

## 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

(“PSG Group” or “the Company”)



PSG GROUP LIMITED

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## UNBUNDLING OF CAPITEC SHAREHOLDING – APPORTIONMENT OF TAX COST FOR SOUTH AFRICAN INCOME TAX PURPOSES

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Shareholders are referred to the Company’s various announcements released on SENS (“**Announcements**”) regarding the distribution by PSG Group of 32 502 856 ordinary shares held by it in the issued ordinary share capital of Capitec Bank Holdings Limited (“**Capitec**”), comprising approximately 28.11% of the total issued ordinary share capital of Capitec (“**Capitec Distribution Shares**”), to PSG Group ordinary shareholders (“**Shareholders**”) by way of a *pro rata* distribution *in specie*, in the ratio of 14 Capitec shares for every 100 PSG Group shares held (“**Distribution Ratio**”) (“**PSG Group Unbundling**”), as well as to the Company’s circular in this regard, dated 1 July 2020 (“**Circular**”).

Capitalised terms used below and that are not otherwise defined, bear the meanings ascribed to them in the Circular. The disclaimers set out in the Announcements and the Circular apply to this announcement.

### 1. INTRODUCTION

The purpose of this announcement is to notify Shareholders of the apportionment ratio to be applied by Shareholders in determining the portion of their past costs (and market value, if relevant) to be allocated to i) the unbundled Capitec Distribution Shares to be distributed to Shareholders and ii) the remaining ordinary shares in the issued share capital of PSG Group (“**PSG Group Shares**”) held by Shareholders following the PSG Group Unbundling.

### 2. APPORTIONMENT TAX PRINCIPLES

2.1. The summary below represents general comments and is not intended to constitute a complete analysis of the tax consequences of the PSG Group Unbundling for Shareholders in terms of existing South African tax law. It is not intended to be, nor should it be considered as legal or tax advice. Neither PSG Group, its associates, its advisors, its directors or employees can be held responsible for the tax consequences of the PSG Group Unbundling and therefore Shareholders are advised to consult their own tax advisors in this regard.

#### 2.2. PSG Group Shares held as trading stock

2.2.1. Any Shareholder holding PSG Group Shares as trading stock will be deemed to acquire the Capitec Distribution Shares as trading stock.

2.2.2. The combined expenditure of the PSG Group Shares and Capitec Distribution Shares will be the amount taken into account by the Shareholder in respect of the PSG Group Shares, as contemplated in section 11(a), section 22(1) or section 22(2) of the Income Tax Act. The portion of the above combined expenditure to be

allocated to the Capitec Distribution Shares will be determined by applying the ratio that the market value of the Capitec Distribution Shares bears to the sum of the market value of the PSG Group Shares and the Capitec Distribution Shares as at the last day to trade, plus one Business Day, being Wednesday, 26 August 2020, taking the Distribution Ratio into account. The expenditure so allocated to the Capitec Distribution Shares will reduce the expenditure relating to the retained PSG Group Shares, as set out in paragraph 3 below.

### 2.3. PSG Group Shares held as capital assets

2.3.1. Any Shareholder holding PSG Group Shares as capital assets will be deemed to acquire the Capitec Distribution Shares as capital assets.

2.3.2. The combined expenditure of the PSG Group Shares and Capitec Distribution Shares will be the original expenditure incurred in respect of the PSG Group Shares, that is allowable in terms of paragraph 20 of the Eighth Schedule to the Income Tax Act, and where the PSG Group Shares were acquired before 1 October 2001, the expenditure and/or market value, as the case may be, adopted or determined as contemplated in paragraph 29 of the Eighth Schedule to the Income Tax Act. The portion of the above combined expenditure and/or market value, as the case may be, to be allocated to the Capitec Distribution Shares will be determined by applying the ratio that the market value of the Capitec Distribution Shares bears to the sum of the market value of the PSG Group Shares and the Capitec Distribution Shares as at the last day to trade, plus one Business Day, being Wednesday, 26 August 2020, taking the Distribution Ratio into account. The expenditure so allocated to the Capitec Distribution Shares will reduce the expenditure relating to the retained PSG Group Shares, as set out in paragraph 3 below.

### 2.4. Non-Resident Shareholders

Shareholders who are non-resident for tax purposes in South Africa are advised to consult their own professional tax advisors regarding the tax treatment of the PSG Group Unbundling in their respective jurisdictions, having regard to the tax laws in their jurisdiction and any applicable tax treaties between South Africa and their country of residence.

## 3. APPORTIONMENT RATIO

Shareholders are hereby advised that the expenditure of their PSG Group Shares as referred to above and their unbundled Capitec Distribution Share must be apportioned in accordance with the apportionment ratio set out below ("**Apportionment Ratio**"). The Apportionment Ratio is based on the closing price of 4 020 cents per PSG Group Share and 93 265 cents per Capitec Distribution Share on the last day to trade, plus one Business Day, being Wednesday, 26 August 2020, and has been calculated as follows:

Apportionment Ratio of Capitec Distribution Share =  $(A / (A+B))$

Where:

A = the closing price of an unbundled Capitec Distribution Share multiplied by the Distribution Ratio, i.e. 13 057.1 cents (calculated as 93 265 cents \* 0.14)

B = the closing price of a PSG Group Share, i.e. 4 020 cents

= 13 057.1 cents / (13 057.1 cents + 4 020 cents)

= 76.45970%

Accordingly, shareholders are hereby advised that the expenditure of their PSG Group Shares must be apportioned in the ratio of 23.54030% to a PSG Group Share held after the PSG Group Unbundling and 76.45970% to an unbundled Capitec Distribution Share received.

Stellenbosch  
26 August 2020

Transaction Advisor and Sponsor  
PSG Capital Proprietary Limited

Independent Sponsor  
UBS South Africa Proprietary Limited

