

PSG GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1970/008484/06)
JSE share code: PSG
ISIN code: ZAE000013017
LEI code: 378900CD0BEE79F35A34
(the “Company” or “PSG Group”)



DETAILED CAUTIONARY ANNOUNCEMENT REGARDING THE PROPOSED PSG GROUP RESTRUCTURING AS VALUE-UNLOCK INITIATIVE CURRENTLY BEING CONSIDERED BY THE PSG GROUP BOARD, COMPRISING –

- **UNBUNDLING OF PSG GROUP’S SHAREHOLDING IN LISTED ENTITIES BEING PSG KONSULT, CURRO, KAAP AGRI AND CA&S AND 25.1% OF THE TOTAL ISSUED SHARES IN STADIO;**
 - **THE REPURCHASE OF SHARES FROM EXITING SHAREHOLDERS; AND**
 - **THE DELISTING OF PSG GROUP FROM THE JSE.**
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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 hereby advised that the PSG Group Board has in principle resolved to investigate the unlocking of value for the benefit of PSG Group Shareholders, through the following proposed steps, although the final decision to proceed and the exact manner in doing so remain subject to certain funding and regulatory conditions being met –
- 1.1.1 as one indivisible arrangement and subject to the fulfilment (or where permissible, waiver) of the PSG Group Restructuring Conditions, PSG Group unbundling –
- 1.1.1.1 the PSG Konsult Unbundled Shares, comprising approximately 60.8 percent of the total issued share capital of PSG Konsult, to PSG Group Shareholders by way of a *pro rata* distribution *in specie*, anticipated to be in the ratio of approximately 3.869 PSG Konsult Shares for every PSG Group Share held on the PSG Group Unbundling record date;
- 1.1.1.2 the Curro Unbundled Shares, comprising approximately 63.6 percent of the total issued share capital of Curro, to PSG Group Shareholders by way of a *pro rata* distribution *in specie*, anticipated to be in the ratio of approximately 1.816 Curro Shares for every PSG Group Share held on the PSG Group Unbundling record date;
- 1.1.1.3 subject to Zeder unbundling and distributing its shareholding in Kaap Agri to Zeder shareholders, the Kaap Agri Unbundled Shares, comprising approximately 34.9 percent of the total issued share capital of Kaap Agri, to PSG Group Shareholders by way of a *pro rata* distribution *in specie*, anticipated to be in the ratio of approximately 0.124 Kaap Agri Shares for every PSG Group Share held on the PSG Group Unbundling record date;
- 1.1.1.4 subject to the listing of the shares of CA&S on the JSE, the CA&S Unbundled Shares, comprising approximately 47 percent of the total issued share capital of CA&S, to PSG Group Shareholders by way of a *pro rata* distribution *in specie*, anticipated to be in the ratio of approximately 1.037 CA&S Shares for every PSG Group Share held on the PSG Group Unbundling record date; and
- 1.1.1.5 the Stadio Unbundled Shares, comprising approximately 25.1 percent of the total issued share capital of Stadio, to PSG Group Shareholders by way of a *pro rata* distribution *in specie*, anticipated

to be in the ratio of approximately 1.017 Stadio Shares for every PSG Group Share held on the PSG Group Unbundling record date;

in terms of section 46 of the Companies Act and section 46 of the Income Tax Act, and amounting to a disposal of the greater part of PSG Group's assets and undertaking in terms of section 112 of the Companies Act;

- 1.1.2 a number of internal restructuring steps to be undertaken by PSG Group to facilitate the PSG Group Unbundling;
 - 1.1.3 inter-conditional with the PSG Group Unbundling, that Exiting Shareholders dispose of their shareholding in PSG Group to PSG Group through a scheme of arrangement in terms of section 114 of the Companies Act for an approximate cash repurchase price of R23.00 per PSG Group Share, following which the Remaining Shareholders of PSG Group will be the only shareholders of PSG Group; and
 - 1.1.4 PSG Group being delisted from the JSE following the PSG Group Unbundling and the PSG Group Specific Repurchase from Exiting Shareholders.
- 1.2 The purpose of this Announcement is to inform PSG Group Shareholders of the PSG Group Restructuring under consideration by the PSG Group Board and to advise PSG Group Shareholders to exercise caution when dealing in the Company's securities until a further announcement is made.

