PSG GROUP LIMITED

ANNUAL REPORT 2019

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INTRODUCING PSG GROUP

PSG Group is an investment holding company consisting of underlying investments that operate across a diverse range of industries including banking, financial services, education and food and related business, as well as early-stage investments in select growth sectors. Our market capitalisation (net of treasury shares) is approximately R57bn, while we have strategic influence over companies with a combined market capitalisation of approximately R212bn.

OUR OBJECTIVE

Our long-term economic goal remains to continuously create wealth for our shareholders through a combination of share price appreciation and the payment of dividends.

To achieve this, we have invested in a diversified portfolio of businesses with high-growth potential that consistently yield above-market returns, while contributing positively to society.

OUR INVESTMENT PHILOSOPHY

- We invest in:
  - Enterprises with uncomplicated business models, operating in large markets;
  - Industries that exhibit either a fragmented market dynamic or one with large inefficient incumbents; and
  - Honest, focused, talented, hard-working and passionate management whom we believe are the best in their respective fields.
- We are long-term investors with no predetermined exit strategy.
- Sound corporate governance is non-negotiable – we believe in accurate, transparent and succinct information.
- A key tenet of success is trust – without trust, companies lose clients and leaders lose their teams. We advocate trust through our philosophy of ultimate empowerment. We employ honest, smart, competent individuals, and empower them through trust.
- We believe in co-investing with management. Management as co-owners are aligned with other shareholders and generally more focused and dedicated to growing their businesses. This also applies to PSG Group – the board of directors owns 6% of the company.
- We provide our early-stage investments with the necessary capital to enable management to focus relentlessly on growing their business rather than on meeting funding requirements. Once these businesses mature, they will be able to leverage their balance sheets when needed.

OUR STRATEGY

PSG Group's biggest successes have emanated from early-stage investing by building businesses alongside entrepreneurs from the development stage. Both Capitec and PSG Konsult were started from within PSG Group's offices and the investment in Curro was made when they only had three campuses. Our strategy remains unchanged:

- We acquire sizeable influential stakes in businesses we believe exhibit significant growth potential and offer management our strategic input to help them establish and drive ambitious plans.
- We provide access to capital that helps expedite future growth, both organically and through acquisitions.
- We participate actively at board level, and often also at an executive committee level.
- We either serve on or attend audit and risk committee meetings as a measure to ensure good corporate governance.

OUR GROUP STRUCTURE

PSG GROUP LIMITED

PSG GROUP LIMITED

MARKET CAPITALISATION

R57bn

PSG FINANCIAL SERVICES

PSG FINANCIAL SERVICES LIMITED (100%)

R1,4bn JSE-LISTED PERPETUAL PREFERENCE SHARES IN ISSUE (MARKET VALUE)

JSE-LISTED INVESTMENTS INCLUDE

CAPITEC BANK	30,7%	INDUSTRY: RETAIL BANKING MARKET CAPITALISATION: **R151bn**
PSG Konsult	60,6%	INDUSTRY: WEALTH MANAGEMENT, ASSET MANAGEMENT AND INSURANCE MARKET CAPITALISATION: **R14bn**
CURRO	55,4%	INDUSTRY: PRIVATE BASIC EDUCATION MARKET CAPITALISATION: **R10bn**
ZEDER INVESTMENTS LIMITED	43,8%	INDUSTRY: INVESTMENTS IN FOOD AND RELATED BUSINESS MARKET CAPITALISATION: **R7bn**

UNLISTED INVESTMENTS INCLUDE

PSG alpha	98,1%	INDUSTRY: PORTFOLIO OF EARLY-STAGE INVESTMENTS IN SELECT GROWTH SECTORS SUM-OF-THE-PARTS-VALUE: **R5bn**
DIPEO CAPITAL	49%	INDUSTRY: BEE INVESTMENT HOLDING COMPANY
PSG CAPITAL	100%	INDUSTRY: CORPORATE FINANCE
PSG CORPORATE SERVICES	100%	INDUSTRY: INVESTMENT MANAGEMENT AND TREASURY SERVICES

CHAIRMAN'S LETTER

Dear Stakeholder,

It is a privilege and an honour to write my first letter to you as chairman of PSG Group. My appointment follows the retirement of Mr Jannie Mouton due to medical reasons late last year. Jannie is a true legend and was PSG Group's founder and chairman for the past 23 years.

I am no stranger to PSG Group and have been involved in the group since 2006. I was appointed to the PSG Group Board in 2008 and have served as a director for the past 11 years. During this time, I have had the privilege of working alongside Jannie and the team, and have become accustomed to the way PSG Group consistently conducts its business – in an open, honest and ethical manner, always with a great deal of innovation, focus, hard work and dedication. Jannie left us with a strong, experienced and well-balanced board, which includes an executive team that was shaped under Jannie's guidance over many years. Although I will never be able to fill Jannie's shoes, this makes for a seamless transition into the role of chairman and I am humbled by the trust my fellow directors have placed in me. Together, we will continue to work tirelessly towards creating wealth for our shareholders and contributing positively to society at large.

THE LANDSCAPE

PSG Group is proudly South African and remains excited and optimistic about the numerous opportunities that our country presents.

However, capitalising on these opportunities for the benefit of all South Africans will depend on all of us playing our part. It is imperative for government to establish an investor-friendly business environment with political and economic policy certainty and stability. Such certainty and stability will encourage further investment in South Africa by the private sector as well as foreign investors, which will result in job creation and additional tax revenue for government. This should ultimately lead to increased economic growth which, in turn, will create a better future for all South Africans.

PSG Group is a highly profitable group of companies that, through its investees, employs more than 45 000 people, thereby contributing significantly to the fiscus through the payment of corporate and personal taxes. Government should spend its receipts wisely, thereby addressing prevalent issues such as access to quality education, health care, unemployment and low economic growth. South Africa is, after all, essentially a company with the president as its CEO, his cabinet the management team and its citizens, both corporates and individuals, its shareholders. Similar to corporates, government should be held accountable.

South African citizens deserve better from both the public and private sectors. Fraud and corruption should be eliminated, and the perpetrators punished. A return to the basic principles of good ethics, hard work and dedication will go a long way in ensuring a more prosperous South Africa, a country in which every individual has a fair opportunity to reach his/her full potential.

PSG GROUP'S FOCUS

PSG Group remains committed to providing its shareholders with superior returns through share price appreciation and the payment of dividends. In addition, the group also assists South Africa to overcome the various challenges it faces. Capitec provides access to affordable and innovative banking products to more than 11m people. Curro and Stadio educate the nation's future leaders and echo Nelson Mandela's famous words – *"education is the most powerful weapon which you can use to change the world"*. With these and many more solutions that we have introduced through our various investments' business models, we endeavour to not only help stimulate economic growth, but to help ensure equal opportunities for all.

PROSPECTS

We are extremely proud of the success that the group has achieved over the past 23 years. We believe PSG Group's investment portfolio is suitably positioned to continue yielding above-average returns through growing our existing investee companies and pursuing new value-enhancing investment opportunities – even more so in a more conducive economic and political environment.

THANK YOU

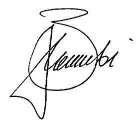
The success of PSG Group is to a large extent owing to the hard work of all employees throughout the broader group, often with significant personal sacrifice. I thank all of you for your loyalty and dedication – without you, we would not have enjoyed the success we have.

To my fellow directors and to the members of the PSG Group Exco – thank you for your continued focus and commitment in building this group.

Lastly, to all our shareholders, family members and other stakeholders – thank you for your loyal support and continued belief in PSG Group.

A SPECIAL WORD OF THANKS TO JANNIE MOUTON

Jannie, we are eternally grateful to you and the team for the fantastic company you have built and the positive contribution that you have made to South Africa. The PSG Group Board wishes you only the very best.



KK Combi
PSG Group Chairman

Stellenbosch
5 June 2019

OUR LEADERSHIP

The board of directors is the ultimate custodian of shareholder funds, with a responsibility to invest it wisely to deliver on PSG Group's stated objective of sustainable long-term value creation for shareholders.

The boards of directors of PSG Group Ltd and PSG Financial Services Ltd are identical and contain the appropriate mix of knowledge, skills, experience and independence.

EXECUTIVES

PJ (Piet) Mouton (42) [1, 2]
BCom (Mathematics)
PSG Group CEO
Appointed 16 February 2009

WL (Wynand) Greeff (49) [1]
BCompt (Hons), CA(SA)
PSG Group CFO
Appointed 13 October 2008

JA (Johan) Holtzhausen (48) [1]
Bluris, LLB, HDip Tax
PSG Capital CEO
Appointed 13 May 2010

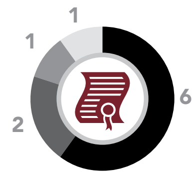
NON-EXECUTIVES

FJ (Francois) Gouws (54)
BAcc, CA(SA)
PSG Konsult CEO
Appointed 25 February 2013

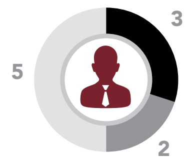
JJ (Jan) Mouton (44)
BAcc (Hons), CA(SA), MPhil (Cantab)
Investment professional
Appointed 18 April 2005

OUR DIRECTORS IN CONTEXT

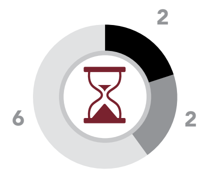
EDUCATIONAL EXPERTISE



DIRECTOR CAPACITY



LENGTH OF SERVICE



INDEPENDENT NON-EXECUTIVES

PE (Patrick) Burton (66) [2, 3, 4, 5, 6]
BCom (Hons), PG Dip Tax
Director of companies
Appointed 19 March 2001

ZL (KK) Combi (67) [2, 4, 5]
Diploma in Public Relations
Director of companies and PSG Group Chairman
Appointed 14 July 2008

AM (Modi) Hlobo (43) [3]
BCompt (Hons), CA(SA), MCom (Finance)
Senior lecturer and director of companies
Appointed 11 April 2019

B (Bridgitte) Mathews (49) [3]
BCom (Hons), CA(SA), HDip Tax
Consultant and director of companies
Appointed 3 May 2016

CA (Chris) Otto (69) [3, 4, 5]
BCom LLB
Director of companies
Appointed 25 November 1995

[1] ***Member of executive committee***
[2] ***Member of social and ethics committee***
[3] ***Member of audit and risk committee***
[4] ***Member of remuneration committee***
[5] ***Member of nomination committee***
[6] ***Lead independent director***

INVITATION TO PSG GROUP INVESTOR DAY

PSG GROUP LIMITED

Annual general meetings (AGMs) and investor presentations

You are invited to our PSG Group Investor Day during which the various AGMs will be held for and presentations made by select group companies on Friday, 26 July 2019, at Spier Wine Estate, Baden Powell Drive, Stellenbosch.

The timetable is as follows:

08:30	Zeder Investments Ltd
09:30	PSG Konsult Ltd
10:30	Tea
11:00	PSG Group Ltd

Lunch will be served after the PSG Group Ltd AGM and investor presentation.

Kindly confirm your attendance with Heike Mentoor at:
Email: *heikem@psggroup.co.za*
Telephone: +27 21 887 9602

CEO AND CFO REPORT

Dear Stakeholders,

A negative person seldom creates anything positive. PSG Group has deliberately and consistently chosen to have a positive attitude towards the challenges facing South Africa. Let us be honest, challenges are not unique to our country – most countries, both emerging and developed, have their own specific issues. In South Africa, at least, we understand our country's dynamics and are able to take advantage of any opportunities.

PSG Group seeks the opportunity in every challenge, which to a large extent has been a key ingredient to our recipe for success. In life, and in business, one cannot expect to always have the wind from behind – it is important to stay focused, no matter the circumstances. This is exactly what the PSG group of companies again did in the past year.

WHO WE ARE

PSG Group is an investment holding company consisting of underlying investments that operate across a diverse range of industries including banking, financial services, education and food and related business, as well as early-stage investments in select growth sectors. Our market capitalisation (net of treasury shares) is approximately R57bn, while we have strategic influence over companies with a combined market capitalisation of approximately R212bn.

There are seven main business units on which we report, namely:

- Capitec (retail banking);
- PSG Konsult (wealth management, asset management and insurance);
- Curro (private basic education);
- PSG Alpha (early-stage investments in select growth sectors);
- Zeder (investments in food and related business);
- Dipeo (BEE investment holding company); and
- PSG Corporate (investment management and treasury services), including PSG Capital (corporate finance).

OUR OBJECTIVE

Our long-term economic goal remains to continuously create wealth for our shareholders through a combination of share price appreciation and the payment of dividends. To achieve this, we have invested in a diversified portfolio of businesses with high-growth potential that consistently yield above-market returns, while contributing positively to society.

OUR INVESTMENT PHILOSOPHY

The investment universe is complex with a myriad of variables. Astute investors base their decisions on sound fundamentals and proven investment principles. PSG Group is a disciplined investor, remaining committed to its core philosophy of simple, good and ethical business.

- We invest in:
  - Enterprises with uncomplicated business models, operating in large markets;
  - Industries that exhibit either a fragmented market dynamic or one with large inefficient incumbents; and
  - Honest, focused, talented, hard-working and passionate management whom we believe are the best in their respective fields.
- We are long-term investors with no predetermined exit strategy.
- Sound corporate governance is non-negotiable – we believe in accurate, transparent and succinct information.
- A key tenet of success is trust – without trust, companies lose clients and leaders lose their teams. We advocate trust through our philosophy of ultimate empowerment. We employ honest, smart, competent individuals, and empower them through trust.
- We believe in co-investing with management. Management as co-owners are aligned with other shareholders and generally more focused and dedicated to growing their businesses. This also applies to PSG Group – the board of directors owns 6% of the company.
- We provide our early-stage investments with the necessary capital to enable management to focus on growing their business rather than on meeting funding requirements. Once these businesses mature, they will be able to leverage their balance sheets when needed.

OUR STRATEGY

PSG Group's biggest successes have emanated from early-stage investing by building businesses alongside entrepreneurs from the development stage. Both Capitec and PSG Konsult were started from within PSG Group's offices, and the investment in Curro was made when they only had three campuses. Our strategy remains unchanged:

- We acquire sizeable influential stakes in businesses we believe exhibit significant growth potential and offer management our strategic input to help them establish and drive ambitious plans.
- We provide access to capital that helps expedite future growth, both organically and through acquisitions.
- We participate actively at board level, and often also at an executive committee ("Exco") level.
- We either serve on or attend audit and risk committee meetings as a measure to ensure good corporate governance.

OUR CORE INVESTMENTS

Capitec, PSG Konsult, Curro and Zeder are all well-established businesses and separately listed on the JSE. PSG Group, as a major shareholder, is represented by executive management on these companies' respective boards of directors and attend their audit and risk committee meetings as invitees – this way, PSG Group assists these companies in formulating and driving strategy, and supports continuous good corporate governance.

Our core investments are all among the best in their respective sectors with quality management, strong corporate governance and attractive growth prospects. These businesses have often revolutionised their respective industries, and continue to do so. As an example – Capitec's low-fee banking and unsecured lending products have forced the traditional banks to critically review their service offerings to better address the client's needs.

Continued growth from PSG Group's core investments, and in particular the extent to which it translates into improved dividend inflows as the likes of Curro continue to mature, will enable PSG Group, through PSG Alpha, to invest further in and help establish the businesses of tomorrow. Had PSG Group in the past not been able to leverage aforementioned growth and cash flows from the more mature businesses, the extent of investment in the likes of Curro would not have been possible – which investment has been a major contributor to value creation for PSG Group shareholders.

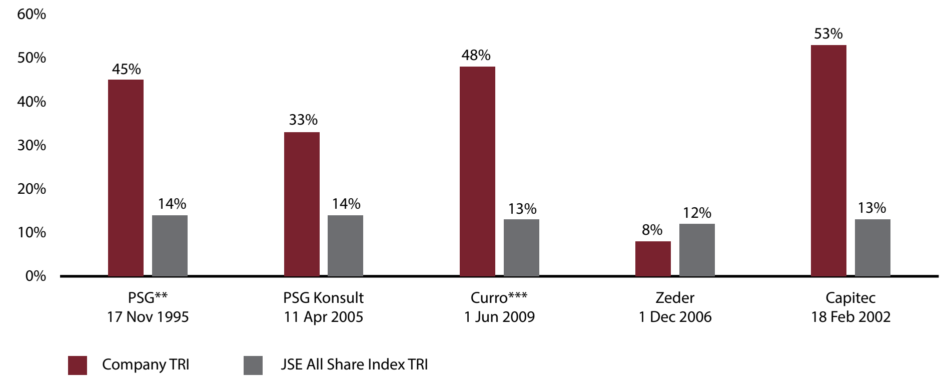
BENCHMARKING OUR PERFORMANCE

We believe that performance should be measured in terms of the return that an investor receives over time, with a focus on *per share* wealth creation. When evaluating PSG Group's performance over the long term, one should focus on the *Total Return Index* (*"TRI")* as a measurement tool. The *TRI* is the *compound annual growth rate ("CAGR")* of an investment and is calculated by taking cognisance of share price appreciation, dividends and other distributions. This is a sound measure of wealth creation and a reliable means of benchmarking different companies.

