

PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1970/008484/06

JSE Limited share code: PSG

ISIN code: ZAE000013017

LEI code: 378900CD0BEE79F35A34

("PSG Group")



PSG GROUP LIMITED

PSG FINANCIAL SERVICES LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1919/000478/06

JSE Limited share code: PGFP

ISIN code: ZAE000096079

LEI code: 378900E99AFDC02B0F23

("PSG Financial Services" or "the Company")



PSG FINANCIAL SERVICES LIMITED

TERMS ANNOUNCEMENT IN RESPECT OF THE PROPOSED REPURCHASE BY THE COMPANY OF ALL ITS PREFERENCE SHARES IN ISSUE BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

- 1.1. Shareholders of PSG Financial Services ("**Shareholders**") are hereby advised that its board of directors ("**Board**") has resolved to propose a repurchase ("**Proposed Repurchase**") of all the Company's cumulative, non-redeemable, non-participating preference shares in issue ("**Preference Shares**") being listed on the exchange operated by the JSE Limited ("**JSE**"), from the holders of the Preference Shares ("**Preference Shareholders**") ("**Scheme Shares**") for a cash consideration of R81.00 per Preference Share ("**Clean Cash Consideration**"), together with all accumulated declared dividends thereon up to and including the record date for the implementation of the Scheme (as defined below) ("**Scheme Consideration**"), by way of a scheme of arrangement in accordance with the provisions of sections 114(1)(c) and (e) and section 115(2)(a) of the Companies Act, No. 71 of 2008, as amended ("**Companies Act**") ("**Scheme**"), which, if successfully implemented will result in all Preference Shares being repurchased and cancelled and subsequently delisted from the JSE.
- 1.2. The Clean Cash Consideration represents a premium of 20.3% to the closing price of the Preference Shares on the JSE of R68.11 on Friday, 16 April 2021, adjusted to exclude the accumulated dividend of R0.75 per Preference Share up to and including 16 April 2021.
- 1.3. The Company has on a voluntary basis constituted an independent board of directors for purposes of evaluating the terms and conditions of the Scheme, which comprises Mr PE Burton, Ms B Mathews and Ms AM Hlobo ("**Independent Board**").
- 1.4. Preference Shareholders collectively holding approximately 40% of the issued Preference Shares, have furnished irrevocable undertakings or letters of support in respect of the Proposed Repurchase by way of the Scheme.

2. RATIONALE AND BENEFITS OF THE PROPOSED REPURCHASE

- 2.1. PSG Group holds 100% of the issued ordinary shares of the Company.
- 2.2. Given the strength of PSG Group's balance sheet with significant cash holdings on which a relatively low return is being earned, the Proposed Repurchase will be earnings and cash flow enhancing for PSG Group as a result of using low-yielding cash to settle the Preference Shares carrying a higher cost.
- 2.3. The Proposed Repurchase gives Preference Shareholders the opportunity to sell their Preference Shares at the Scheme Consideration, representing a significant premium to the ruling Preference Share price. The Scheme Consideration can then potentially be utilised to re-invest in alternative listed preference shares with a similar yield to that of the Preference Shares calculated at the ruling Preference Share price, thereby increasing the Preference Shareholders' returns.

3. OVERVIEW AND EFFECTS OF THE SCHEME

- 3.1. The Scheme will be proposed by the Board for implementation between the Company and Shareholders.
- 3.2. The implementation of the Scheme will be subject to the fulfilment or waiver (as the case may be) of the suspensive conditions set out in paragraph 4 below.
- 3.3. In the event that the Scheme becomes unconditional and operative, the Preference Shareholders excluding those Preference Shareholders who validly exercise their appraisal rights in accordance with section 164 of the Companies Act, will be deemed to have disposed of all of their Scheme Shares at the Scheme Consideration, which shall result in the Company acquiring all of the Scheme Shares held by the Preference Shareholders, following which the listing of the Scheme Shares on the JSE will be terminated.