2. ANTICIPATED VALUE CREATION

The table below summarises the anticipated value to be unlocked by way of the PSG Group Restructuring for Exiting Shareholders, calculated as at the close of business on 25 February 2022 –

	Unbundling ratio for every PSG Group share held	Closing share price as at 25 Feb 2022 R	Indicative value per PSG Group Share R
PSG Konsult	3.869	13.60 *	52.62
Curro	1.816	12.95 *	23.52
Kaap Agri	0.124	51.46 *	6.36
CA&S	1.037	4.75 **	4.92
Stadio	1.017	3.46 *	3.52
Value of shares received pursuant to the PSG Group Unbundling			90.94
Approximate cash received pursuant to the PSG Group Specific Repurchase			23.00
Total anticipated value			113.94
PSG Group closing share price as at 25 Feb 2022			82.31
Premium to closing share price as at 25 Feb 2022			38.4%

* Listed on the JSE.

** Currently listed on both the Botswana Stock Exchange and the Cape Town Stock Exchange; also to be listed on the JSE prior to the PSG Group Unbundling. The closing share price presented in the table above is the closing share price on the Botswana Stock Exchange on 25 February 2022, translated from Botswana pula into South African rand at the ruling exchange rate on such date.

3. RATIONALE FOR THE PSG GROUP RESTRUCTURING UNDER INVESTIGATION

- 3.1 PSG Group is an investment holding company consisting of underlying investments that operate across a diverse range of industries. These investments include financial services (PSG Konsult), education (Curro and Stadio), food and related businesses (Zeder and Kaap Agri), route-to-market services for fast-moving consumer goods in southern Africa (CA&S), as well as early-stage unlisted investments in select growth sectors.
- 3.2 As a JSE-listed investment holding company, the main objective of PSG Group remains to create wealth for Shareholders on a *per share* basis. However, the share price of PSG Group has unfortunately been trading at a significant discount of approximately 30% to the value of its underlying investments (or the so-called *sum-of-the-parts* value) in recent years, despite significant value-unlock initiatives undertaken, such as the Capitec unbundling during the financial year ended 28 February 2021 in terms of which approximately R21bn, representing R94.48 per PSG Group Share, was unlocked for Shareholders.
- 3.3 Given the significant discount to the *sum-of-the-parts* value, the PSG Group Board is investigating a value-unlock initiative by way of the PSG Group Restructuring.
- 3.4 If the PSG Group Board decides to proceed with the PSG Group Restructuring, it will entail the unbundling by PSG Group of its JSE-listed investments in PSG Konsult, Curro, Kaap Agri, CA&S and 25.1% of the issued shares in Stadio to PSG Group Shareholders and thereafter the repurchase for cash of all the PSG Group Shares held by Exiting Shareholders by way of a scheme of arrangement in terms of section 114 of the Companies Act. The Remaining Shareholders will then hold 100 percent of PSG Group, with its remaining assets comprising mainly its investments in Zeder and PSG Alpha (the latter which holds predominantly early-stage investments) and its remaining shareholding in Stadio.
- 3.5 The relevant steps to give effect to the PSG Group Restructuring as described in this Announcement are indivisible. Ultimately, it will result in the delisting of PSG Group from the JSE allowing the Remaining Shareholders to focus on the remaining investments, most notably the early-stage investments that require further capital, management oversight and strategic input. The PSG Group Restructuring will accordingly ease the administrative and regulatory compliance obligations, whilst at the same time unlock significant value for Shareholders.
- 3.6 The PSG Group investments forming part of the PSG Group Unbundling are mainly established businesses with strong balance sheets and no immediate requirement for additional capital that no longer require an anchor shareholder. Furthermore, they have exceptional management teams and experienced boards. This allows the PSG Group Board to investigate the PSG Group Restructuring. The reason why not the entire indirect shareholding of PSG Group in Stadio is potentially to be unbundled is that PSG Group is of the view that it can still add value and support the business operations of Stadio even though Stadio has substantially grown and consolidated over the last few years. In order to achieve this goal, it needs to retain a significant enough shareholding in Stadio following the PSG Group Restructuring.