PSG Group's *TRI* as at 28 February 2019 was 45% per annum over the approximately 23-year period since establishment. Had you purchased R100 000 worth of PSG Group shares in November 1995 and reinvested all your dividends, your investment would be worth around R557m as at 28 February 2019. The same investment in the JSE All Share Index over this period would only be worth R2m. We are proud of the wealth we have created for our shareholders.

The graph below illustrates that, apart from Zeder, our core investments have all outperformed the JSE All Share Index over their respective measurement periods. It should be noted that Zeder, being invested in the agricultural sector, faced significant challenges such as severe drought and heat conditions in recent years, which had a major negative impact on its performance. The expected recovery thereafter has also been slower than anticipated with the consumer remaining under pressure.

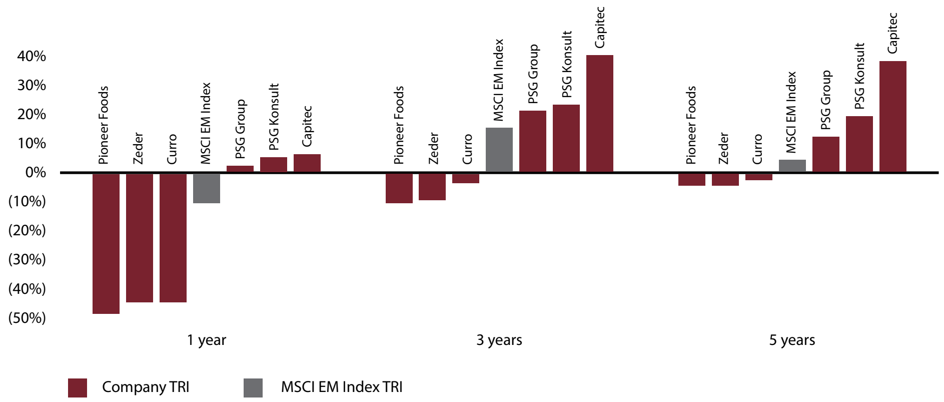
PSG Group companies' TRI vs JSE All Share Index TRI*



* Measured since the respective dates set out above until 28 February 2019.
** Capitec unbundling in November 2003 treated as a dividend.
*** Stadio unbundling in October 2017 treated on the assumption that Curro shareholders retained their Stadio shares.

PSG Group's share trading liquidity for the year ended February 2019 was 47%. Given that our overall foreign ownership in recent years increased to around 22%, it is fitting to benchmark the *TRI* of PSG Group and its core investments (expressed in US dollar terms) against that of the MSCI Emerging Markets Index ("MSCI EM Index") over one, three and five years, respectively.

PSG Group companies' TRI vs MSCI EM Index TRI



It is evident from the graph above that the group also performed well in US dollar terms, with PSG Group, Capitec and PSG Konsult outperforming the MSCI EM Index over these terms.

OUR PERFORMANCE OVER THE PAST FINANCIAL YEAR

The two key benchmarks used by PSG Group to measure performance are *sum-of-the-parts ("SOTP") value* and *recurring earnings* per share, as long-term growth in PSG Group's *SOTP value* and *share price* should depend on, inter alia, sustained growth in the *recurring earnings* per share of our underlying investments.

The calculation of PSG Group's *SOTP value* is simple and requires limited subjectivity as more than 90% of the value is calculated using JSE-listed share prices, while other investments are included at market-related valuations. At 28 February 2019, the *SOTP value* per PSG Group share was R311,45 (2018: R255,17), representing a 22% increase. The five-year *CAGR* of PSG Group's *SOTP value* per share and *share price* at 28 February 2019 was 27% and 24%, respectively.

Asset/(liability)	28 Feb 2014 Rm	28 Feb 2018 Rm	**28 Feb 2019 Rm**	*Share of total*	*Five-year CAGR#*
Capitec*	5 989	29 540	**46 351**	*66%*	*48%*
PSG Konsult*	4 004	7 048	**8 700**	*12%*	*16%*
Curro* *(incl. Stadio until unbundling in Oct 2017)*	4 660	7 987	**5 714**	*8%*	*(2%)*
PSG Alpha	949	5 201	**4 712**	*7%*	*21%*
Stadio* *(since unbundling from Curro in Oct 2017)*		2 379	**1 253**		
Other investments**	949	2 822	**3 459**		
Zeder*	1 698	4 823	**3 166**	*5%*	*1%*
Dipeo *(prev. Thembeka)***	1 243	535			*n/a*
Other assets	1 505	2 603	**1 702**	*2%*	
Cash^	180	1 000	**323**		
Pref investments and loans receivable^	722	1 558	**1 297**		
PSG Corporate^^	383				
Other^	220	45	**82**		
Total assets	20 048	57 737	**70 345**	*100%*	
Perpetual pref funding*	(1 393)	(1 278)	**(1 367)**		
Other debt^	(615)	(949)	**(1 020)**		
Total SOTP value	18 040	55 510	**67 958**		
Shares in issue *(net of treasury shares)* (m)	189,9	217,5	**218,2**		
SOTP value per share (R)	95,01	255,17	**311,45**		*27%*
Share price (R)	89,02	217,50	**259,78**		*24%*

** Listed on the JSE ** SOTP value*
^ Carrying value ^^ Valuation # Based on share price/SOTP value per share

Note: PSG Group's live SOTP containing further information is available at www.psggroup.co.za

PSG Group's *recurring earnings* per share increased by 9% to R10,86 (2018: R9,94) following commendable performance from Capitec (up 19%), PSG Konsult (up 4%) and Curro (up 23%), offset by PSG Alpha (down 7%) and Zeder (flat).

PSG Alpha's negative *recurring earnings* per share performance was to be expected following its investment in initially low earnings-yielding start-up businesses such as Stadio and Evergreen, with a corresponding dilutionary effect on per-share *recurring earnings* performance.

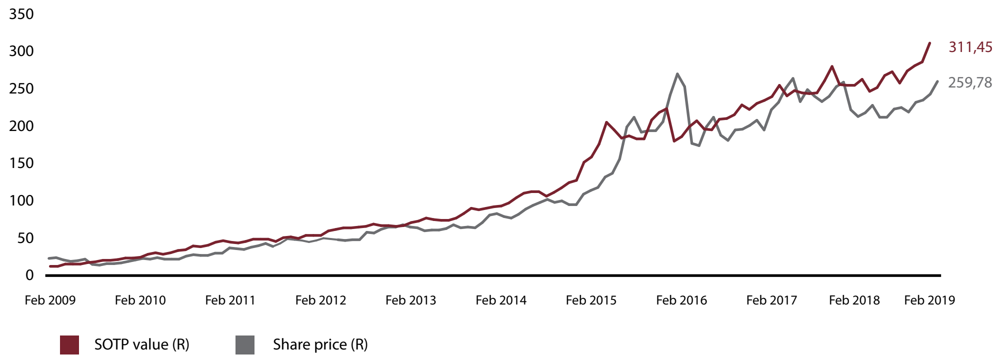
	28 Feb 2017 Rm	28 Feb 2018 Rm	*Change %*	**28 Feb 2019 Rm**
Capitec	1 164	1 369		**1 625**
PSG Konsult	300	348		**361**
Curro *(incl. Stadio until unbundling in Oct 2017)*	96	110		**137**
PSG Alpha *(incl. Stadio since unbundling in Oct 2017)*	133	172		**216**
Zeder	275	205		**207**
Dipeo	(20)	(56)		**(29)**
PSG Corporate	29	(7)		**(45)**
Other *(mainly pref div income)*	112	136		**84**
Recurring earnings before funding	2 089	2 277	*12*	**2 556**
Funding *(net of interest income)*	(104)	(135)		**(199)**
Recurring earnings	1 985	2 142	*10*	**2 357**
Non-recurring items	160	(186)		**(163)**
Headline earnings	2 145	1 956	*12*	**2 194**
Non-headline items	17	(42)		**(268)**
Attributable earnings	2 162	1 914	*1*	**1 926**
Weighted average number of shares in issue *(net of treasury shares)* (m)	214,2	215,5	*1*	**217,0**
Earnings per share (R)				
– Recurring	9,27	9,94	*9*	**10,86**
– Headline	10,01	9,08	*11*	**10,11**
– Attributable	10,09	8,88	-	**8,88**
Dividend per share (R)	3,75	4,15	*10*	**4,56**

PSG Group's *headline earnings* per share increased by 11% mainly due to the aforementioned increase in *recurring earnings* per share, while *attributable earnings* per share showed no growth mainly as a result of Zeder's impairment of its investment in Pioneer Foods following the decline in its share price.

OUR SHARE PRICE DISCOUNT TO *SOTP VALUE*

It is evident from the graph below that the discount at which PSG Group's *share price* was trading to its *SOTP value* was at ±17% as at 28 February 2019 compared to the five-year average of ±6%. It is not clear whether this still has anything to do with the Steinhoff debacle in the previous year which saw them selling their 25,5% shareholding in PSG Group, or perhaps the significant portion that Capitec represents of our *SOTP value*. We as management, however, remain focused on growing the underlying businesses together with the respective management teams and to unlock value for shareholders where possible. If successful, the PSG Group *share price* will continue to grow.

PSG Group share price vs SOTP value per share over the past 10 years



GEARING AND LIQUIDITY MANAGEMENT AT PSG GROUP HEAD OFFICE

PSG Group has a prudent approach to gearing. Simply put, we do not borrow money unless certain that we will be able to repay it.

The simple philosophy of "cash is king" rings true in any business. Accordingly, PSG Group's rolling 12-month cash flow forecast is closely monitored by both the CFO and the PSG Group Exco on an ongoing basis. Although we do not manage the underlying investee companies' cash flows as each investee is responsible for its own treasury function, it is imperative to have visibility thereof to ensure the integrity of PSG Group's cash flow forecast. This way we can plan well ahead, including refinancing redeemable debt when necessary.

Furthermore, the PSG Group Board has previously imposed internal debt covenants, being more stringent than those imposed by third-party funders:

- Gearing, inclusive of PSG Financial Services' (being a wholly-owned subsidiary of PSG Group) JSE-listed perpetual preference shares, not to exceed 40% of PSG Group's consolidated balance sheet equity; and
- PSG Group's interest cover ratio, calculated using free cash flow, to exceed 2x at all times.

For the avoidance of doubt, PSG Group's gearing includes that of the standalone company and head office-managed subsidiaries (all being wholly-owned apart from PSG Alpha in which PSG Group owns 98%). Compliance with all debt covenants, whether internally or externally imposed, is regularly monitored by the CFO and group finance team and reported on to the PSG Group Audit and Risk Committee, as well as to the relevant third-party funders.

As at the reporting date, PSG Group's gearing comprised:

1. PSG Financial Services' JSE-listed perpetual preference shares, with a market value of R1,37bn; and
2. Five-year redeemable preference shares of R1,02bn (R1bn capital and R20m accrued preference share dividends).

PSG Group also maintains a strict policy not to provide any guarantee or surety in respect of investee companies' borrowings, unless wholly-owned and managed at a head office level. Accordingly, none of the borrowings of Capitec, PSG Konsult, Curro, Zeder, PSG Alpha, Dipeo or any of their respective underlying investments have any recourse to PSG Group.

The table below sets out PSG Group's gearing position as at the latest reporting date. The gearing ratio has been calculated as a percentage of both PSG Group's consolidated balance sheet equity and *SOTP value*, also including and excluding PSG Financial Services' JSE-listed perpetual preference shares. Seeing that such perpetual preference share funding is non-redeemable, this instrument could arguably be excluded when assessing gearing considering its quasi-equity nature. It is evident that PSG Group's gearing and interest cover ratios are conservative and well within the board-imposed covenants.

	Perpetual preference shares			
	2018		2019	
	Including	Excluding	Including	Excluding
Gearing as % of consolidated equity	13,0%	5,5%	**13,2%**	**5,6%**
Gearing as % of SOTP value	4,0%	1,7%	**3,5%**	**1,5%**
Interest cover ratio calculated using free cash flow	4,7x		**4,8x**	

Investee companies are similarly committed to managing their cash flows and gearing prudently. PSG Group's core investee companies are well capitalised, for example –

- Capitec: conservative capital adequacy ratio ("CAR") of 34%, with cash and liquid assets of R49bn.
- PSG Konsult: healthy solvency capital requirement ("SCR") ratio of 1,8x, with low gearing.
- Curro: strong cash flow generation, with interest service cover ratio of 4,1x (excl. Meridian).

OUR INVESTMENTS

CAPITEC (30,7%)

- *Simple and focused business model*
  - lending and transactional banking
- *High barriers to entry*
  - regulatory requirements and funding
- *High growth potential*
  - increase in transactional banking clients and growth in credit book (including credit card)
  - new products (funeral insurance) and markets (business banking)
  - significant growth potential given its current market share:
    - approximately 3% of credit card market
    - approximately 6% of the total South African consumer credit book
    - approximately 3% of the formal funeral insurance market

Capitec is a South African retail bank and must be the most successful business established in South Africa in the past 20 years.

Its *TRI* since listing on the JSE was 53% as at 28 February 2019, versus that of the JSE All Share Index of 13% over the same period. Capitec is currently the third largest bank in South Africa based on market capitalisation.

From the outset, Capitec has put the client's needs first through a relentless focus on the simplicity and affordability of its banking products. Management has consistently stayed ahead of the banking curve through innovation and the use of technology. Today, Capitec has more than 11m active clients with a product offering that includes the extension of credit, banking solutions and funeral insurance cover across its widespread branch and digital distribution platforms.

Capitec continues to offer attractive growth prospects while being conservatively managed. Its credit granting criteria and bad debt provisioning policy remain prudent, while management continues to increasingly target middle to higher income clients. With a 34% capital adequacy ratio, it has sufficient capital to meet its growth requirements.

Capitec's investment in new payment solutions, digital development and advanced data and analytics will allow it to offer retail clients easier ways to bank and more personalised credit offerings. In addition, Capitec regards its acquisition of Mercantile Bank as a strategic move to accelerate the development of a unique new business bank offering.

Capitec's comprehensive results are available at *www.capitecbank.co.za.*

PSG KONSULT (60,6%)

- *Simple and focused business model*
  - the provision of wealth management, asset management and insurance solutions
- *High barriers to entry*
  - regulatory requirements
- *Key competitive advantage*
  - extensive distribution platform
  - trusted brand
- *High growth potential*
  - relatively low market share:
    - less than 5% of wealth management
    - less than 3% of asset management
    - less than 4% of short-term insurance

PSG Konsult is a financial services company, focused on providing wealth management, asset management and insurance solutions to clients. It has the largest independent financial advisor distribution network in southern Africa with 932 advisors across 254 offices.

With the legal and regulatory environment within the industry becoming increasingly onerous, PSG Konsult continues to attract quality advisors. It provides them with support through its well-established systems and its risk and regulatory compliance platform, allowing the advisors to focus on their clients.

PSG Konsult's results for the year ended 28 February 2019 need to be considered against its equity market dependence – the JSE/FTSE All Share Index suffered a 4% decline during the year under review, compared to a positive return of 14% in the previous financial year. Despite this, PSG Konsult managed to increase its assets under management and assets under administration by 8% and 5% to R222bn and R422bn, respectively. PSG Insure's gross written premium increased by 36% to R4,5bn.

PSG Group remains optimistic about PSG Konsult's growth prospects and is excited about the positive financial contribution that the recently acquired Absa insurance brokerage businesses will make to PSG Insure's results in the years to come.

PSG Konsult's comprehensive results are available at *www.psg.co.za.*

CURRO (55,4%)

- *Simple and focused business model*
  - private school education
- *High barriers to entry*
  - capital intensive
- *High growth potential*
  - Curro has 14% of the private school market and 0,4% of the total school market in South Africa
  - global trends for developing countries indicate private schools representing approximately 13% of total schools – with private school learners representing only 3% to 4% of the total school-going population in South Africa at present, the local private school market should grow substantially in the next 10 years

Curro is the largest provider of private school education in southern Africa with more than 57 000 learners across 68 campuses.

