27 May 2020

Transaction Advisor and Sponsor
PSG Capital



Independent Sponsor
UBS South Africa Proprietary Limited



Legal Adviser as to South African law
Cliffe Dekker Hofmeyr Incorporated



Legal Adviser as to US and UK law
Davis Polk & Wardwell London LLP



Auditors and Independent Reporting
Accountants
PricewaterhouseCoopers Incorporated



DEFINITIONS

In this Announcement, unless the context indicates the contrary, the following expressions have the meanings given to them below:

“Announcement” means this terms announcement published on SENS by PSG Group;

“Board” means the board of directors of PSG Group from time to time;

“Broker” means any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;

“Capitec” means Capitec Bank Holdings Limited (registration number 1999/025903/06, a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE;

“Capitec Distribution Shares” means 32 502 856 Capitec Shares, comprising approximately 28.11% of the total issued share capital of Capitec, that will be distributed by PSG Group to PSG Group Shareholders in terms of the PSG Group Unbundling, should the PSG Group

Unbundling Conditions be fulfilled (or, where permissible, waived) and the PSG Group Unbundling be implemented;

“Capitec Shares” means the ordinary shares with a par value of R0.01 each in the issued share capital of Capitec;

“Certificated Shares” means Shares which are not Dematerialised, title to which is represented by a share certificate or other Document of Title;

“Certificated Shareholder” means Shareholders who hold Certificated Shares;

“Companies Act” means the Companies Act, 2008 (Act No. 71 of 2008), as amended from time to time;

“Companies Regulations” means the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time;

“Circular” means the circular expected to be posted to PSG Group Shareholders on or about Wednesday, 1 July 2020 detailing, inter alia, the terms and mechanics of the PSG Group Unbundling;

“CSDP” means a central securities depository participant registered in terms of the Financial Markets Act with whom a beneficial holder of shares holds a Dematerialised share account;

“Curro” means Curro Holdings Limited (registration number 1998/025801/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE;

“Dematerialised” means the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of security holders maintained by a CSDP and “Dematerialised” shall bear the corresponding meaning;

“Distribution Ratio” means the ratio of 14 Capitec Shares for every 100 PSG Group Shares held on the PSG Group Unbundling Record Date, to be distributed to PSG Group Shareholders in terms of the PSG Group Unbundling, should the PSG Group Unbundling Conditions be fulfilled (or, where permissible, waived) and the PSG Group Unbundling be implemented;

“Documents of Title” means share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares acceptable to PSG Group;

“Energy Partners” means Energy Partners Holdings Proprietary Limited (registration number 2010/005871/07), a private company incorporated under the laws of South Africa;

“Evergreen” means Evergreen Retirement Holdings Proprietary Limited (registration number 2017/410269/07), a private company incorporated under the laws of South Africa;

“Financial Markets Act” means the Financial Markets Act, 2012 (Act No. 19 of 2012), as amended from time to time;

“Foreign Shareholders” means PSG Group Shareholders that are registered in a jurisdiction outside of South Africa, or who are resident, domiciled or located in, or who are a citizen of, a jurisdiction other than South Africa;

“FSRA” means Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), as amended from time to time;

“General Meeting” means the general meeting of PSG Group Shareholders to be convened in respect of the PSG Group Unbundling;

“Income Tax Act” means the Income Tax Act, 1962 (Act No. 58 of 1962), as amended from time to time;

“Independent Board” means those independent non-executive directors who have been appointed as the independent committee of the Board in respect of the PSG Group Unbundling, for purposes of the Companies Act and the Companies Regulations;

“Independent Expert” means the independent expert appointed by the Independent Board in accordance with the provisions of the Companies Act and Companies Regulations, further, further particulars of which will appear in the Circular;

“JSE” means JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa and which is licensed as an exchange in terms of the Financial Markets Act;

“JSE Listings Requirements” means the Listings Requirements of the JSE;

“Prudential Authority” means the Prudential Authority established in terms of the FSRA;

“PSG Financial Services” means PSG Financial Services Limited (registration number 1919/000478/06), a public company incorporated under the laws of South Africa of which the entire ordinary share capital is held by PSG Group and therefore being a wholly-owned subsidiary of PSG Group as defined in the Companies Act;

“PSG Group Unbundling” means the proposed distribution *in specie* by PSG Group of the Capitec Distribution Shares to the PSG Group Shareholders in the Distribution Ratio and *pro rata* to their respective shareholdings in PSG Group;