4. PSG GROUP RESTRUCTURING CONDITIONS

- 4.1 It is envisaged that the PSG Group Restructuring should take place on a composite and indivisible basis and that all of the conditions pertaining to each step need to be fulfilled as the PSG Group Restructuring will otherwise not go ahead. This relates specifically to the PSG Group Unbundling, the PSG Group Specific Repurchase and the Delisting.
- 4.2 Should it be decided to implement the PSG Group Restructuring, it will be subject to, *inter alia*, the fulfilment of some of the following conditions precedent –
 - 4.2.1 the requisite majority of PSG Group Shareholders passing all resolutions pertaining to the PSG Group Unbundling, the PSG Group Specific Repurchase and the Delisting in terms of the JSE Listings Requirements, the Companies Act and the Companies Regulations;

- 4.2.2 to the extent that the provisions of section 115(2)(c) read together with section 115(3) of the Companies Act become applicable –
- 4.2.2.1 the special resolution/s to approve the PSG Group Unbundling and/or the PSG Group Specific Repurchase being approved by the court unconditionally or, if subject to conditions, PSG Group confirms in writing that the conditions are acceptable to it;
- 4.2.2.2 the special resolution/s to approve the PSG Group Unbundling and/or the PSG Group Specific Repurchase not being set aside by the court; or
- 4.2.2.3 PSG Group not treating the aforesaid special resolution/s to approve the PSG Group Unbundling and/or the PSG Group Specific Repurchase as a nullity in terms of section 115(5)(b) of the Companies Act;
- 4.2.3 within the period prescribed by section 164(7) of the Companies Act, no valid demands (relating to appraisal rights) have been received by PSG Group from any Shareholder in terms of that section read together with section 115(8) of the Companies Act, pursuant to the PSG Group Unbundling or the PSG Group Specific Repurchase, or, if such a demand has been duly delivered, PSG Group has waived this condition on or before the relevant date set out in the Circular;
- 4.2.4 the TRP issues a compliance certificate in accordance with section 119(4)(b) of the Companies Act in respect of the PSG Group Unbundling and the PSG Group Specific Repurchase;
- 4.2.5 to the extent required, the JSE, the Financial Surveillance Department of the South African Reserve Bank, and the Competition Authorities, approve the PSG Group Restructuring, and that a binding ruling is obtained from the South African Revenue Service dealing with the PSG Group Unbundling on terms and conditions acceptable to PSG Group;
- 4.2.6 to the extent applicable, the Remaining Shareholders in writing waive the requirement for a mandatory offer in terms of section 123(4) of the Companies Act, pursuant to the PSG Group Specific Repurchase;
- 4.2.7 the extent of *disqualified person* shareholders holding more than 5% of the PSG Group Shares on an individual basis not increasing to a level unacceptable to the PSG Group Board (with PSG Group's *disqualified person* shareholding referred to in paragraph 5.2.1 currently being approximately 12.9%, being the Government Employees Pension Fund); and
- 4.2.8 the PSG Group internal restructure steps have become unconditional and are implemented in accordance with their terms.

5. ANTICIPATED TAX CONSIDERATIONS IN RELATION TO THE PSG GROUP RESTRUCTURING

- 5.1 PSG Group Shareholders are advised to consult their own tax advisors regarding the tax consequences of the PSG Group Restructuring.
- 5.2 Insofar as the PSG Group Unbundling is concerned –
- 5.2.1 the PSG Group Unbundling will qualify as an unbundling transaction for purposes of section 46 of the Income Tax Act and will result in rollover relief being provided to PSG Group and its Shareholders. However, PSG Group will incur capital gains tax (and dividend withholding tax in the case of *disqualified person* Foreign Shareholders, if any) in respect of the PSG Group Unbundling to *disqualified person* Shareholders, as defined in the Income Tax Act. Generally, a *disqualified person* in relation to an unbundling is any person who will not be subject to tax on a subsequent disposal of the unbundled shares (such as, for example, Foreign Shareholders, retirement funds, government and public benefit organisations) and who hold 5% or more of the shares in the unbundling company, in this case PSG

Group. The tax consequences for Foreign Shareholders should be confirmed by such Foreign Shareholders with their advisors;

5.2.2 the receipt of the unbundled shares in terms of the PSG Group Unbundling by PSG Group Shareholders resident in South Africa should qualify for tax relief.