Considering Curro's growth in *headline earnings* and the quality of its cash flow generation, it declared its maiden dividend in respect of the year ended 31 December 2018.

Curro continues with its aggressive expansion drive and plans to invest a further R1,8bn in business acquisitions and new and existing facilities during 2019. We remain excited about its growth prospects.

Curro's comprehensive results are available at *www.curro.co.za.*

ZEDER (43,8%)

- *Simple and focused business model*
  - o investment in food and related business
- *Focused management throughout the underlying investments*

Zeder is an investor in the broad agribusiness industry. Its largest investment is a 27,1% interest in JSE-listed Pioneer Foods, comprising 43% of Zeder's total *SOTP assets* as at 28 February 2019.

Zeder had another tough year given the ongoing challenges facing the agricultural sector and with the consumer remaining under pressure. Coupled with a slower than expected recovery following the drought and heat conditions in recent years, Zeder reported no growth in *recurring headline earnings* per share for the year under review.

Zeder will continue to drive platform growth. Complementary investment opportunities are reviewed on an ongoing basis as Zeder aims to expand its portfolio. Management remains cautiously optimistic about a recovery in the food and related sector, which should bode well for the performance of Zeder's investee companies.

Zeder and Pioneer Foods' respective comprehensive results are available at *www.zeder.co.za* and *www.pioneerfoods.co.za*.

PSG ALPHA (98,1%)

PSG Alpha serves as an incubator to identify and help build the businesses of tomorrow. As mentioned, PSG Group has always excelled at early-stage investing by building businesses alongside entrepreneurs from the development stage. PSG Alpha's focus is therefore predominantly on early-stage investing.

The PSG Alpha portfolio currently comprises 12 investments, mainly in their development phase. We continue to support these investments not only through providing capital when necessary and deemed appropriate, but also working alongside management in building these businesses – be it acting as a soundboard, assisting with problem solving, complementary deal-making, stakeholder relationships, promoting good corporate governance, establishing appropriate remuneration structures, etc. Members of the PSG Alpha Exco as a rule serve as directors on all its investees' boards and on numerous sub-committees, including the audit and risk committees.

During the past two years, PSG Alpha invested R1,3bn cash in the following key investees to fund growth:

- R775m in Evergreen;
- R328m in Stadio;
- R163m in FutureLearn/ITSI; and
- R71m in Energy Partners.

These investments all provide compelling growth prospects.

Overview of select PSG Alpha investees

Evergreen (50%)

- *Simple and focused business model*
  - o retirement lifestyle villages
- *High barriers to entry*
  - o capital intensive and need for specialist services
- *High growth potential*
  - o ageing population and large, fragmented market

PSG Group, through PSG Alpha, has co-invested in Evergreen with property expert, Amdec. Evergreen owns and operates retirement lifestyle villages on a life-right model. Although this model is well established in other parts of the world, especially in the United States, Australia and New Zealand, it is still a fairly new concept in South Africa.

Evergreen offers significant benefits to its residents – i) state-of-the-art lifestyle centres, typically including a bistro, lounge, salon, bar, library, gym, games room and entertainment area; ii) health and frail care; iii) excellent security; and iv) a sense of community among fellow retirees.

At the reporting date:

- Evergreen operated 604 units across seven villages;
- It had 519 units under construction across four existing villages and one new village; and
- It had a further 3 699 units planned for construction within the next five years, for which the sites had already been identified and secured.

Aforementioned expansion would bring the total number of units owned and operated by Evergreen to 4 822 across 12 villages in five years' time. Evergreen's 10-year target of owning and operating 10 000 units across more than 22 villages should have a gross asset value of more than R30bn.

More information about Evergreen's service offering is available at *www.evergreenlifestyle.co.za*.

Stadio (44%)

- *Simple and focused business model*
  - o private higher education
- *High barriers to entry*
  - o capital intensive
  - o accredited qualifications
- *High growth potential*
  - o growing number of students
  - o limited capacity in traditional higher education institutions

Stadio is a JSE-listed private higher education provider in its development phase. It currently comprises six private higher education institutions offering over 80 accredited programmes to ±30 000 students, ranging from higher certificates to doctorates through contact and distance learning. Key to future growth will be Stadio's pipeline of 64 new programmes currently being accredited. This should increase as, among other, new faculties are established.

Stadio is busy amalgamating its six institutions into one *Multiversity* and offers a comprehensive range of faculties across the 14 existing campuses. It will also develop new multi-faculty campuses in due course in the Western Cape, Gauteng and KwaZulu-Natal. Stadio will continue to pursue strategic acquisitions and to develop and expand its product offering as part of its journey to reach 100 000 students over time. PSG Alpha is actively assisting Stadio management in achieving their stated objectives.

Key statistics are set out in the table below:

	31 Dec 2017	31 Dec 2018	*Year-on-year growth*
Number of students by faculty			
Commerce, law and management	23 761	25 105	*6%*
Creative economy	2 727	2 878	*6%*
Education and humanities	1 039	1 839	*77%*
Engineering and information technology	57	63	*11%*
	27 584	**29 885**	***8%***
Number of students by mode of learning			
On campus (contact learning)	4 117	4 737	*15%*
Off campus (distance learning)	23 467	25 148	*7%*
	27 584	**29 885**	***8%***

More information about Stadio's service offering is available at *www.stadio.co.za*.

FutureLearn & ITSI (88,4% following their merger)

- *Simple and focused business model*
  - accessible learning solutions
- *High barriers to entry*
  - proprietary technology platforms and learning content
- *High growth potential*
  - demand for quality learning at affordable prices

Effective 1 April 2019, FutureLearn and ITSI, both being existing investees of PSG Alpha, merged their businesses to enable cross-selling to their respective clients and to unlock further synergies.

FutureLearn provides accessible learning and support to learners and tutors using technology and centralised assistance to reduce the cost of and to improve the quality of education. Services are rendered to the following distinct segments:

- Schools (teachers, management and learners);
- Home (parents, learners and tutors); and
- Corporates (businesses/government departments and their employees).

ITSI is an education technology company and its patented e-learning solution bridges the gap between traditional and technology-based teaching – making learning visible, measurable, collaborative, integrated and mobile.

Key statistics are set out in the table below:

Channel	Customers
Home education	22 000 learners 1 500 tutors
School	1 500 schools
Corporate and tertiary	200 corporate and government institutions 100 000 learners

More information about FutureLearn and ITSI are available at *www.futurelearn.co.za* and *www.itsieducation.com*, respectively.

Energy Partners (54,1%)

- *Simple and focused business model*
  - private energy utility provider
- *High barriers to entry*
  - capital intensive
  - skilled expertise
- *High growth potential*
  - size of the energy market
  - attractive economies of on-site generation
  - trend towards outsourcing utilities

PSG Alpha originally invested in Energy Partners when it was an engineering consulting business focused on providing energy-efficient solutions to its clients in return for a consultancy fee. Energy Partners has since been transformed into a fully-fledged manufacturer, owner and operator of energy-producing assets – which include solar, steam, refrigeration, water and fuel.

Although owning and operating the energy-producing assets is less profitable in the short term, it is significantly more profitable over the long term and provides the business with valuable annuity income. Accordingly, Energy Partners' focus remains on expanding its current investment book of ±R200m to more than R1bn within the next three to five years. Its ultimate objective is to grow this book to around R20bn, which would represent approximately 1% of the South African energy market.

Key statistics are set out in the table below:

Cumulative energy asset investments					
2015 Rm	2016 Rm	2017 Rm	2018 Rm	2019 Rm	*4-year CAGR*
7	28	53	107	206	*133%*

More information about Energy Partners' service offering is available at *www.energypartners.co.za*.

Other investees

A complete list of PSG Alpha's investees is set out below:

Investment	Description	Interest (%) 2018	Interest (%) 2019
Alaris	Global radio frequency technology group specialising in defence and other antennas	26,5	**25,4**
Carter	Redefine new car sales experience	40,0	**71,1**
CA Sales	Route-to-market services for fast-moving consumer goods in Sub-Saharan Africa	48,1	**47,7**
CSG	Diversified outsourced services (personnel, security, mining, cleaning and catering services)	12,6	**12,4**
Educartis	Education listing website with Africa focus	20,0	**20,0**
Energy Partners	Private energy utility	52,5	**54,1**
Evergreen	Retirement lifestyle villages	50,0	**50,0**
FutureLearn*	Innovative and accessible education solutions to schools, tutors, parents and learners	93,3	**91,4**
ITSI*	Leading e-learning platform for schools and other institutions	72,7	**72,7**
ProVest	Diversified mining services	50,5	**42,3**
SNC	Scalable, high-throughput nanofiber production	55,8	**55,8**
Spirit Capital	Investment holding company focussed on leveraged transactions	49,3	**49,3**
Stadio	Private higher education	45,4	**44,0**

* *Merged effective 1 April 2019.*

DIPEO (49%)

Dipeo, a BEE investment holding company, is 51%-owned by the Dipeo BEE Education Trust of which all beneficiaries are black individuals. This trust will use its share of value created in Dipeo to fund black students' education.

Dipeo's most significant investments as at 28 February 2019 included shareholdings in Curro (5,2%), Stadio (3,4%), Pioneer Foods (4,3%), Quantum Foods (4,4%), Kaap Agri (20%) and Energy Partners (15,7%). The investment in Energy Partners remains subject to a BEE lock-in period.

During the year under review, Dipeo's *SOTP value* turned negative (i.e. liabilities exceeded assets) following a continued decline in mainly Pioneer Foods' share price, with a resultant negative impact on PSG Group's *SOTP value* through reducing its investment in Dipeo to zero and impairing PSG Group's preference share investment in Dipeo to the extent required. PSG Group also ceased to account for the related recurring preference share dividend income from 1 September 2018.

THE FUTURE

We remain excited about PSG Group's future – we have a diversified and well-established core investment portfolio together with early-stage investments in select growth sectors, all with promising growth prospects. As always, we will continue to look for "the next big thing".

Piet Mouton
PSG Group CEO

Wynand Greeff
PSG Group CFO

Stellenbosch
5 June 2019

KEY STATISTICS

STOCK EXCHANGE PERFORMANCE

Year ended February	2019	2018	2017	2016	2015	2014	2013	2012	2011
Market price on the JSE (R)									
High for the year	**259,98**	297,03	252,12	284,91	146,75	91,50	73,32	53,65	44,00
Low for the year	**204,71**	194,89	172,00	134,19	88,00	58,80	44,70	37,99	22,15
Closing	**259,78**	217,50	251,43	173,69	136,81	89,02	61,26	47,00	43,20
Volume-weighted average	**226,69**	241,11	200,79	202,95	109,87	71,31	60,76	46,19	32,74
Closing price per share/HEPS (times)	**25,7**	24,0	25,1	26,1	16,7	16,1	12,8	14,4	14,1
Closing price per share/recurring EPS (times)	**23,9**	21,9	27,1	22,0	23,0	19,8	15,6	15,2	17,9
Volume of shares traded ('000)	**102 668**	148 287	64 300	102 855	32 198	17 963	24 272	13 210	20 127
Value of shares traded (Rm)	**23 274**	35 753	12 911	20 875	3 538	1 281	1 475	610	659
Volume-traded/weighted-average shares (%)	**47,3**	68,8	30,0	50,0	16,7	9,8	13,3	7,6	12,0

Year ended February	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Market price on the JSE (R)															
High for the year	27,49	21,00	30,50	29,25	23,00	7,05	5,20	6,50	8,85	9,86	15,85	19,00	15,50	5,10	3,00
Low for the year	13,02	12,15	19,00	15,70	6,20	2,53	2,55	3,75	4,40	5,27	8,00	4,95	4,45	2,10	0,20
Closing	22,05	14,56	20,85	27,20	22,66	7,00	3,85	5,20	4,76	6,60	10,00	11,70	15,30	4,70	2,25
Volume-weighted average	21,00	16,92	27,14	22,57	10,60	4,28	4,60	5,12	6,75	6,85	11,14	11,72	9,66	4,01	0,78
Closing price per share/HEPS (times)	8,8	22,3	7,1	5,2	6,4	7,8	5,0	7,4	3,4	4,4	8,3	13,6	32,3	17,9	16,4
Closing price per share/recurring EPS (times)	10,6	8,4	16,1												
Volume of shares traded ('000)	21 326	18 290	43 409	37 787	13 933	48 528	56 204	42 636	47 775	49 009	45 265	30 219	23 443	14 120	22 210
Value of shares traded (Rm)	448	309	1 178	853	148	208	258	218	322	336	504	354	227	57	17
Volume-traded/weighted-average shares (%)	12,3	10,9	26,5	30,1	13,7	45,1	50,3	35,5	38,5	36,8	33,1	31,7	32,2	35,7	101,8

TRACK RECORD

Year ended February	2019	2018	2017	2016	2015	2014	2013	2012	2011
Headline earnings (Rm)	**2 194**	1 956	2 145	1 370	1 574	1 012	875	567	512
HEPS (R)	**10,11**	9,08	10,01	6,66	8,19	5,53	4,80	3,26	3,07
Recurring earnings (Rm)	**2 357**	2 142	1 985	1 620	1 142	821	715	536	404
Recurring EPS (R)	**10,86**	9,94	9,27	7,88	5,94	4,49	3,92	3,09	2,42
Distribution per share (cents)									
Normal	**456,0**	415,0	375,0	300,0	200,0	133,0	111,0	82,0	67,0
Special									
Ordinary shareholders' equity (Rm)	**18 115**	17 143	15 900	13 634	9 999	6 862	5 990	4 760	3 585
Net asset value per share (R)	**83,06**	79,39	73,81	63,64	49,39	37,51	32,62	26,50	21,56
Total assets (Rm)	**96 819**	90 421	82 061	71 748	45 607	33 700	25 857	20 961	17 410
Sum-of-the-parts value (Rm)	**67 958**	55 510	52 397	40 383	33 395	18 040	13 844	10 315	8 018
Sum-of-the-parts value per share (R)	**311,45**	255,17	240,87	186,67	163,28	95,01	72,67	55,92	46,81
Market capitalisation (Rm)									
Gross of treasury shares	**60 297**	50 340	58 193	40 084	30 157	18 480	12 747	9 528	8 219
Net of treasury shares	**56 658**	46 967	54 166	37 211	27 694	16 284	11 250	8 442	7 182
Number of shares ('000)									
Issued	**232 108**	231 449	231 449	230 779	220 432	207 589	208 082	202 724	190 262
Treasury shares	**(14 009)**	(15 508)	(16 018)	(16 543)	(18 004)	(24 666)	(24 440)	(23 111)	(24 001)
Net	**218 099**	215 941	215 431	214 236	202 428	182 923	183 642	179 613	166 261
Weighted average ('000)	**217 028**	215 468	214 247	205 669	192 328	182 994	182 224	173 872	167 055
Return on equity (based on headline earnings) (%)	**12,4**	11,8	14,5	11,6	18,7	15,8	16,3	13,6	15,7
Return on equity (based on recurring earnings and excluding non-recurring items from equity) (%)	**13,9**	13,7	14,3	14,9	15,1	14,0	14,3	13,8	13,2

Year ended February	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Headline earnings (Rm)	431	110	483	651	358	97	85	85	175	200	165	82	35	10	3
HEPS (R)	2,49	0,65	2,95	5,19	3,52	0,90	0,76	0,71	1,41	1,50	1,21	0,86	0,47	0,26	0,14
Recurring earnings (Rm)	359	293	212												
Recurring EPS (R)	2,07	1,74	1,30												
Distribution per share (cents)															
Normal	42,0	57,0	112,5	90,0	67,5	45,0	30,0	20,0	50,0	45,0	36,0	25,0			
Special		200,0					70,0	200,0							
Ordinary shareholders' equity (Rm)	2 947	2 755	3 295	2 373	719	362	336	993	1 218	1 141	1 085	638	535	78	7
Net asset value per share (R)	17,65	16,40	19,48	15,85	7,04	3,56	3,20	8,28	10,15	8,99	7,78	6,69	6,17	1,47	0,34
Total assets (Rm)	14 686	14 127	14 206	5 501	1 833	2 794	2 384	2 594	4 477	3 416	3 474	2 543	1 258	233	25
Sum-of-the-parts value (Rm)	4 572	2 610	4 447												
Sum-of-the-parts value per share (R)	26,60	15,31	25,99												
Market capitalisation (Rm)															
Gross of treasury shares	4 211	2 760	3 953	4 621	2 701	834	443	624	571	838	1 395	1 117	1 325	249	49
Net of treasury shares	3 682	2 446	3 528	4 073	2 315	711	404	624	571	838	1 395	1 117	1 325	249	49
Number of shares ('000)															
Issued	190 953	189 579	189 579	169 885	119 195	119 195	115 000	120 000	120 000	126 900	139 500	95 445	86 611	52 930	21 818
Treasury shares	(23 959)	(21 559)	(20 386)	(20 133)	(17 015)	(17 619)	(10 000)								
Net	166 994	168 020	169 193	149 752	102 180	101 576	105 000	120 000	120 000	126 900	139 500	95 445	86 611	52 930	21 818
Weighted average ('000)	173 113	168 352	163 505	125 446	101 888	107 519	111 700	120 000	124 204	133 200	136 613	95 445	72 869	39 588	21 818
Return on equity (based on headline earnings) (%)	15,1	3,6	17,0	42,1	66,3	27,7	12,8	7,7	14,9	18,0	19,1	14,0	11,3	23,8	88,6
Return on equity (based on recurring earnings and excluding non-recurring items from equity) (%)	13,2	10,3	7,9												

CORPORATE SOCIAL INVESTMENT

As a good corporate citizen with the best interest of our country and its people at heart, PSG Group contributes significantly to society. Below are some of the corporate social investment ("CSI") initiatives undertaken by PSG Group and its underlying investments. Although this is not a comprehensive list, it illustrates our dedication to making South Africa a better place.