“PSG Group Unbundling Conditions” means the conditions precedent to the PSG Group Unbundling, as set out in paragraph 4.3 of this Announcement;

“PSG Group Unbundling Record Date” means the date on which a Shareholder must be registered in the securities register of PSG Group in order to be eligible to participate in the PSG Group Unbundling;

“PSG Konsult” means PSG Konsult Limited (registration number 1993/003941/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE;

“Section 112 Disposal” means a disposal by a company of the greater part of its assets or undertaking as contemplated in section 112 of the Companies Act;

“SENS” means the Stock Exchange News Service of the JSE;

“Shareholders” or “PSG Group Shareholders” means registered holders of Shares;

“Shares” or “PSG Group Shares” means no par value ordinary shares in the Company’s share capital;

“STADIO” means STADIO Holdings Limited (registration number 2016/371398/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE;

“Transfer Secretaries” means Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa;

“TRP” means the Takeover Regulation Panel established in terms of section 196 of the Companies Act;

“Unbundling Resolution” means the special resolution required to be passed in terms of section 112 and section 115(2)(a) of the Companies Act in relation to the PSG Group Unbundling; and

“Zeder” means Zeder Investments Limited (registration number 2006/019240/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE.

DISCLAIMERS

Neither this Announcement nor the Circular constitute or form part of any offer or invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue, PSG Group Shares, Capitec Distribution Shares, or any other securities.

The release, publication or distribution of this Announcement in jurisdictions other than South Africa and the United States (the “**US**”) may be restricted by law. The distribution of the Capitec Distribution Shares to Foreign Shareholders in terms of the PSG Group Unbundling may be affected by the laws of the relevant Foreign Shareholders’ jurisdiction. In this regard, Foreign Shareholders are referred to the further detail set out below and in the Circular.

FOREIGN SHAREHOLDERS: GENERAL

No action has been taken by PSG Group to obtain any approval, authorisation or exemption to permit the distribution of the Capitec Distribution Shares or the possession or distribution of this Announcement or the Circular (or any other publicity material relating to the Capitec Distribution Shares) in any jurisdictions other than South Africa.

The PSG Group Unbundling is being conducted under the procedural requirements and disclosure standards of South Africa which may be different from those applicable in other jurisdictions. The legal implications of the PSG Group Unbundling on persons resident or located in jurisdictions outside of South Africa may be affected by the laws of the relevant jurisdiction. Such persons should consult their professional advisers and inform themselves about any applicable legal requirements, which they are obligated to observe. It is the responsibility of any such persons wishing to participate in the PSG Group Unbundling to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith.

Foreign Shareholders should refer to and take into account the disclaimers set out in the Circular in relation to those jurisdictions.

Foreign Shareholders should nevertheless consult their own professional advisors and satisfy themselves as to the applicable legal requirements in their jurisdiction.

NOTICE TO FOREIGN SHAREHOLDERS LOCATED IN THE UNITED STATES

This Announcement is not an offer of securities for sale in the US. The Capitec Distribution Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or with any regulatory authority of any state or other jurisdiction in the US and may not be offered, sold, exercised, transferred or delivered, directly or indirectly, in or into the US at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities laws of the US.

The Capitec Distribution Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other regulatory authority in the US, nor have any of the foregoing authorities passed comment upon, or endorsed the merit of, the PSG Group Unbundling or the accuracy or the adequacy of this Announcement or the information contained herein. Any representation to the contrary is a criminal offence in the US.

All Foreign Shareholders located in the US are eligible to vote on the resolutions to be proposed at the General Meeting and subsequently, if the PSG Group Unbundling is implemented, to receive the Capitec Distribution Shares.

NOTICE TO FOREIGN SHAREHOLDERS LOCATED IN THE EUROPEAN ECONOMIC AREA (“EEA”) AND THE UK

This Announcement is not a prospectus, as such term is defined in the Prospectus Regulation (EU) 2017/1129, on the basis that the Capitec Distribution Shares are not being admitted to trading on a regulated market situated or operating within the EEA or the UK, nor is there an offer to the public in respect of the Capitec Distribution Shares in any member state of the EEA or in the UK. Accordingly, any person making or intending to make any offer for the Capitec Distribution Shares should only do so in circumstances in which no obligation arises for PSG Group or Capitec to produce a prospectus for such offer. PSG Group has not authorised the making of any offer for the Capitec Distribution Shares through any financial intermediary.