5.3 Insofar as the PSG Group Specific Repurchase is concerned, it is anticipated that the specific repurchase will not be funded by PSG Group from contributed tax capital, resulting in it being treated as a dividend. In this context, a dividend will be subject to dividend withholding tax unless there is a specific exemption that applies to, *inter alia*, resident companies of South Africa.

6. SALIENT DATES AND TIMES

If a decision is adopted for the PSG Group Restructuring to proceed, the salient dates and times thereof will be announced on SENS when the Circular is distributed.

7. NEXT STEPS

If the PSG Group Restructuring is to proceed, the PSG Group Board will appoint an independent board to opine on the PSG Group Restructuring and an independent expert will be appointed to prepare a fair and reasonable opinion thereon. Thereafter a further announcement will be published and following such announcement, a Circular, containing full details of the PSG Group Restructuring incorporating 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, will be distributed to PSG Group Shareholders.

8. RESPONSIBILITY STATEMENT

The PSG Group Board individually and collectively accepts full responsibility for the accuracy of the information contained in this Announcement. In addition, the PSG Group 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. CAUTIONARY ANNOUNCEMENT

PSG Group Shareholders are accordingly advised to exercise caution when dealing in the Company's securities until a further announcement is made.

Stellenbosch
1 March 2022

Transaction Advisor and Sponsor - PSG Capital

Independent Joint Sponsor – UBS South Africa

Legal Advisor as to South African law - Cliffe Dekker Hofmeyr Incorporated

10. DEFINITIONS

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

10.1.1 “**Announcement**” means this detailed cautionary announcement published on SENS by PSG Group;

- 10.1.2 **“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;
- 10.1.3 **“CA&S”** means CA Sales Holdings Limited (registration number 2011/143100/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are to be listed on the JSE;
- 10.1.4 **“CA&S Shares”** means ordinary shares with no par value in the issued share capital of CA&S;
- 10.1.5 **“CA&S Unbundled Shares”** means CA&S Shares, comprising approximately 47 percent of the total issued share capital of CA&S, that may be distributed by PSG Group to PSG Group Shareholders in terms of the PSG Group Unbundling;
- 10.1.6 **“Companies Act”** means the Companies Act, 2008 (Act No. 71 of 2008), as amended from time to time;
- 10.1.7 **“Companies Regulations”** means the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
- 10.1.8 **“Competition Act”** means the Competition Act, 1998 (Act No. 89 of 1998), as amended from time to time;
- 10.1.9 **“Competition Authorities”** means the commission established pursuant to Chapter 4, Part A of the Competition Act or the tribunal established pursuant to Chapter 4, Part B of the Competition Act or the appeal court established pursuant to Chapter 4, Part C of the Competition Act or the Constitutional Court, as the case may be;
- 10.1.10 **“Circular”** means the circular expected to be posted to PSG Group Shareholders detailing, *inter alia*, the terms and mechanics of the PSG Group Restructuring, should the PSG Group Restructuring be proceeded with;
- 10.1.11 **“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;
- 10.1.12 **“Curro Shares”** means ordinary shares with no par value in the issued share capital of Curro;
- 10.1.13 **“Curro Unbundled Shares”** means Curro Shares, comprising approximately 63.6 percent of the total issued share capital of Curro, that may be distributed by PSG Group to PSG Group Shareholders in terms of the PSG Group Unbundling;
- 10.1.14 **“Delisting”** means the delisting of the ordinary shares in PSG Group from the JSE;
- 10.1.15 **“Exiting Shareholders”** means those shareholders that will dispose of their ordinary shares in PSG Group pursuant to the PSG Group Specific Repurchase, being all PSG Group Shareholders other than the Remaining Shareholders;
- 10.1.16 **“Financial Markets Act”** means the Financial Markets Act, 2012 (Act No. 19 of 2012), as amended from time to time;
- 10.1.17 **“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 citizens of a jurisdiction other than South Africa;
- 10.1.18 **“Income Tax Act”** means the Income Tax Act, 1962 (Act No. 58 of 1962), as amended from time to time;

