



Pembury Lifestyle Group

PEMBURY LIFESTYLE GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2013/205899/06)

("PLG" or "the Company")

ISIN Code: ZAE000222949 JSE Code: PEM

ANNOUNCEMENT RELATING TO AN AGREEMENT TO SETTLE A LOAN, THE CONCLUSION OF A CONVERTIBLE SECURED LOAN AGREEMENT, UPDATE ANNOUNCEMENT AND RENEWAL OF CAUTIONARY

Shareholders are referred to the previous cautionary announcements published, the last being on 11 October 2022. The Board confirms that it held its strategy session in October 2022. Furthermore, shareholders are provided with an update below:

Agreements signed

Shareholders are advised that PLG has concluded the following two agreements:

- a) A settlement agreement has been signed with A and N Finance Proprietary Limited ("**A&N**"), which company had advanced a loan of R4.7m during 2021, secured by the Raslouw properties ("**A&N Loan**"). A portion of the A&N Loan has been queried by PLG. A&N had launched an application to attach the Raslouw properties. A settlement agreement has been signed whereby the Company has agreed deferred terms, whilst it resolves the various queries associated with the A&N Loan, which may in turn reduce the loan owed by PLG, with another party being liable for a portion of the A&N Loan. The A&N Loan currently bears interest at R47 000 per month;
- b) A Convertible Secured Loan Agreement ("**Loan Agreement**") with Verityhurst Proprietary Limited ("**Lender**") in terms of which it is prepared to make further cash loans available to PLG on a secured and convertible basis up to an amount not exceeding R25 000 000 (twenty-five million rand) ("**Convertible Loan**").

The Convertible Loan is being made to specifically settle the A&N Loan described above, the acquisition of debt as previously agreed with third parties (Moore and Abacus) as well as to enable the commencement of the various outstanding audits and the transfer of two properties (Willow View and Northriding) acquired a number of years ago by PLG Properties. Where third party debt is acquired, the amount due to such creditor will become due to Verityhurst.

Shareholders are reminded that Verityhurst had previously advanced an interest free loan of R3 400 000 to PLG, which amount will be added to the Convertible Loan of R25 000 000. The Convertible Loan will be secured by properties held at Raslouw, Northriding and Willow View, as and when the underlying debt or costs are settled to allow for the transfer of the security to Verityhurst.

A&N and the Lender are not related parties to PLG as defined in the JSE Listings Requirements. The A&N Agreement and the Loan Agreement are not transactions as defined in Section 9 of the JSE Listings Requirements.

At any time prior to the termination date, being three years after signature of the Loan Agreement, Verityhurst have the option by written notice, to convert the whole or part of the outstanding balance of the Convertible Loan into shares at a price per share to be determined between Verityhurst and PLG in accordance with the JSE Listings Requirements from time to time, which may require shareholder approval. Due to the convertible nature of the Convertible Loan, it is not interest bearing until the termination date.

With regard to the future potential conversion of all or part of the Convertible Loan into shares, PLG will consider the JSE Listings Requirements at that point in time and, if required, will issue a circular for the specific issue of shares for cash, or alternatively, a circular for a rights offer or claw back offer to the shareholders of the Company.

This will only be undertaken once the Company has published all the outstanding financial information required in terms of the JSE Listings Requirements and regularised any other outstanding requirements. A separate announcement will be issued in this regard once the audits have been completed.

The above funding is central to the turnaround strategy.

Auditors

With the signature of the above Loan Agreement, the Company has secured the funding to settle the former auditors as well as funding for the audit fees. The agreements and engagement letters are being finalised and the Audit and Risk Committee is completing its processes surrounding the re-appointment of the former audit firm. A separate announcement will be made once the various requirements have been completed, which is expected during the course of this week.

Property rezoning, property transfers and school registrations

The Company received the go ahead from the Environment Impact Assessment for the rezoning of its Carlswald property and the Company has been in contact with the City of Johannesburg, who have assured the Company that they will attend to the matter. This process has been slow. Once secured, the application for the school registration for both primary and high school should be finalised.

The final requirements for the rezoning of Raslouw and the school registration are being followed up. The process also remains slow but steady.

The Springs Academy and Willow View Academy school registrations remain in place. The Company will be seeking Umalusi accreditation and will commence with the process following the securing of the Convertible Loan.

In addition, the Company has made contact with the Business Rescue practitioner regarding the authorisation of the transfer of the Willow View and Northriding properties and has provided proof of acquisition of the properties, as well as the previous conveyancer's written confirmation that all sale conditions had been met. The Board hopes to resolve this long overdue administrative matter over the next two to three months, including the settlement of rates and taxes associated therewith.

Ongoing operations and other obligations

The underlying schools continue to operate on a sustainable basis, although insufficient to meet the historical creditor situation. The Convertible Loan will go a long way to resolving a number of major creditor issues that have been plaguing the Company for a number of years.

Other obligations are being investigated and settlement arrangements made, on a case-by-case basis.

Turnaround strategy

The Board is continuing with the turnaround strategy, which includes the regularisation of the Company with the JSE, CIPC, SARS and the Gauteng Department of Education. This process is expected to be slow but steady. The Board wishes to thank the various stakeholders for their patience to date but in particular the parents, students and teachers for their ongoing loyalty.

Renewal of cautionary announcement

Various discussions and negotiations are ongoing as previously announced. Accordingly, shareholders are advised to continue to exercise caution until a further announcement is made.

Johannesburg

8 November 2022

Designated Advisor
AcaciaCap Advisors Proprietary Limited