PSG GROUP

A significant theme throughout the group is our contribution to all levels of *education* – from early-childhood development, all the way through to higher and adult education. We firmly believe in the multiplier effect that education brings, not only to the individual, but to society at large.

The PSG Group Bursary Loan Scheme at the University of Stellenbosch

We started this initiative in 2007, when PSG Group and Jannie Mouton each donated 100 000 PSG Group shares, currently worth approximately R50m, to provide financial support to gifted, but needy students. To date, 86 students have received financial support through this scheme with over R5,1m granted in bursaries and loans. Their fields of study include medicine, law, actuarial science, accounting and investment management.

Akkerdoppies

PSG Group has provided this pre-primary school with financial support since its establishment in 2008. Akkerdoppies is committed to early-childhood development providing essential education and skills to children from the disadvantaged communities of Stellenbosch. The school has 160 children and employs 26 people. We are committed to a long-term relationship with this initiative and anticipate a significant positive contribution to the community.

PSG Group BEE Education Trust

This trust owns 2,5m PSG Group shares worth more than R600m, and is debt-free. PSG Group dividends earned from these shares are used to grant bursaries to black learners. As with the Dipeo BEE Education Trust, being a 51% shareholder in Dipeo (refer page 24 of this annual report), the Ruta Sechaba Foundation is its key education-related beneficiary.

Ruta Sechaba Foundation

Established in 2016, this foundation provides academic and sport-related scholarships, bursaries and awards to qualifying black learners at Curro and Curro-managed schools. The PSG Group BEE Education Trust and Dipeo BEE Education Trust were the initial donors to the foundation – it is now open to all corporates and individuals who wish to contribute to education in South Africa in a structured form. The PSG Group BEE Education Trust and Dipeo BEE Education Trust committed R12m in aggregate to the foundation for the 2019 academic year, which has been used to provide over 400 scholarships, bursaries and awards. The group is proud of the academic achievements of the 2018 beneficiaries – six of our grade 12 learners passed with an A-average, while the rest of them passed with a minimum C-average.

GROUP COMPANIES

It is evident from the aforementioned that PSG Group makes a significant direct contribution to society. However, as an investment holding company, with our underlying investments also having various CSI initiatives, we also make a substantial indirect contribution to society. Below, in no particular order and by no means exhaustive, are some of the CSI projects undertaken by investee companies:

Capitec

Capitec's primary CSI focus is on improving financial literacy and education through the Capitec Foundation, an independent non-profit organisation. Below are some its initiatives:

- Maths tutor programme: the Capitec Foundation recruited and offered training to university students doing their postgraduate degrees in education to provide them with experience to become maths teachers. This programme has the potential to positively impact 4 500 learners per tutor during their teaching lifetime.
- School management development programme by the University of Cape Town ("UCT") and the Graduate School of Business ("GSB"): the programme aims to upskill individuals in leadership roles at schools to improve such schools' performance. Altogether 23 school principals in the Western Cape and 21 in the Eastern Cape participated during the past year. Since 2012, 128 principals and over 130 000 learners have benefited.
- Teacher development programme: the teacher development programme is aimed at in-service teachers, with 43 from the Eastern Cape and seven from the Western Cape having participated during the past year. The programme trains teachers towards improving their teaching skills. Some of the challenges experienced in running these programmes include social issues such as gangsterism, dysfunctional schools or a lack of infrastructure, especially technology.
- Donations: the Capitec Foundation donated to 29 organisations that shelter abused women and children during the past year.
- Employee volunteer projects: new volunteer programmes were launched to support and encourage employees to become involved in community outreach initiatives. These included the Hooked on Helping Project, whereby 309 employees crocheted more than 320 blankets for shelters and support centres.

PSG Konsult

PSG Konsult invests in educational and social programmes that create future employment and economic empowerment prospects. Below are few of their CSI projects:

- Adopt-a-School Project – a programme that supports and enhances the learning and teaching environment in disadvantaged schools, with the aim of addressing inequalities and inadequacies in rural areas. PSG Konsult has adopted three such schools with more than 1 250 learners in total. These schools are in close proximity to the economic hubs, thereby enabling employees to provide hands-on support.
- Childcare and children's homes are provided with monthly food parcels and funding.
- PSG Konsult has invested R22m in the ASISA Enterprise Development Fund since February 2015. This initiative invests in the sustainability of small and medium-sized enterprises ("SMEs") in South Africa. It also supports government's drive for job creation and economic growth.
- Graduate and bursary programme that has 40 graduates enrolled in the programme and 10 students supported through bursaries.

Curro

PSG Group has to date invested R2,4bn cash in Curro, the largest private school group in southern Africa. Curro plays an important part in educating the youth. Its business model assists government by carrying part of the significant capital burden of building new schools. To date, Curro has saved government more than R7bn in capital investment through the building of schools and plans to invest a further R1,5bn in 2019. Its running costs to educate approximately 57 000 learners save the country well over R1bn annually. Given government's current budget constraints, we believe this is a major benefit.

Curro has also spent R81m on CSI, including bursaries, during the past year.

FutureLearn (including ITSI)

The FutureLearn group provides accessible learning at scale to learners in any environment using a unique "Guided Learning" model and ecosystem, empowering learners to realise their full potential. It focuses on education innovation that ultimately ensures quality and affordable learning. FutureLearn currently serves approximately 1 500 schools, more than 22 000 home education and after-school learners (through approximately 1 500 tutors), and more than 100 000 learners in approximately 200 corporate and government institutions. FutureLearn has partnered with Utolo Education, a BBBEE education trust focused on improving education to black learners in South Africa. With our investment in FutureLearn, we look to contribute to education in South Africa, while also creating business opportunities for entrepreneurs and educators who can embrace their passion for education while building a profitable business.

Energy Partners

Energy Partners supports the Pearl Project Community Development initiative in the Helderberg area. The initiative focuses on early-childhood development and has established three crèches that serve the local community.

- Energy Partners also funds the AmazingBrainz programme used at these crèches. Besides a curriculum that is focused on childhood development, the programme also provides coaching and mentorship to crèche employees to ensure they are equipped and qualified to implement the curriculum.
- Furthermore, employees also volunteer their time to assist in the maintenance and renovation of the school premises. The goal is to create a haven for children where effective preparation for primary school can take place. In total, approximately 100 kids attend these crèches.

ProVest

ProVest's initiatives are focused on education support, infrastructure development, skills development and job creation in communities they operate in. Like many of the group's investees, ProVest believes in education as being the key to addressing some of these challenges, with the majority of its CSI budget directed towards education initiatives. Some of these CSI initiatives include:

- Financial assistance towards food parcels and sport gear and equipment are provided to schools in the North West and Limpopo provinces.
- 624 female learners in high schools in the Rustenburg area were presented with Princess D Menstrual Cups on Mandela Day. This is in line with Keeping The Girl Child At School Initiative and ensure that they realise their aspirations of being leaders of tomorrow.

Pioneer Foods

Pioneer Foods is involved in various community projects in education, the environment and food security. These projects focus on vulnerable groups, such as women and the youth in township and rural communities. Pioneer Foods also invests in feeding schemes, with more than R12m distributed during the past year. The Pioneer Foods' Education and Community Trust ("PFECT") also contributed a further R11,5m to various initiatives. Below are few of their CSI projects:

- Financial assistance: provided R2,6m for the construction of the Mbekweni Youth Centre.
- PFECT Bursary Programme: the bursaries support historically disadvantaged students in high school and tertiary institutions. In the past year, 55 students were bursary recipients as part of this programme.
- School Breakfast Nutrition Programme: breakfast cereals are provided daily to 26 190 learners in six provinces.

Capespan

Capespan initiatives are aimed at improving the quality of life of farmworkers and rural communities in fruit production areas where the company operates. CSI initiatives are developed in partnership with local communities, local government and industry stakeholders. Initiatives integrate socio-economic, occupational health and education development activities based on the communities' needs. The following are some of these initiatives:

- Place of Mercy Pre-school Facility: providing early-childhood development education to 150 young children and auxiliary community support services to more than 350 needy families in the Eastern Cape annually.
- Blue Hand Occupational Health Programme in partnership with local fruit production industry stakeholders and local government benefit more than 4 000 rural farm workers located in the Eastern and Western Cape.
- Community early-childhood development education literacy initiatives in rural areas located in the Northern, Western and Eastern Cape.
- Education skills development of educators and life-skills development of learners at select Department of Basic Education schools in the Western Cape.

Kaap Agri

Kaap Agri's CSI projects focus on training and skills development in the agriculture sector. These projects are executed through the following community interventions – the Kaap Agri Academy, the Young Stars Programme and the Kaap Agri Bursary Programme.

The Kaap Agri Academy celebrated its 10th year of empowering emerging farmers and farmworkers. The academy offers three learnership programmes: Mixed Farming Programme at NQF level 2, Animal Production Programme at NQF level 3 and Plant Production Programme at NQF level 3. More than R2,5m was invested in the academy during the past year.

The Young Stars Programme's objective is to provide job shadowing opportunities, career guidance and mentorship to learners. The programme is run in partnership with the TechnoGirl Trust, an initiative by the Department of Basic Education, the Department of Women, Children and People with Disabilities, and the United Nations Children's Fund ("UNICEF").

The Kaap Agri Bursary Programme provides funds to high school learners at the Boland Agricultural High School in Paarl. The programme has benefited 44 learners to date.

Zaad

Zaad's CSI projects focus on training and skills development in the agriculture sector. The projects are executed in partnership with its black empowerment partner, the Trisano Trust:

- Zaad operates the Klein Karoo Academy which is dedicated to the training of disadvantaged farmers in horticultural and agronomical farming. These courses carry official NQF accreditations and are done on-site where farmers are housed and trained both theoretically and practically. On completion of these courses, farmers get the opportunity to buy their own greenhouse tunnel with a soft loan to allow them the opportunity to produce successfully. Approximately 150 farmers are trained and empowered each year, ready to enter the market. Approved projects for the coming year include 260 farmers (200 in South Africa and 60 in Angola), with a further 130 farmers in process of approval.

1. Background

PSG Group is invested in various subsidiaries, joint ventures and associates that operate across a diverse range of industries, which include banking, financial services, education and food and related business, as well as early-stage investments in select growth sectors.

PSG Group is committed to exercising ethical and effective leadership to achieve the four governance outcomes: ethical culture, good performance, effective control and legitimacy, as advocated in the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™").

More than 90% of PSG Group's total assets are investees separately listed on the JSE and independently managed. These companies are similarly committed to exercising ethical and effective leadership, and to report thereon to stakeholders in terms of King IV™. Whether listed or not, PSG Group expects all its underlying investees to uphold good corporate governance and our representatives on the respective companies' boards and audit and risk committees have been tasked to ensure same.

A detailed analysis of PSG Group's compliance with King IV™ is available at *www.psggroup.co.za.*

2. Leadership, ethics and corporate citizenship

2.1 *The PSG Group board of directors ("Board")*

The Board comprises 10 directors of which three serve in an executive capacity. Five of the remaining seven non-executive directors are independent. Details of PSG Group's directors are provided on pages 8 and 9 of this annual report. The Board is satisfied with its diversity and that its composition contains the appropriate mix of knowledge, skills, experience and independence.

The Board operates in terms of a board-approved charter, the provisions of which have been complied with during the year under review.

There is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The Board is satisfied that its current composition ensures such a balance of power and authority.

2.2 *Key roles and responsibilities of the Board*

The Board's key roles and responsibilities include, inter alia, the following:

- Promoting the interests of all stakeholders;
- Formulation and approval of strategy;
- Exercising effective control; and
- Ultimate accountability and responsibility for the performance and affairs of PSG Group.

The Board is the ultimate custodian of shareholder funds, with a responsibility to invest it wisely to deliver on PSG Group's stated objective of sustainable long-term value creation for shareholders.

2.3 *Chairman and lead independent director*

Mr ZL Combi fulfils the role of independent non-executive chairman and Mr PE Burton serves as lead independent director.

2.4 *Chief executive officer ("CEO")*

Mr PJ Mouton continues to serve as CEO and has been employed within the broader group for the past 15 years. His employment agreement is customary for positions of this nature, and his resignation notice period is three calendar months.

The Board continuously considers succession planning for the CEO role, as well as for other key executives, and is satisfied that sufficient plans are in place. The company is in a fortunate position to retain the services of Messrs WL Greeff (chief financial officer ("CFO")) and JA Holtzhausen (PSG Capital CEO) as executive directors alongside Mr PJ Mouton. They have a wealth of experience and have respectively served within the broader group for the past 17 and 21 years. Similarly, Messrs Greeff and Holtzhausen are supported by a dynamic team of long-serving and capable employees within their respective roles.

Mr PJ Mouton serves as representative on the boards of all PSG Group's core investees, including Capitec, PSG Konsult, Curro, Zeder and Pioneer Foods. He has no professional commitments other than his role as PSG Group CEO.

2.5 *Board meetings and attendance*

The Board met four times during the past year. The attendance at such meetings is detailed in the table below:

Director	24 Apr 2018	26 Jul 2018	16 Oct 2018	1 Mar 2019
PE Burton	✓	✓	✓	✓
ZL Combi (chairman)^	✓	✓	✓	✓
FJ Gouws	✓	✓	✓	✓
WL Greeff	✓	✓	✓	✓
AM Hlobo*	*n/a*	*n/a*	*n/a*	*n/a*
JA Holtzhausen	✓	✓	✓	✓
B Mathews	✓	✓	✓	✓
JF Mouton (chairman)^	✓	✓	✓	*n/a*
JJ Mouton	✓	✓	✓	✓
PJ Mouton	✓	✓	✓	✓
CA Otto	✓	✓	✓	✓

✓ *Present*

^ *Mr JF Mouton served as director and chairman until his retirement on 20 November 2018. Mr ZL Combi was subsequently appointed as chairman.*

* *Ms AM Hlobo was appointed as director on 11 April 2019.*

2.6 *Board performance and independence evaluations*

Both the effectiveness and ethical leadership of the Board are continuously considered and any areas of concern are addressed as and when they arise. The Board is assessed annually by the PSG Group Nomination Committee through a formal process that deals with individual directors, including the chairman, the Board as a whole, as well as its various subcommittees. The Board is satisfied that it functions effectively.

The independence of non-executive directors and factors that could potentially impair it are evaluated on an ongoing basis. The Board is satisfied with the independence of all the non-executive directors classified as being independent, including Messrs ZL Combi, PE Burton and CA Otto, who have served on the Board for more than nine years. These individuals have a thorough understanding and valuable knowledge of PSG Group's business and associated risks, and always act in the best interest of all stakeholders.

2.7 *Race and gender diversity policies adopted by the Board*

PSG Group believes that race and gender diversity at board level helps the company to achieve its business goals by providing the Board with an improved understanding of the diversity of South Africa and its people, including the environment in which the group operates. A truly diverse board will include and make good use of differences in age, gender, race, culture, skills, industry experience and other distinctions.

The PSG Group Nomination Committee will consider and annually agree on measurable targets for achieving race and gender diversity at board level. In identifying suitable candidates for appointment to the Board, the nomination committee will consider individuals on merit measured against objective criteria and with due regard for the potential benefits of race and gender diversity.