- 10.1.19 “**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;
- 10.1.20 “**JSE Listings Requirements**” means the Listings Requirements of the JSE;
- 10.1.21 “**Kaap Agri**” means Kaap Agri Limited (registration number 2011/113185/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE;
- 10.1.22 “**Kaap Agri Shares**” means ordinary shares with no par value in the issued share capital of Kaap Agri;
- 10.1.23 “**Kaap Agri Unbundled Shares**” means Kaap Agri Shares, comprising, subject to PSG Group potentially obtaining the required additional shares in Kaap Agri, approximately 34.9 percent of the total issued share capital of Kaap Agri, that may be distributed by PSG Group to PSG Group Shareholders in terms of the PSG Group Unbundling;
- 10.1.24 “**PSG Alpha**” means PSG Alpha Investments Proprietary Limited (registration number 2009/022552/07), a private company incorporated under the laws of South Africa and a 98.3%-held subsidiary of PSG Group;
- 10.1.25 “**PSG Group Board**” means the board of directors of PSG Group from time to time;
- 10.1.26 “**PSG Group Restructuring**” means internal restructuring steps of PSG Group, the PSG Group Unbundling, the PSG Group Specific Repurchase and the Delisting, currently being considered by the PSG Group Board;
- 10.1.27 “**PSG Group Restructuring Conditions**” means the conditions precedent to which the PSG Group Restructuring will be subject, some of which are as set out in paragraph 4 of this Announcement;
- 10.1.28 “**PSG Group Specific Repurchase**” means the specific repurchase by PSG Group of the ordinary shares held by the Exiting Shareholders comprising approximately 65 percent of the issued ordinary shares (net of treasury shares) in the share capital of PSG Group by way of a scheme of arrangement in terms of section 114 of the Companies Act, currently being considered by the PSG Group Board;
- 10.1.29 “**PSG Group Unbundling**” means the proposed unbundling and distribution *in specie* by PSG Group of the PSG Konsult Unbundled Shares, Curro Unbundled Shares, Kaap Agri Unbundled Shares, CA&S Unbundled Shares and Stadio Unbundled Shares to the PSG Group Shareholders, currently being considered by the PSG Group Board;
- 10.1.30 “**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;
- 10.1.31 “**PSG Konsult Shares**” means ordinary shares with no par value in the issued share capital of PSG Konsult;
- 10.1.32 “**PSG Konsult Unbundled Shares**” means PSG Konsult Shares, comprising approximately 60.8 percent of the total issued share capital of PSG Konsult, that may be distributed by PSG Group to PSG Group Shareholders in terms of the PSG Group Unbundling;
- 10.1.33 “**Remaining Shareholders**” means the holders of the Remaining Shareholding;
- 10.1.34 “**Remaining Shareholding**” means the shareholding in PSG Group of predominantly the executive management of PSG Group and PSG Alpha, the founders of PSG Group and their immediate family members;
- 10.1.35 “**SENS**” means the Stock Exchange News Service of the JSE;

- 10.1.36 **"Shareholders"** or **"PSG Group Shareholders"** means registered holders of Shares;
- 10.1.37 **"Shares"** or **"PSG Group Shares"** means no par value ordinary shares in the share capital of the Company;
- 10.1.38 **"South Africa"** means the Republic of South Africa;
- 10.1.39 **"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;
- 10.1.40 **"Stadio Shares"** means ordinary shares with no par value in the issued share capital of Stadio;
- 10.1.41 **"Stadio Unbundled Shares"** means Stadio Shares, comprising approximately 25.1 percent of the total issued share capital of Stadio, that may be distributed by PSG Group to PSG Group Shareholders in terms of the PSG Group Unbundling;
- 10.1.42 **"Takeover Regulations"** has the meaning ascribed thereto in the Companies Act;
- 10.1.43 **"TRP"** means the Takeover Regulation Panel established in terms of section 196 of the Companies Act; and
- 10.1.44 **"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.

11. DISCLAIMERS

- 11.1 This Announcement does not 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, or any other securities.
- 11.2 The release, publication or distribution of this Announcement in jurisdictions other than South Africa may be restricted by law.