4. THE SCHEME CONDITIONS

- 4.1. The implementation of the Scheme is subject to the fulfilment or, if appropriate, waiver (in whole or in part), of the following suspensive conditions ("**Scheme Conditions**") by no later than 31 August 2021 or such later date as the Company may in its sole discretion determine ("**Fulfilment Date**"):
 - 4.1.1. to the extent applicable, all requisite regulatory approvals required for the Scheme have been obtained;
 - 4.1.2. all necessary Shareholder approvals and/or resolutions as may be necessary to give effect to the Scheme have been obtained, including, but not limited to -
 - 4.1.2.1. the passing of a special resolution by the Preference Shareholders (a voluntary resolution); and
 - 4.1.2.2. the passing of a special resolution by all Shareholders as contemplated in section 115(2)(a) of the Companies Act (the "**Scheme Resolution**") at the general meeting of all Shareholders to be convened for purposes of approving the Scheme (the "**General Meeting**") in order to consider and, if deemed fit, pass (amongst others) the Scheme Resolution, and –

- 4.1.2.2.1. to the extent required, the approval of the implementation of the Scheme Resolution by a court in terms of section 115(2)(c) and / or section 115(3) of the Companies Act;
- 4.1.2.2.2. if any person who voted against the Scheme Resolution, applies to court for a review of the Scheme Resolution in terms of section 115(3)(b) of the Companies Act, either:
 - 4.1.2.2.2.1. leave to apply to court for any such review is refused; or
 - 4.1.2.2.2.2. if leave is so granted, the court refuses to set aside the Scheme Resolution;
- 4.1.2.2.3. if applicable, the Company not treating the Scheme Resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;
- 4.1.2.3. the passing of a special resolution in terms of section 48(8) (read with sections 114 and 115(2)) of the Companies Act ("**Companies Act Repurchase Resolution**") at the General Meeting in order to consider and, if deemed fit, pass (amongst others), the Companies Act Repurchase Resolution by way of the Scheme, and –
 - 4.1.2.3.1. to the extent required, the approval of the implementation of the Companies Act Repurchase Resolution by a court in terms of section 115(2)(c) and / or section 115(3) of the Companies Act;
 - 4.1.2.3.2. if any person who voted against the Companies Act Repurchase Resolution, applies to court for a review of the Companies Act Repurchase Resolution in terms of section 115(3)(b) of the Companies Act, either:
 - 4.1.2.3.2.1. leave to apply to court for any such review is refused; or
 - 4.1.2.3.2.2. if leave is so granted, the court refuses to set aside the Companies Act Repurchase Resolution;
 - 4.1.2.4. if applicable, the Company not treating the Companies Act Repurchase Resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;
- 4.1.3. receipt by the Independent Board of the Independent Expert's Report, as envisaged in paragraph 6 below; and
- 4.1.4. within the period prescribed by section 164(7) of the Companies Act, no valid demands having been received by PSG Financial Services in terms of that section read with section 115(8) of the Companies Act.
- 4.2. The Company shall be entitled to waive (in whole or in part) in writing the Scheme Condition set out in paragraph 4.1.4. The remaining Scheme Conditions are not capable of waiver.

- 4.3. Unless all the Scheme Conditions have been fulfilled or, where possible, waived by no later than the Fulfilment Date, the Scheme shall terminate automatically on the Fulfilment Date of the first Scheme Condition that was not timeously fulfilled or, where possible, waived.

5. FUNDING OF THE SCHEME CONSIDERATION

The Scheme Consideration will be funded out of available cash resources.

6. REPORT OF THE INDEPENDENT EXPERT

The Independent Board is in the process of appointing an Independent Expert, as required in terms of section 114(2) of the Companies Act and the Companies Regulations, to issue an opinion dealing with the matters set out in sections 114(2) and 114(3) of the Companies Act, to express an opinion on whether the Scheme Consideration is fair and reasonable. The report of the Independent Expert will be provided in the Circular to be distributed to Shareholders in due course (“**Circular**”).

7. INDEPENDENT BOARD RESPONSIBILITY STATEMENT

The Independent Board accepts responsibility for the information contained in this announcement which relates to PSG Financial Services and confirms that, to the best of its knowledge and belief, such information which relates to PSG Financial Services is true and this announcement does not omit anything likely to affect the importance of such information.

8. POSTING OF THE CIRCULAR

- 8.1. Further details of the Scheme will be included in the Circular, which will contain *inter alia* the Independent Expert's opinion and the recommendation of the Independent Board, the terms of the Scheme, pertinent dates relating to the Scheme, a notice of the General Meeting and the necessary forms in order to effect the Scheme.
- 8.2. The salient dates in relation to the Scheme will be published on SENS and in the press at the time of posting of the Circular. Shareholders are advised to refer to the Circular for the full terms and conditions, including related salient dates and times, of the Scheme.

Stellenbosch
20 April 2021

**Sponsor and Transaction
Advisor**

PSG Capital



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UBS South Africa



Legal Advisor

Cliffe Dekker Hofmeyr