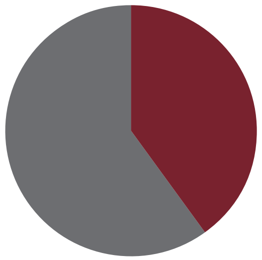
As committed to in last year's annual report, the Board recently appointed Ms AM Hlobo, a black female, as an independent non-executive director. Ms Hlobo is a Chartered Accountant (SA) with private equity and investment banking experience, and also serves as a member of the PSG Group Audit and Risk Committee. For more information, refer to Ms Hlobo's curriculum vitae on page 90 of this annual report.

Following aforementioned appointment, PSG Group's level of compliance against its targets is as set out in the table below:

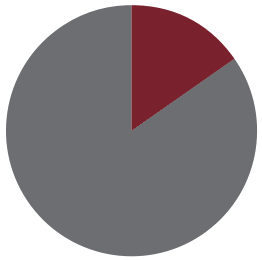
Percentage of directors	**Actual**	**Target**
Black people	40%	≥30%
Female	20%	≥10%

The Board continues to make a concerted effort to transform from both a race and gender perspective:

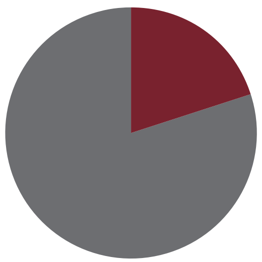
2019
Black people 40%



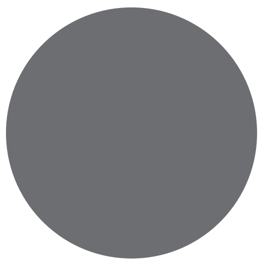
2014
Black people 15%



2019
Female 20%



2014
Female 0%



2.8 *Board subcommittees*

The Board has appointed the following committees to assist it in the performance of its duties:

- Executive committee;
- Remuneration committee;
- Nomination committee;
- Audit and risk committee; and
- Social and ethics committee.

2.8.1 *Executive committee ("Exco")*

The Exco is chaired by Mr PJ Mouton (CEO) and further comprises Messrs WL Greeff (CFO) and JA Holtzhausen (executive director). Mr JC Taljaard (tax advisor) attends the Exco meetings as a permanent invitee, while non-executive directors are always welcome to attend.

The Exco meets every month, or more frequently if required, and:

- Is responsible for determining and implementing strategy, as approved by the Board;
- Acts as the PSG Group investment committee;
- Oversees the management of PSG Alpha;
- Acts as PSG Group treasurer – it monitors and manages the capital requirements, gearing and liquidity of PSG Group, and it allocates and invests its resources;
- Monitors the group's performance and provides strategic input and direction to the underlying companies;
- Facilitates good corporate governance throughout the group; and
- Assumes overall responsibility for the growth and performance of PSG Group.

The Board is satisfied that the authority associated with the day-to-day running of PSG Group is adequately delegated to the executive directors and their teams to ensure the effective management of PSG Group.

2.8.2 *Remuneration committee*

The remuneration committee's composition, duties, responsibilities and focus areas are comprehensively addressed in the remuneration report on page 40 of this annual report.

Messrs PJ Mouton and WL Greeff are invitees to the remuneration committee meetings. However, they do not form part of the remuneration committee's formal decision-making process and merely attend to answer any potential questions.

The remuneration committee is satisfied that it operated in accordance with its board-approved charter. Its focus areas for the ensuing year will include the ongoing evaluation and refinement of PSG Group's remuneration practices to help achieve the company's stated business objectives – always with due regard to ensure remuneration remains fair and responsible to both the employee and PSG Group shareholders.

2.8.3 *Nomination committee*

The nomination committee comprises three independent non-executive directors, namely Messrs CA Otto (chairman), ZL Combi and PE Burton. The nomination committee meets as and when required and is, among other functions, responsible for assisting the Board with the appointment of new directors by making appropriate recommendations, with due regard for, inter alia, race and gender diversity. The nomination committee is satisfied that it operated in terms of its board-approved charter during the past year.

2.8.4 Audit and risk committee

The audit and risk committee comprises four independent non-executive directors, namely Mr PE Burton (chairman), Ms AM Hlobo, Ms B Mathews and Mr CA Otto. Mr PE Burton, Ms B Mathews and Mr CA Otto have served as members of the audit and risk committee for 12, two and seven years, respectively. Ms AM Hlobo is a new appointee and has attended one meeting. The committee met twice during the past financial year on 23 April 2018 and 15 October 2018, as well as after financial year-end on 23 April 2019, with all members being present.

Messrs PJ Mouton, WL Greeff, select PSG Group finance employees and the external auditor, PwC, are permanent invitees to the audit and risk committee meetings. However, they do not form part of the audit and risk committee's formal decision-making process.

The members of the audit and risk committee are invited to attend an annual training course regarding any new legal, regulatory and/or financial developments which may affect their roles and responsibilities as members of such committee.

The audit and risk committee is satisfied that it operated in terms of its board-approved charter during the past year. A report by the audit and risk committee containing details of how the committee discharged its duties and responsibilities in the past year is on page 63 of this annual report.

Apart from its normal duties and responsibilities, the audit and risk committee's areas of focus for the ensuing financial year will include the adoption of IFRS 16 *Leases*, a new accounting standard.

2.8.5 Social and ethics committee

The social and ethics committee comprises two independent non-executive directors and the CEO, being Messrs PE Burton (chairman), ZL Combi and PJ Mouton. The committee met once during the past year on 15 June 2018.

The social and ethics committee is responsible for monitoring the company's activities, with due regard for any relevant legislation, legal requirements and prevailing codes of best practice relating to matters, which include:

- Social and economic development;
- Good corporate citizenship;
- The environment, health and public safety;
- Client relationships; and
- Labour and employment.

PSG Group believes in conducting its business in a responsible manner, with due regard for the potential impact thereof on the environment in which it operates and society at large. All its investees are similarly committed.

Education is imperative for economic growth and the upliftment of society in general. We thoroughly believe that an educated community will sustainably improve the long-term well-being of society and South Africa. PSG Group as an investment holding company has therefore directed its corporate social investment efforts at supporting education on various levels. PSG Group also subscribes to and support social upliftment through BEE, having established and invested in various BEE initiatives throughout the years, through which significant value was created for such BEE participants. PSG Group is a growing and highly profitable group of companies that employs more than 45 000 people in total, pays all its taxes regularly and encourages government to spend its revenue responsibly.

The social and ethics committee is satisfied that it operated in terms of its board-approved charter during the past year. The committee is furthermore satisfied with the social and ethical aspects pertaining to PSG Group, with more details of its corporate social investment initiatives set out on page 28 of this annual report.

2.9 Appointments to the Board

Executive directors are appointed by the Board with the assistance of the nomination committee for periods as the Board deems fit, and on such further terms as are set out in their letters of appointment. Where appropriate, the CEOs and other executive directors of investees have entered into service contracts with those investees.

Newly appointed board members are formally inducted through a programme comprising, inter alia, the reading of company-related material and one-on-one information sessions. All board members have an open invitation to attend further training courses as and when required.

PSG Group's memorandum of incorporation requires a minimum of one third of the non-executive directors of the company, as well as non-executive directors having served for three consecutive years without rotating, to retire by rotation and to offer themselves for re-election by shareholders at the annual general meeting of the company. In addition, the appointment by the Board of any new director should be confirmed by shareholders at the first annual general meeting following such appointment. In accordance with the company's memorandum of incorporation, Ms AM Hlobo as new appointee, Mr ZL Combi and Mr FJ Gouws who retire by rotation and offer themselves for re-election, will be available for election by shareholders at PSG Group's annual general meeting to be held on 26 July 2019.

2.10 Company secretary

PSG Corporate Services (Pty) Ltd ("PSGCS") is the appointed company secretary to PSG Group. It acts as conduit between the Board and the company. The company secretary is responsible for Board administration, as well as liaison with the Companies and Intellectual Property Commission and the JSE. Board members also have access to legal and other expertise when required and at the cost of the company through the company secretary. The Board is satisfied with the availability of legal and other expertise on offer.

The company secretary maintains a professional relationship with Board members, giving direction on matters such as good corporate governance, if required. The audit and risk committee has reviewed, through discussion and assessment, the qualifications, experience and competence of the individuals employed by the company secretary, and concluded that it had performed all formalities and duties timeously and in an appropriate manner. The Board is satisfied that an arm's-length relationship exists with the company secretary.

The certificate that the company secretary, herein represented by Mr A Rossouw, is required to issue in terms of section 88(2)(e) of the Companies Act of South Africa, is included on page 64 of this annual report.

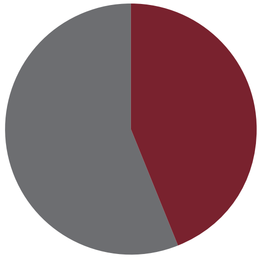
2.11 Transformation

PSG Group is committed to creating and maintaining an environment that provides equal opportunities for all its employees, with special consideration to historically disadvantaged groups. The company recognises that there are disparities in employment, occupation, income and opportunities within the labour market, with black people, women and people with disabilities historically being the most disadvantaged groups.

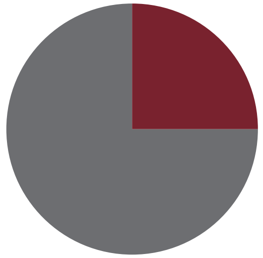
The 16 employees responsible for the day-to-day management of PSG Group, its wholly-owned subsidiaries and PSG Alpha, are employed by PSGCS, a wholly-owned subsidiary. To promote transformation at head office level, PSGCS has previously established a transformation committee consisting of Messrs ZL Combi (chairman), PE Burton and WL Greeff, all being directors of PSG Group, with the majority being independent non-executives. The transformation committee met once during the past year on 11 January 2019 and all members were present. At such meeting, the committee again approved an employment equity plan for PSGCS to improve equity in the workplace containing, inter alia, five-year employment equity targets.

PSGCS continues to make a concerted effort to transform from both a race and gender perspective:

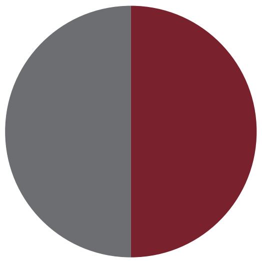
2019
Black people 44%



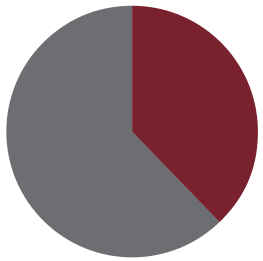
2014
Black people 25%



2019
Female 50%



2014
Female 38%



3. Strategy, performance and reporting to stakeholders

PSG Group has set out its strategy, as well as feedback on its performance there against, in the CEO and CFO report contained on page 12 of this annual report.

PSG Group fully subscribes to the notion of honesty and transparency, which includes timely, clear, succinct and accurate reporting to all stakeholders. Such reporting includes the publication of PSG Group's bi-annual financial results and any other information considered appropriate and for the benefit of all stakeholders, be it voluntarily or as required by the JSE Listings Requirements.

4. Governance matters

4.1 *Risk management and internal control*

The Board acknowledges that it is accountable for PSG Group's process of risk management and systems of internal control. Each of PSG Group's investees similarly has its own board of directors responsible for the risk management and systems of internal control of that company and its business.

Certain of the group's investees, such as Capitec and PSG Konsult, operate in highly-regulated environments and accordingly risk management in those entities are performed by dedicated risk and compliance teams, as well as internal audit functions where appropriate.

The following risk management measures have been implemented at PSG Group and its investees:

- Detailed risk assessments, containing the identified risk(s) together with control(s) implemented to mitigate such risk(s) to the extent possible; and
- Risk control logs, containing details of the occurrence of risk events, together with management's response thereto and, where appropriate, the additional control(s) implemented to help prevent such event from re-occurring and/or reduce the impact thereof.

On the recommendation of the audit and risk committee, the Board has decided not to establish an internal audit function at PSG Group level given the nature and extent of its day-to-day activities as an investment holding company, its strong internal control environment and its limited staff complement comprising 16 employees. In addition, its investees have, where necessary, either established or outsourced their own internal audit functions.

The Board, on recommendation from the audit and risk committee, concluded that the system of internal control and the risk management process at PSG Group level were effective for the financial year under review. The Board is satisfied that there were no material breakdown in controls at either PSG Group or its investees during the past year.

4.2 *Technology and information governance*

PSG Group's head office employs a dedicated information technology ("IT") manager responsible for IT governance, who reports to PSG Group's CFO. IT is essential to all PSG Group's investees, with IT governance continuously treated as a priority.

As IT does not play a significant role in the continuity of our business at a PSG Group head office level due to its nature and size, the risk associated therewith is somewhat limited. However, continued data security remains a key focus area for the IT manager.

4.3 *Compliance function*

PSG Group has not appointed a dedicated compliance officer as it has continuous access to the inhouse corporate finance and tax advisory expertise of PSG Capital and Grayston Elliot, respectively. If required, PSG Group can obtain further independent advice from reputable third-party consultants.

As mentioned earlier, certain of the group's investees operate in highly-regulated environments and therefore have appointed dedicated compliance officers and established the necessary support structures.

4.4 *Remuneration governance*

Remuneration governance is comprehensively addressed in the remuneration report contained on page 40 of this annual report.

4.5 *Assurance*

PSG Group, being an investment holding company, does not require assurance in respect of any reports other than its annual financial statements. Such assurance is provided by PwC, PSG Group's external auditor, whose report is included on page 68 of this annual report.

5. Stakeholder relationships

PSG Group subscribes to the principles of objective, honest, accurate, transparent, timeous, balanced, relevant and understandable communication of financial and non-financial information to stakeholders at all times. PSG Group has individuals responsible for dealing with stakeholder queries.

PSG Group acknowledges the vital role and responsibility of regulators as stakeholders. Our relationships with them are maintained in a professional manner – always frank, open and respectful.

REPORT FROM THE REMUNERATION COMMITTEE

1. REMUNERATION WITHIN AN INVESTMENT HOLDING COMPANY

PSG Group is an investment holding company with more than 90% of its total assets represented by independently managed JSE-listed investments, each with its own remuneration committee and policy designed specifically for its business and the industry in which it operates. An investment holding company is distinctly different from an operational company. It has limited day-to-day operations and its primary focus is to make and help grow investments that will procure sustainable long-term value creation for shareholders. The remuneration policy for such an investment holding company therefore needs to be conducive to driving long-term decision-making in order to achieve the company's objectives.

Accordingly, the primary responsibilities of the PSG Group Remuneration Committee ("PSG Group Remcom" or "Remcom" or "Committee") are to:

- Oversee the remuneration and incentives of PSG Group's executive directors and other employees at head office to ensure it is fair and responsible toward such individuals as well as the company (i.e. shareholders and other stakeholders);
- Review PSG Group's non-executive directors' fees and make appropriate recommendations to shareholders for approval thereof; and
- Provide guidance to the remuneration committees of unlisted companies forming part of the broader PSG Group.

The PSG Group Remcom comprises three independent non-executive directors – KK Combi, Chris Otto and me as chairman. After comprehensive prior consultation with management, the Committee held one formal meeting during the past year on 19 February 2019, and all members were present.

2. PSG GROUP'S REMUNERATION PHILOSOPHY

PSG Group aims to align remuneration practices with its business strategies to deliver on its stated objective of sustainable long-term value creation for shareholders through a combination of share price appreciation and the payment of dividends.

Remuneration practices should always be fair and responsible to both the employee and the company (i.e. shareholders and other stakeholders), while continuously reporting thereon in a transparent manner.

PSG Group has provided its shareholders with superior returns over the past 23 years since establishment. Sustainable value creation will always depend on, among other, PSG Group attracting and retaining the services of talented individuals. To do so, it is imperative for PSG Group's remuneration practices to be appropriate and competitive.

PSG Group's three executive directors have each served in their respective current roles for at least nine years. Over this period, PSG Group's market capitalisation has increased from approximately R3,7bn to R56,7bn, and its share price from R22,05 at 28 February 2010 to R259,78 as at 28 February 2019. Assuming that dividends were reinvested in PSG Group shares, this represented a return of 33% per annum over the period. Shareholders have accordingly benefited significantly from the value created, while executive directors have been remunerated commensurately due to their interests being materially aligned with those of shareholders.

3. KEY FEATURES OF PSG GROUP'S REMUNERATION POLICY

The Remcom has previously introduced an appropriate remuneration policy for PSG Group's head office employees (including PSG Group's executive directors) to help drive long-term focus and decision-making in order to ultimately deliver on PSG Group's stated objective of sustainable long-term value creation for shareholders.

PSG Group's most significant successes to date have been early-stage investments – the likes of Capitec, PSG Konsult and Curro. As with any start-up business, it may take years to determine success, and it is imperative for management to maintain a long-term focus to help achieve this objective. It would therefore be irrational to remunerate management based on meeting short-term operational targets or when making new investments while the ultimate success thereof is still unknown. PSG Group's remuneration policy has consequently been designed to suitably align the interests of its employees with those of shareholders – if PSG Group shareholders do well, the employees will do well, and importantly so, vice versa.

The table below lists some of the key features of PSG Group's remuneration policy and cross references to the relevant sections of the remuneration policy:

Key feature		Page
Short-term incentives		
Benchmarking of base salaries	✓	45
Portion of base salary deferred for 12 months	✓	45
Subject to malus/clawback provisions	✓	45
No bonus payments to CEO, CFO or managers	✓	46
Long-term incentives (share options)		
Share options awarded at market value – i.e. participants only realise value if there is share price appreciation	✓	46
Vesting occurs over time	✓	47
Vesting subject to *non-financial* personal key performance measures	✓	47
Vesting subject to *financial* performance measures	✓	47
Award and vesting subject to minimum shareholding requirements for executive directors (incl. CEO and CFO)	✓	48
Subject to malus/clawback provisions	✓	48

4. CHANGES MADE TO PSG GROUP'S REMUNERATION POLICY

4.1 Voting at the previous annual general meeting ("AGM")

As prescribed by the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™") and required by the JSE Listings Requirements, PSG Group presented its remuneration policy and the implementation report thereon to shareholders for a *non-binding advisory* vote at its previous AGM held on 22 June 2018. Shareholders representing 70,7% of the total votes exercisable attended the meeting and the results from their voting were:

Resolution	For	Against
Non-binding endorsement of remuneration policy	83,1%	16,9%
Non-binding endorsement of implementation report on the remuneration policy	68,2%	31,8%

4.2 Engagement with dissenting shareholders following the previous AGM

Since the non-binding vote on PSG Group's implementation report on the remuneration policy garnered less than 75% of the votes exercised, PSG Group engaged with dissenting shareholders during July 2018, as required, by inviting them via the JSE's Stock Exchange News Service ("SENS") to:

- Communicate their concerns/questions on the implementation report on the remuneration policy to PSG Group's company secretary by email; and
- Participate in a telephone conference held on 11 July 2018, during which the chairman of the Remcom addressed such concerns/questions that were raised by dissenting shareholders, after which he allowed an opportunity for follow-up questions.

Only four individuals, representing three shareholders, participated in the telephone conference. To enable effective two-way communication, the Remcom urges shareholders to use the channels made available to them to engage with the company.

PSG Group's largest institutional shareholder, the Public Investment Corporation ("PIC") with a 9% shareholding, voted against both the remuneration policy and the implementation report thereon after extensive prior consultation and consequent changes to PSG Group's remuneration report – they being of the opinion that the share incentive scheme lacked appropriate weightings of the *non-financial personal key performance measures* for the PSG Group CEO and CFO. Subsequent to aforementioned AGM, the PIC also requested the Remcom to introduce malus/clawback provisions applicable to the share incentive scheme ("LTI"). Consequently, PSG Group's remuneration report has been amended to:

- Reflect such weightings of the *non-financial personal key performance measures* for the PSG Group CEO and CFO, and evaluation of performance there against (refer to pages 47 and 50); and
- Introduce malus/clawback provisions applicable to the LTI (refer page 48).

4.3 Other considerations

After significant engagement with shareholders, it appears that many investors may not give due consideration to the embedded performance hurdle underlying share options awarded at a strike price equal to the ruling market price ("Fully Priced Share Options") as opposed to share options awarded at zero cost ("Nil Paid Share Options").

We understand the investor community's requirement for additional performance hurdles (both financial and non-financial) as vesting conditions to share options awarded to management. However, the simple reality is that management with Nil Paid Share Options will realise value irrespective of what the share price performance is as long as predetermined performance targets (if any) are met. In contrast, management with Fully Priced Share Options (as is the case with PSG Group) will not realise value unless there is share price growth above the strike price at which such share options were awarded, irrespective of whether they have met their financial and non-financial performance targets. It is evident that Fully Priced Share Options better align management's interests with those of shareholders – management will only benefit if the share price increases substantially, in which case shareholders would have benefited accordingly.

As an example – if a participant is issued Fully Priced Share Options at a strike price equal to the ruling share price of, say R260, the participant will only realise value should the share price increase to above R260 at vesting date. Nil Paid Share Options on the other hand will provide value to the participant even if the share price had declined to below R260 at vesting date. For this reason, the vesting conditions attaching Nil Paid Share Options should be considerably more stringent than those attaching Fully Priced Share Options.

In our opinion as Remcom, the main benefit of potentially awarding Nil Paid Share Options rather than Full Price Share Options, is that it eliminates the effect of short-term share price fluctuations insofar it relates to when exactly participants join the share incentive scheme and are awarded share options for the first time. As an example, employee A joins the company and is awarded Fully Priced Share Options at a strike price equal to the ruling market price of say R260. Two months later, employee B joins the company and is awarded Fully Priced Share Options at a strike price equal to the then ruling market price of say R200, following a short-term decline due to general market sentiment. It is clear that employee A is significantly disadvantaged compared to employee B. However, had Nil Paid Share Options been awarded, both employee A and B could have been awarded a fixed exposure amount of say R1m, effectively putting them in the same position, irrespective of when they joined the company.

Taking cognisance of aforementioned embedded performance hurdle underlying Fully Priced Share Options, the investor community should demand significantly more stringent performance hurdles as vesting conditions in the case of Nil Paid Share Options. Our analysis of LTI schemes at other companies suggests that this is currently not the case.

The Remcom believes that the vesting conditions of PSG Group's share incentive scheme are sufficiently stringent, also with due regard to the embedded performance hurdle underlying the Fully Priced Share Options issued to PSG Group management.

The Remcom will continuously assess potential alternatives to PSG Group's current LTI structure, but remains committed to Fully Priced Share Options for now.

4.4 Voting at upcoming AGM

Both PSG Group's remuneration policy and its implementation report thereon will be presented to shareholders for separate *non-binding advisory* votes at PSG Group's upcoming AGM to be held on 26 July 2019. In the event that 25% or more of shareholders vote against either the remuneration policy or the implementation report at the meeting, PSG Group will engage with such shareholders through dialogue, requesting written submissions or otherwise, in order to address their concerns, always with due regard to meeting PSG Group's stated business objectives while being fair and responsible toward both the employees and shareholders.

5. CEO VERSUS EMPLOYEE PAY

Given the nature of an investment holding company's operations, the vast majority of PSG Group head office employees are highly skilled and trained individuals, which include chartered accountants, engineers, lawyers and a mathematician. These individuals are remunerated accordingly and therefore the difference in the average annual base salary of an employee and that of PSG Group's CEO is relatively low when compared to operational companies in particular. The table below sets out the calculation hereof:

Annual base salary (STI)	2019 R'000
CEO	11 627
Average pay for employees (excluding the CEO)	1 313
Times	**8,9**
CEO	11 627
Average for employees (excluding all executive directors)	916
Times	**12,7**

6. DEVELOPMENT AND RETENTION OF TALENT

The development and retention of talent are of the utmost importance to PSG Group, especially considering the small number of employees (only 16) employed at a head office level and the importance of employee continuity considering PSG Group's long-term value creation objective.

The Committee believes that PSG Group's remuneration policy is ideal for an investment holding company with a long-term value creation objective, is considerably more stringent than that of most comparable companies in nature and size and is fair and responsible to both the individual and shareholders. The Committee accordingly urges shareholders to consider PSG Group's remuneration report in detail and in context, and to support the *non-binding* advisory votes on its remuneration policy and implementation report thereon at PSG Group's upcoming AGM. The Committee remains committed to ongoing consultation on an individual shareholder level and welcomes any comments from shareholders throughout the year.

PE Burton
PSG Group Remuneration Committee Chairman

Stellenbosch
5 June 2019

REMUNERATION POLICY

1. PROVIDING CONTEXT TO PSG GROUP'S OPERATIONS AT HEAD OFFICE LEVEL

1.1 As at 28 February 2019, the total employees at head office level, including the three PSG Group executive directors, comprised 46 individuals. However, 30 of these individuals worked in the PSG Capital corporate finance and Grayston Elliot tax advisory divisions, with only the remaining 16 employees being dedicated full-time to the day-to-day running of PSG Group and the sourcing of new investment opportunities for PSG Alpha. These 16 individuals comprise the PSG Group CEO and CFO, five managers and nine support staff providing finance, information technology and general administrative support services. It is important to note that since PSG Group makes use of PSG Capital's corporate finance and Grayston Elliot's tax advisory services, it allows PSG Group to have a small staff complement.

1.2 The PSG Capital corporate finance and Grayston Elliot tax advisory divisions provide professional services to PSG Group, its investees and to third parties. Considering the extensive services rendered to third parties, these divisions each operate according to a bonus pool arrangement whereby the respective division is entitled to a percentage of fee income generated, while being responsible for all its operating and employment costs. The remaining balance constitutes a bonus pool available for distribution to such division's employees.

Johan Holtzhausen, an executive director of PSG Group, is employed as CEO of the PSG Capital corporate finance division. His total remuneration and incentives are determined by the Remcom, similarly to that of PSG Group's CEO and CFO. PSG Group carries 25% of his base salary per annum for services rendered to PSG Group (including, but not limited to his contribution as member of the PSG Group Executive Committee and the PSG Group Board), while the balance of his employment costs is borne by the PSG Capital division, including any discretionary bonus as determined in accordance with their bonus pool arrangement.

1.3 Accordingly, the PSG Group head office's operating and employment costs are limited to that of the aforementioned 16 employees and 25% of Johan Holtzhausen's base salary. For the year ended 28 February 2019, PSG Group's total operating and employment costs amounted to approximately 0,11% (2018: 0,13%) of PSG Group's *sum-of-the-parts value* as at the reporting date – from a comparative point of view, this is significantly lower than the management fees generally charged in the local asset management industry.

2. COMPONENTS OF REMUNERATION

2.1 The remuneration of the aforementioned 16 PSG Group employees is reviewed annually by the Remcom, which seeks to ensure that balance is maintained between the respective remuneration components (i.e. short-term ("STI") versus long-term ("LTI"), and fixed versus variable), being:

Group	Number of employees	Focus	Strategic view	Remuneration component	Longest period of remuneration deferral
CEO and CFO	2	Formulate, drive and oversee implementation of strategy	Longest term	Base salary (STI) and share options (LTI)	Five years
Managers	5	Strategy implementation	Long term	Base salary (STI) and share options (LTI)	Five years
Other staff (group no 1)	2	Operational	Short to long term	Base salary (STI), discretionary bonus (STI) and share options (LTI)	Five years
Other staff (group no 2)	7	Support (administration)	Short term	Base salary and discretionary bonus (both STI)	One year
Total	**16**				

2.2 Total remuneration incorporates the following components:

Fixed remuneration

Base salaries (STI)

- Base salary is guaranteed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 March of each year, coinciding with the commencement of PSG Group's financial year. Benchmarking is performed to ensure that remuneration is market-related with reference to companies comparable in nature, size, business complexity and the level of responsibility that the individual assumes.
- The payment of 30% of the CEO, CFO and management's annual base salary is deferred for a period of 12 months, with such deferred payment being subject to:
  i. The individual being in PSG Group's service 12 months later, thereby serving as a retention mechanism in addition to the share incentive scheme detailed below; and
  ii. Malus/clawback provisions in the event of the wilful material misstatement of financial results or fraudulent activity for a further 12 months after payment of the 30% deferred portion to the individual. If triggered, such malus/clawback provisions would require repayment to PSG Group of the total deferred salary amount received by the individual during the preceding 12 months.
- Benefits, forming part of total cost to company, are limited to:
  i. Group life cover (providing death, disability and dread disease benefits);
  ii. Membership to a retirement fund; and
  iii. Membership to a medical aid scheme.

Variable remuneration
Discretionary bonuses (STI)

- The CEO, CFO and managers do not qualify for discretionary bonuses.
- Johan Holtzhausen, an executive director of PSG Group, continues to be considered for a discretionary bonus exclusively in terms of PSG Capital's aforementioned bonus pool arrangement as its CEO.
- PSG Group operational and support staff remain eligible for discretionary bonuses, subject to meeting both company and personal performance objectives.

Share incentive scheme (LTI)

- PSG Group shareholders adopted a share incentive scheme at PSG Group's AGM held on 19 June 2009, and subsequently approved amendments thereto at PSG Group's AGM held on 22 June 2018.
- In terms of the scheme, PSG Group share options are awarded to the CEO, CFO, managers and other qualifying employees with the primary objectives of retaining their services and to align their interests with those of shareholders.
- A key feature of PSG Group's share incentive scheme is that participants will only benefit if there is long-term share price appreciation, which should ultimately depend on sustained *recurring earnings* per share growth from PSG Group's underlying investee companies, as well as management's ability to continuously invest in and build new businesses with attractive long-term growth prospects. In line with shareholders, participants in the share incentive scheme will consequently share in the results of any good or bad business decisions.
- The share incentive scheme also ensures a rolling *long-term* focus for participants, considering the:
  i. Annual vesting of share options in 25%-tranches on each of the 2nd, 3rd, 4th and 5th anniversary of the award date, subject to meeting the required performance measures over a rolling five-year period; and
  ii. Share option award top-ups as detailed below.

Award

- Share options are awarded annually at the discretion of the Remcom, but subject to the participant meeting his/her non-financial personal key performance measures, malus/clawback provisions and the minimum shareholding requirements applicable to executive directors.
- Such number of share options to be awarded is calculated using a mathematical formula based on the respective participant's base salary and a multiple (ranging between 1x and 10x depending on the participant's seniority and accordingly, the level of responsibility assumed within the organisation) applied thereto. In calculating the annual share option awards, the strike value of awarded but unvested share options and, where applicable, funded investments are taken into account.
- All share options are awarded at a strike price equal to PSG Group's 30-day volume weighted average traded share price immediately preceding such award date (i.e. awarded at the ruling market price), thereby creating an embedded performance hurdle whereby participants will only benefit from the share incentive scheme if there is long-term share price appreciation and thus value creation for all PSG Group shareholders.

Variable remuneration *(continued)*
Share incentive scheme (LTI) *(continued)*

Vesting

Share options vest over a five-year period in 25%-tranches on each of the 2nd, 3rd, 4th and 5th anniversary of the award date, but subject to the following conditions:

- The participant remaining in service; and
- The participant meeting his/her non-financial personal key performance measures; and
- The financial performance measures being met; and
- The participant meeting the minimum shareholding requirement in the case of executive directors; and
- Malus/clawback provisions.

Non-financial personal key performance measures

The table below sets out the various non-financial personal key performance measures forming part of the CEO and CFO roles (with some overlapping responsibilities), as well as the respective weightings of such non-financial personal key performance measures:

	Weighting (%)	
	CEO	**CFO**
Formulating strategy and providing strategic guidance and direction throughout the broader group, including problem-solving when needed	40	25
Assessing investment opportunities for PSG Group and its investees	20	5
Implementation of investment/disinvestment decisions taken by the PSG Group Executive Committee/Board	-	5
Ensuring that sound corporate governance is entrenched at PSG Group and its investees – including maintaining a strong financial control environment and appropriate risk management processes, as well as promoting transformation throughout the group	10	20
Financial reporting and shareholder communication in a transparent, accurate, concise and timely manner	5	15
Maintaining investor relations in a professional and transparent fashion	10	5
Managing PSG Group's capital structure and resources in a responsible and effective manner, while enhancing shareholder returns	15	25
Total	**100**	**100**

Financial performance measures

- The vesting of 50% of share options will depend on PSG Group's *recurring earnings per share ("REPS")* growth outperforming a predefined "real growth"-benchmark, being calculated as South Africa's consumer price index ("CPI") inflation rate plus South Africa's gross domestic product ("GDP") growth rate plus an additional 3%, as measured over the five years immediately preceding such vesting date; and

Variable remuneration *(continued)*

Share incentive scheme (LTI) *(continued)*

Financial performance measures *(continued)*

- The vesting of 50% of share options will depend on PSG Group's average return on equity ("ROE"), as measured over the five years immediately preceding such vesting date, exceeding PSG Group's average weighted average cost of capital ("WACC") over such period.

The reason why aforementioned measurement is over a five-year period in each instance is due to vesting of any share option award occurring over a five-year period.

In the event of any major corporate action, the Remcom will re-evaluate the reasonability of the financial performance measures for the LTI.

Minimum shareholding requirement applicable to executive directors

The Remcom encourages management to hold shares in PSG Group to better align their interests with those of shareholders, and as a tangible demonstration of their commitment to PSG Group. Accordingly, both the award and future vesting of share options of *executive directors* are subject to meeting a minimum shareholding requirement – must hold PSG Group shares on such award/vesting date to the value of at least 500% (CEO) or 400% (other executive directors) of his/her current base salary.

In the case of a new *executive director* being appointed, the Remcom will determine an appropriate period to allow such director to reach the required minimum shareholding level.

Exercise of share options

- Participants to the PSG Group SIT have a 180-day period following vesting date in which to exercise share options.
- New condition – where malus/clawback provisions apply in the event of a participant being found guilty of the wilful material misstatement of financial results or other fraudulent activity, such participant will be liable to repay the after-tax gain made pursuant to the vesting and exercise of his/her share options during such period of the transgression.
- The PSG Group SIT no longer provides loan funding to participants to assist with the exercise of share options.
- Should the participant not be able to exercise his/her share options on a cash basis (i.e. full settlement of the strike value plus any Section 8C income tax payable), the share options will be settled on a "net-equity basis" (i.e. the participant's after-tax upside will be settled through the issue of fully paid-up PSG Group shares to the participant, and PSG Group will pay over the related Section 8C income tax payable in cash on the participant's behalf).
- As an alternative to issuing shares to settle its obligation to participants, PSG Group will in its sole discretion have the option to settle such obligation in cash.

Termination of service

- In the case of resignation, dismissal or early retirement of a participant (i.e. bad leaver), unvested share options are generally forfeited.
- In the case of the death, permanent disability, compulsory retirement or retrenchment of a participant (i.e. good leaver), any share options capable of being exercised within a period of 12 months thereafter, will generally continue to be exercisable provided it is exercised during such 12 months.
- However, in the case of the termination of employment for any reason other than dismissal, the Remcom may in its absolute discretion permit the exercise of any unvested share options upon such additional terms and conditions as it may determine (e.g. as part of non-compete provisions in the case of early retirement of key management).

3. TERMINATION OF EMPLOYMENT BENEFITS

PSG Group employees are not entitled to any payments upon termination of their service, except for those provided for in law (e.g. accrued annual leave and retrenchment payments).

4. GENDER PAY PARITY

PSG Group fully subscribes to the *equal pay for work of equal value* philosophy, and consequently there is no pay differentiation on the basis of gender.

5. NON-EXECUTIVE DIRECTORS

The remuneration of non-executive directors is reviewed annually by the PSG Group Executive Committee and thereafter referred to the Remcom, which seeks to ensure that fees are market related considering the nature of PSG Group's operations, for formal approval by shareholders. Changes to the fee structure are generally effective 1 March, subject to approval by shareholders at PSG Group's AGM held in June/July of each year. The annual fees payable to non-executive directors are, as in the past, fixed and not subject to the attendance of meetings. However, in the event of non-attendance on a regular basis, this will be reconsidered.

A thorough review of and comparison between PSG Group's independent non-executive chairman fee and those of comparable listed companies, has necessitated an upward adjustment thereto.

The proposed fee structure for PSG Group's financial year ending 29 February 2020, which will be presented to shareholders for approval at PSG Group's upcoming AGM on 26 July 2019, is set out in the table below (excluding value-added tax, to the extent applicable):

	Annual fee 2019 R	Annual fee 2020 R	*Change %*
PSG Group Board			
Chairman	500 000	**650 000**	*30,0*
Member	250 000	**266 250**	*6,5*
PSG Group Audit and Risk Committee			
Chairman	175 000	**186 375**	*6,5*
Member	150 000	**159 750**	*6,5*
PSG Group Remuneration Committee			
Chairman	75 000	**79 875**	*6,5*
Member	50 000	**53 250**	*6,5*
PSG Group Social and Ethics Committee			
Chairman	30 000	**31 950**	*6,5*
Member	20 000	**21 300**	*6,5*

PSG Group also pays all reasonable travelling and accommodation expenses incurred by non-executive directors to fulfil their duties and responsibilities, including the attendance of board and committee meetings.

Apart from Mr FJ Gouws as CEO of PSG Konsult, PSG Group's non-executive directors do not have any employment contracts, nor receive any benefits associated with permanent employment. None of PSG Group's current non-executive directors participate in PSG Group's share incentive scheme.

IMPLEMENTATION REPORT

The Remcom confirms that PSG Group has in all respects complied with its remuneration policy for the year ended 28 February 2019.

All components of remuneration paid to PSG Group's executive and non-executive directors in accordance with PSG Group's remuneration policy are comprehensively disclosed and reported on herein.

1. EXECUTIVE DIRECTORS REMUNERATION

The non-financial personal key performance measures for the PSG Group CEO and CFO are detailed in paragraph 2.2 of PSG Group's remuneration policy. The table below sets out such non-financial personal key performance measures, as well as the Remcom's assessment of the performance of the CEO and CFO there against.

Non-financial personal key performance measure	Assessment
Formulating strategy and providing strategic guidance and direction throughout the broader group, including problem-solving when needed	The Remcom is satisfied that PSG Group continues to be suitably guided by the CEO and CFO: • PSG Group's ultimate objective remains continued shareholder wealth creation, driven through a relentless focus by management on sustained growth in the underlying investee companies. • PSG Group's most significant successes have stemmed from early-stage investing whereby it built businesses alongside entrepreneurs from the development stage – this remains a key focus area. • The CEO and CFO also continuously provide strategic guidance to PSG Group's core investee companies where needed and assist with problem solving when necessitated. For more detail, refer to the CEO and CFO report (page 12) regarding: • Formulating strategy and providing guidance and direction as directors of PSG Group's listed investees; and • Helping formulate strategy and providing guidance and direction to PSG Alpha's portfolio of early-stage investments.
Assessing investment opportunities for PSG Group and its investees	The Remcom is satisfied that the CEO and CFO suitably assessed investment opportunities (whether accepted or rejected) for PSG Group and its investees. For more detail, refer to the CEO and CFO report (page 12) regarding significant recent investments made, in particular in PSG Alpha investees. Furthermore, the CEO and CFO continue to drive certain potential value-unlocking strategies which may or may not materialise in future.
Implementation of investment/disinvestment decisions taken by the PSG Group Executive Committee/Board	The Remcom is satisfied with the implementation of investment and disinvestment decisions taken by the PSG Group Executive Committee/Board, and that such transactions were implemented appropriately – timely and in accordance with the relevant IFRS accounting principles and tax advice obtained.
Ensuring that sound corporate governance is entrenched at PSG Group and its investees – including maintaining a strong financial control environment and appropriate risk management processes, as well as promoting transformation throughout the group	The Remcom is satisfied that the CEO and CFO continue to play an integral part in the ongoing entrenchment of good corporate governance throughout the group, with details thereof reported throughout this annual report: • PSG Group remains committed to exercising ethical and effective leadership to achieve the four governance outcomes: ethical culture, good performance, effective control and legitimacy. • It is further evident from the way in which PSG Group conducts its business – in an open, honest and ethical manner. • This includes, but is not limited to, concerted efforts to promote transformation within PSG Group and its investee companies, as well as at PSG Group board level. For more detail, refer to the corporate governance report (page 32).
Financial reporting and shareholder communication in a transparent, accurate, concise and timely manner	The Remcom is satisfied that PSG Group's ongoing financial reporting and shareholder communication are of the highest standard, always transparent, accurate, concise, relevant and timely. This is evident from: • All correspondence, be it internal or external. • This annual report and the numerous announcements made by way of SENS and newspaper publications, also being available on PSG Group's website.

Non-financial personal key performance measure	Assessment
Maintaining investor relations in a professional and transparent fashion	The Remcom is satisfied that the CEO and CFO continue to maintain PSG Group's investor relations in a professional and transparent fashion: • PSG Group's interim and year-end results are formally presented to institutional investors bi-annually. • Investors are provided with formal feedback at PSG Group's AGM. • Numerous investor presentations are made throughout the year to local investor conferences and an international investor road show is conducted annually. • Regular ad hoc meetings are held locally at the request of predominantly local and international institutional investors. For more detail, refer to PSG Group's website at *www.psggroup.co.za* containing the presentations made to investors.
Managing PSG Group's capital structure and resources in a responsible and effective manner, while enhancing shareholder returns	The Remcom is satisfied that PSG Group's capital structure and resources continue to be managed in a responsible and effective manner: • There is a relentless focus on effective cash flow management and planning on both a current and forward-looking basis, which remains a key priority and is entrenched in the PSG Group culture. • Capital is always allocated with due regard to enhancing shareholder returns while managing the associated risk appropriately. • PSG Group remains conservatively geared with debt levels well within the board- and third-party funder's-imposed covenants. For more detail, refer to *"Gearing and Liquidity Management at PSG Group Head Office"* in the CEO and CFO report on page 17.

The table below sets out the extent to which the Remcom concluded that the CEO and CFO had met their predetermined non-financial personal key performance measures for the year under review:

	Achievement
CEO	100%
CFO	100%

1.1 *Total (single-figure) remuneration*

The table below provides information on the total ("single-figure" as contemplated in King IV™) remuneration of PSG Group's executive directors, which includes both STI and LTI:

	STI						LTI	
	Base salary				Discretionary performance-based bonuses[3]	Total short-term remuneration	Non-cash gains from exercise of share options[4]	Total remuneration
Audited R'000	Approved	Deferred for 12 months[1]	Prior year deferral paid out[1]	Paid during the year[2]				
For the year ended 28 Feb 2019								
WL Greeff	**10 042**	**(3 013)**	**3 068**	**10 097**		**10 097**	**29 116**	**39 213**
JA Holtzhausen	**10 042**	**(3 013)**	**3 068**	**10 097**	**4 000**	**14 097**	**29 130**	**43 227**
PJ Mouton	**11 627**	**(3 488)**	**3 553**	**11 692**		**11 692**	**33 260**	**44 952**
	31 711	**(9 514)**	**9 689**	**31 886**	**4 000**	**35 886**	**91 506**	**127 392**
For the year ended 28 Feb 2018								
WL Greeff	9 500	(2 850)		6 650		6 650		6 650
JA Holtzhausen	9 500	(2 850)		6 650	6 000	12 650		12 650
PJ Mouton	11 000	(3 300)		7 700		7 700		7 700
	30 000	(9 000)	–	21 000	6 000	27 000	–	27 000

1 *The deferred portion of base salaries is increased by the South African Revenue Services' official interest rate to compensate for time value of money, and paid out 12 months later on a monthly basis during the ensuing year, subject to malus/clawback provisions and the executive director remaining in PSG Group's service.*
2 *Includes all benefits.*
3 *The PSG Group CEO and CFO do not qualify for discretionary bonuses, to help drive long-term focus and decision-making in order to ultimately deliver on PSG Group's stated objective of sustainable long-term value creation for shareholders. PSG Capital's CEO, also serving as an executive director of PSG Group, continues to qualify for a discretionary performance-based bonus in terms of PSG Capital's bonus pool arrangement.*
4 *The executive directors' share options that became exercisable on 28 February 2018, were only exercised in the ensuing financial year on 31 July 2018 in accordance with the 180-day exercise window. Also, share options that became exercisable on 28 February 2017, were exercised on that date. Consequently, there were no gains made with the exercise of share options in the financial year ended 28 February 2018.*

1.1.1 STI

Benchmarking

Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that an individual assumes to ensure that remuneration is market-related.

For this purpose, PwC's most recent *Executive directors: Practices and remuneration trends report* (published in July 2018) containing comprehensive independent market research on the remuneration of executive directors was, among other, consulted.

The table below benchmarks the PSG Group CEO and CFO's STI (i.e. base salary, with no discretionary bonus) for the year ended 28 February 2019, against the total of:

- The median total guaranteed pay of the CEOs and CFOs of JSE-listed large cap financial services companies (being the category which PSG Group forms part of as a JSE Top 40 company); and
- The average short-term incentives of JSE-listed large cap companies (no median or industry-specific data published)

as per PwC's *Executive directors: Practices and remuneration trends report* (published in July 2018):

R'000	PSG Group*	Benchmark
CEO	11 627	23 133
CFO	10 042	13 515

* *Of which 30% is deferred for a period of 12 months, the payment of which being subject to malus/clawback provisions (both financial and non-financial indicators) and the executive director remaining in PSG Group's service (non-financial indicator).*

The table below sets out the total of the PSG Group CEO and CFO's STI for each of the past five financial years compared to PSG Group's *recurring earnings* and market capitalisation (net of treasury shares) as at year-end:

				STI as percentage of	
Reporting date	STI* Rm	Recurring earnings Rm	Market capitalisation as at year-end Rm	Recurring earnings %	Market capitalisation as at year-end %
28 Feb 2015	16	1 142	27 694	1,38	0,06
29 Feb 2016	17	1 620	37 211	1,04	0,05
28 Feb 2017	19	1 985	54 166	0,95	0,03
28 Feb 2018	21	2 142	46 967	0,96	0,04
28 Feb 2019	22	2 357	56 684	0,93	0,04

* *Includes base salary and discretionary bonuses earned during prior years up to and including 28 February 2017 (i.e. prior to the implementation of PSG Group's current remuneration policy in terms of which PSG Group's executive directors no longer qualify for discretionary bonuses).*

Base salary increases

Base salary increases are determined with reference to the South African consumer inflation rate and other generally accepted benchmarks, always with due regard to market-comparable remuneration. According to independent research, salary inflation generally equates to between 1% and 2% above consumer inflation.

Assuming salary inflation at 1,5% above South Africa's consumer inflation forecast of approximately 5% for 2019, the Remcom has approved 6,5% as the general salary increase for the financial year commencing 1 March 2019 – such increase to be applied to the base salaries of all PSG Group's employees, including the executive directors.

Discretionary bonuses

PSG Group's support staff remain eligible for discretionary bonuses, subject to meeting company and personal key performance objectives. The total of such discretionary bonuses paid amounted to approximately R0,6m (2018: R0,5m) for the year ended 28 February 2019.

1.1.2 LTI

Share incentive scheme

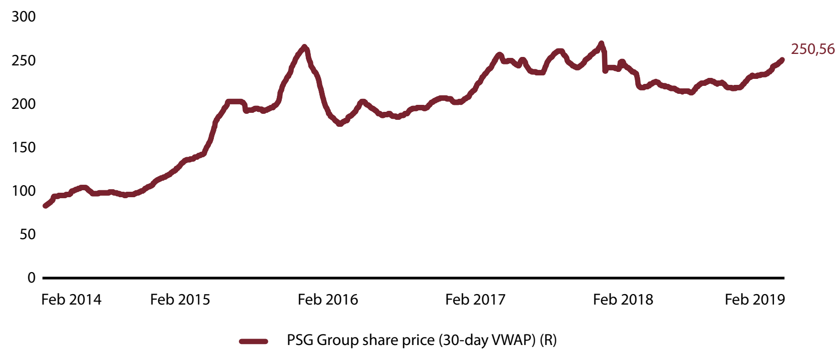
The three executive directors have all served in their current capacity for at least nine years and have accordingly participated in the share incentive scheme over this period.

Non-cash gains from exercise of share options

The significant *non-cash gains from the exercise of share options* included in the *total (single-figure) remuneration* table on page 53 should be considered in light of PSG Group's remuneration policy which has been designed to specifically align the interests of the executive directors with those of shareholders, together with their successful execution on PSG Group's stated objective of value creation for its shareholders. So, if shareholders do well, management will do well, and vice versa.

It is evident from the statistics below that PSG Group has provided its shareholders with superior returns over the past five years, with the PSG Group executive directors having benefited accordingly from the share incentive scheme. This is in part owing to PSG Group attracting and retaining the services of talented individuals, which is only achievable if PSG Group's remuneration practices are appropriate and competitive. Accordingly, the executive directors' significant *non-cash gains made from the exercise of share options* emanated from PSG Group's share price appreciation over the vesting period, during which period other shareholders benefited commensurately.

Over the past five-year period, the compound annual growth rate ("CAGR") in PSG Group's share price (measured on a 30-day VWAP basis) was 24,7%, as depicted in the graph below:



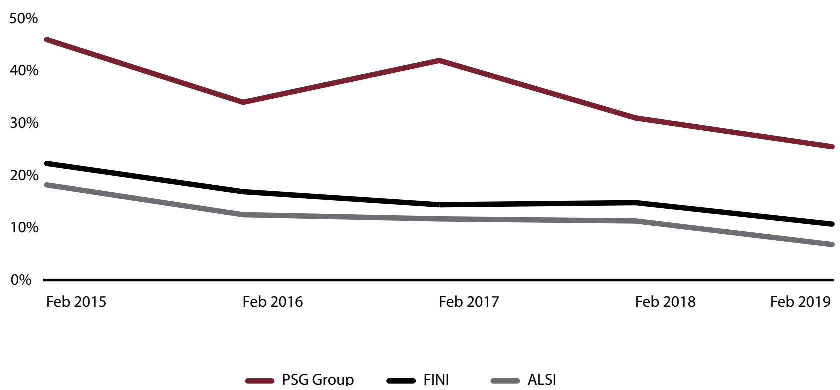
When evaluating PSG Group's performance over the long term, one should focus on the total return index ("TRI") as a measurement tool. The TRI is the CAGR of an investment and is calculated by taking cognisance of share price appreciation, dividends and other distributions. This is a sound measure of wealth creation and a reliable means of benchmarking different companies.

PSG Group's TRI as at 28 February 2019 was 25,5% per annum over the past five years. Had you thus purchased R100 000 worth of PSG Group shares on 28 February 2014, and reinvested all your dividends, your investment would be worth around R311 000 as at 28 February 2019. The same investment in either the JSE Financial Index ("FINI") or JSE All Share Index ("ALSI") over the same period would be worth R166 000 (46,6% lower) or R139 000 (55,3% lower), respectively.

Below table and graph compare PSG Group's TRI to those of the ALSI and FINI for the preceding five years, measured at each reporting date, illustrating that PSG Group has significantly outperformed the market:

	Rolling five-year TRI		
Reporting date	**PSG Group %**	**FINI %**	**ALSI %**
28 Feb 2015	**46,3**	**22,3**	**18,2**
29 Feb 2016	**34,0**	**16,9**	**12,5**
28 Feb 2017	**41,8**	**14,4**	**11,7**
28 Feb 2018	**30,5**	**14,8**	**11,3**
28 Feb 2019	**25,5**	**10,7**	**6,8**

Rolling five-year TRI graph



Unvested share option awards

The table below contains the unvested share option awards of PSG Group's executive directors as at 28 February 2019:

Audited	**Number of share options as at 28 Feb 2018**	**Number of share options during the year: Awarded**	**Vested[1]**	**Market price per share on vesting date R**	**Strike price per share R**	**Date granted**	**Number of share options as at 28 Feb 2019**	**Non-cash gains from exercise of share options during the year R'000**	**Value of unvested share options as at 28 Feb 2019[2] R'000**
WL Greeff	26 044		(26 044)	233,00	61,50	28/02/2013	**-**	**4 467**	
	300 714		(150 357)	233,00	83,23	28/02/2014	**150 357**	**22 519**	**25 159**
	43 054		(14 352)	233,00	136,84	28/02/2015	**28 702**	**1 380**	**3 264**
	54 871		(13 718)	233,00	178,29	29/02/2016	**41 153**	**750**	**2 974**
	72 292				236,13	28/02/2018	**72 292**		**1 043**
		185 877			250,56	28/02/2019	**185 877**		
	496 975	185 877	(204 471)				**478 381**	**29 116**	**32 440**
JA Holtzhausen	25 883		(25 883)	233,00	61,50	28/02/2013	**-**	**4 439**	
	301 122		(150 561)	233,00	83,23	28/02/2014	**150 561**	**22 550**	**25 193**
	44 239		(14 747)	233,00	136,84	28/02/2015	**29 492**	**1 418**	**3 354**
	52 880		(13 220)	233,00	178,29	29/02/2016	**39 660**	**723**	**2 866**
	72 889				236,13	28/02/2018	**72 889**		**1 052**
		185 807			250,56	28/02/2019	**185 807**		
	497 013	185 807	(204 411)				**478 409**	**29 130**	**32 465**
PJ Mouton	32 263		(32 263)	233,00	61,50	28/02/2013	**-**	**5 533**	
	330 942		(165 471)	233,00	83,23	28/02/2014	**165 471**	**24 783**	**27 688**
	56 020		(18 673)	233,00	136,84	28/02/2015	**37 347**	**1 796**	**4 247**
	83 993		(20 998)	233,00	178,29	29/02/2016	**62 995**	**1 148**	**4 553**
	84 203				237,31	28/02/2017	**84 203**		**1 116**
	113 018				236,13	28/02/2018	**113 018**		**1 631**
		227 700			250,56	28/02/2019	**227 700**		
	700 439	227 700	(237 405)				**690 734**	**33 260**	**39 235**
	1 694 427	599 384	(646 287)				**1 647 524**	**91 506**	**104 140**

1 *The executive directors have not yet elected to exercise their right in terms of the provisions of the share incentive scheme to exercise their share options that became exercisable on 28 February 2019. Such right was exercised within the 180-day exercise window on 30 April 2019.*

2 *Based on the 30-day volume weighted average PSG Group share price as at 28 February 2019.*

Additional vesting conditions

As detailed in the remuneration policy, the Remcom previously introduced additional financial and non-financial performance measures as well as a minimum shareholding requirement for PSG Group's executive directors as vesting conditions to the share incentive scheme. These changes are applicable to share options awarded on or after 28 February 2018, and accordingly the first vesting of share options subject to such conditions will be on 29 February 2020.

For illustrative purposes, below table sets out PSG Group's performance against the aforementioned financial performance measures for each of the past five years:

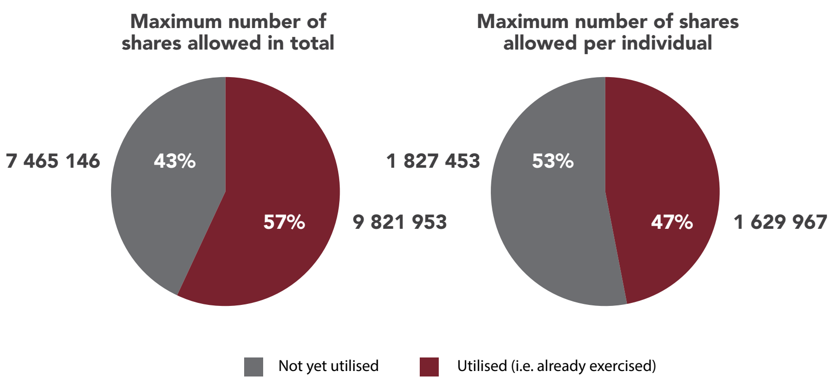
	ROE		REPS growth	
Vesting date	Actual performance %	Performance hurdle[1] %	Actual performance %	Performance hurdle %
27 Feb 2015	**14,1**	10,3	**23,5**	10,6
26 Feb 2016	**14,4**	10,6	**26,6**	11,0
28 Feb 2017	**14,5**	10,7	**24,6**	10,4
28 Feb 2018	**14,4**	11,3	**20,5**	9,9
28 Feb 2019	**14,4**	11,8	**19,3**	9,2

[1] *For the sake of fairness, beta inputs have been revised for calculation over five years instead of one year, thereby disregarding short-term anomalies such as PSG Group being included and shortly thereafter excluded from the JSE Top 40 Index during 2015/2016.*

[2] *Above calculations have been independently checked for accuracy by PSG Group's external auditor, PwC.*

Extent of the share incentive scheme

PSG Group shareholders approved the maximum number of PSG Group shares that may be utilised for purposes of the share incentive scheme (both in total and on a per individual basis). The charts below depict the number of shares already utilised until 28 February 2019 as opposed to the maximum number of shares that may be utilised for purposes of all employees:



At 28 February 2019, the share incentive scheme had 32 participants, comprising the CEO, CFO, managers and other qualifying employees employed at head office (including employees forming part of the PSG Capital and Grayston Elliot divisions).

At 28 February 2019, the total number of share options that had already been awarded but remain unvested amounted to 1 481 473, representing 0,7% of PSG Group's total number of shares in issue (net of treasury shares). However, assuming that all share options are settled on a net-equity basis, the dilution to PSG Group shareholders should be significantly less than aforementioned 0,7%.

Loan funding

PSG Group's executive directors and their associated entities previously received loan funding from PSG Group and its subsidiaries in terms of i) the share incentive scheme, and ii) funded investments in terms of formal agreements.

It should be noted that the Remcom previously decided for prudency purposes that no new loan funding be granted for the foreseeable future, while existing loan funding be phased out in accordance with the existing loan repayment terms.

- *Share incentive scheme funding*

These loans accrue interest at the South African Revenue Service fringe benefit rate and are repayable in full after seven years (executive directors) and three years (other participants) from the date of advance, respectively. PSG Group shares were pledged and ceded in security and need to cover the related outstanding loans by at least 250% (2018: 130%) at all times. Should this cover be breached, the participant will be required to either pledge and cede additional PSG Group shares as security or partially settle the outstanding loan to restore the minimum cover ratio.

The table below provides the outstanding loan balances and related security cover (i.e. value of PSG Group shares ceded and pledged as security for such loans expressed as a percentage of the loan balances outstanding) of the executive directors as at the respective reporting dates:

R'000	2019	2018
WL Greeff	**3 730**	14 995
JA Holtzhausen	**12 450**	14 430
PJ Mouton	**-**	20 400
Total loans	**16 180**	**49 825**
Security cover[1]		
WL Greeff	**3 483%**	786%
JA Holtzhausen	**896%**	833%
PJ Mouton	**-**	778%

The table below provides the outstanding loan balances and related security cover in respect of all employees at a PSG Group head office level (excluding the executive directors) as at the respective reporting dates:

R'000	2019	2018
Total loans	**9 897**	26 397
Security cover[1]	**327%**	162%

[1] *The minimum-security cover increased from 130% to 250% with effect from 28 February 2019, and will further increase to 300% with effect from 29 February 2020.*

- *Other loan funding*

During April/May 2012 and January 2013, with prior Remcom approval, a wholly-owned subsidiary of PSG Group advanced loan funding of R29,5m for a period of seven years to a related party of each of the three executive directors of PSG Group (i.e. R88,5m in aggregate). Such loan funding was utilised by the related parties to each acquire 500 000 PSG Group shares ("Funded Shares") in the open market, thereby creating an additional mechanism whereby the interests of the executive directors were further aligned with those of shareholders. These loans carried interest at Prime less 1%, were secured by the Funded Shares, and were repaid in full during the year under review, as set out in the table below:

R'000	2019	2018
Related party of:		
WL Greeff	**-**	39 487
JA Holtzhausen	**-**	39 487
PJ Mouton	**-**	39 487
Total loans	**-**	**118 461**
Security cover:		
WL Greeff	**-**	275%
JA Holtzhausen	**-**	275%
PJ Mouton	**-**	275%

2. NON-EXECUTIVE DIRECTORS' REMUNERATION

The table below provides information on the total remuneration paid to PSG Group's non-executive directors, including fees paid by subsidiaries of PSG Group to non-executive directors for services rendered in either an executive or non-executive capacity:

Audited R'000 (excluding value-added tax, to the extent applicable)	**Paid for services rendered to PSG Group**			**Paid for services rendered to subsidiaries**					
	Fees	**Base salary**	**Total**	**Fees**	**Base salary**	**Discretionary performance-based bonuses**	**Non-cash gains from exercise of share options**	**Total**	**Total remuneration**
For the year ended 28 Feb 2019									
PE Burton	497		**497**	606				**606**	**1 103**
ZL Combi	387		**387**	740				**740**	**1 127**
FJ Gouws[1]			**-**		5 210	20 600	37 673	**63 483**	**63 483**
B Mathews	400		**400**					**-**	**400**
JF Mouton	360	721	**1 081**					**-**	**1 081**
JJ Mouton	250		**250**					**-**	**250**
CA Otto	450		**450**	500				**500**	**950**
	2 344	721	**3 065**	1 846	5 210	20 600	37 673	**65 329**	**68 394**
For the year ended 28 Feb 2018									
PE Burton	265		**265**	538				**538**	**803**
ZL Combi	155		**155**	677				**677**	**832**
FJ Gouws[1]			**-**		4 872	18 800	38 531	**62 203**	**62 203**
MJ Jooste/ TLR de Klerk[2]	142		**142**					**-**	**142**
B Mathews	240		**240**					**-**	**240**
JF Mouton	310	3 490	**3 800**					**-**	**3 800**
JJ Mouton	155		**155**					**-**	**155**
CA Otto	250		**250**	260				**260**	**510**
	1 517	3 490	**5 007**	1 475	4 872	18 800	38 531	**63 678**	**68 685**

[1] *Mr FJ Gouws is the CEO of PSG Konsult, a subsidiary. The total performance-based bonus earned on a PSG Konsult level was R21,5m (2018: R20m), of which the payment of 70% (2019: R15,1m; 2018: R14m) is unconditional, while the payment of 15% each (2019: R3,2m; 2018: R3m) is subject to malus/clawback provisions and conditional on the director remaining in service for one and two years, respectively.*

[2] *Paid to Steinhoff International Holdings Ltd for the period during which it had a PSG Group board representative.*

Mr JF Mouton retired as PSG Group chairman during the year under review. In accordance with its authority, the Remcom determined that his unvested share options in respect of 208 424 PSG Group shares shall vest on 28 February 2019, which he then elected to exercise on such date. The total *non-cash gains from the exercise of share options* during the year ended 28 February 2019 (i.e. share options exercised up to the date of his retirement as well as those exercised on 28 February 2019) amounted to R68m.

Mr FJ Gouws, being the CEO of PSG Konsult and also a non-executive director of PSG Group, has been awarded PSG Konsult share options in terms of the PSG Konsult Group Share Incentive Trust. His share options are summarised below:

Audited	**Number of share options as at 28 Feb 2018**	**Number of share options during the year**		**Market price per share on vesting date R**	**Strike price per share R**	**Date granted**	**Number of share options as at 28 Feb 2019**	**Non-cash gains from exercise of share options during the year R'000**	**Value of unvested share options as at 28 Feb 2019[2] R'000**
		Awarded[1]	**Vested**						
FJ Gouws	3 125 000		(3 125 000)	9,81	2,83	01/03/2013	**-**	**21 813**	
	3 175 000		(1 587 500)	9,81	5,06	01/03/2014	**1 587 500**	**7 541**	**9 001**
	671 389		(223 797)	9,81	7,27	01/04/2015	**447 592**	**568**	**1 549**
	10 335 579		(2 583 895)	9,81	6,81	01/04/2016	**7 751 684**	**7 751**	**30 387**
	3 156 559				7,59	01/04/2017	**3 156 559**		**9 912**
		3 750 000			8,74	01/04/2018	**3 750 000**		**7 463**
	20 463 527	3 750 000	(7 520 192)				**16 693 335**	**37 673**	**58 312**

[1] *On 23 April 2019, Mr FJ Gouws accepted a further 4m PSG Konsult share options at a strike price of R10,15 per share, being the 30-day volume weighted average PSG Konsult share price as at 1 April 2019.*

[2] *Based on the 30-day volume weighted average PSG Konsult share price as at 28 February 2019.*

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

These summary consolidated financial statements comprise a summary of the audited consolidated annual financial statements of PSG Group Ltd for the year ended 28 February 2019.

The consolidated annual financial statements, including these summary consolidated financial statements, were compiled under the supervision of the group CFO, Mr WL Greeff, CA(SA), and were audited by PSG Group Ltd's external auditor, PricewaterhouseCoopers Inc.

The consolidated annual financial statements, including the unmodified audit opinion, are available on PSG Group Ltd's website at *www.psggroup.co.za* or may be requested and obtained in person, at no charge, at the registered office of PSG Group Ltd during office hours.

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 28 February 2019

The PSG Group Ltd Audit and Risk Committee ("the Committee") is an independent statutory committee appointed by the board of directors in terms of section 94 of the Companies Act of South Africa ("the Companies Act"). The Committee also acts as the statutory audit committee of public company wholly-owned subsidiaries that are legally required to have such a committee.

The Committee's composition and details of meetings held are detailed on page 36 of this annual report.

The Committee operates in terms of a board-approved charter. It conducted its affairs in compliance with, and discharged its responsibilities in terms of, its charter for the year ended 28 February 2019.

The Committee performed the following duties in respect of the year under review:

- Satisfied itself that the external auditor is independent of PSG Group Ltd, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Ltd Listings Requirements;
- Ensured that the appointment of the external auditor complied with the Companies Act;
- In consultation with management, agreed to the engagement letter terms, audit plan and budgeted audit fees for the 2019 financial year;
- Approved the nature and extent of non-audit services of the external auditor;
- Nominated for re-election at the annual general meeting, PricewaterhouseCoopers Inc. as the external audit firm;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that the system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that PSG Group Ltd be regarded as a going concern;
- Reviewed the formal policy for and calculation of PSG Group Ltd's ordinary dividend proposed at interim and year-end, and recommended it to the board of directors for approval;
- Reviewed the accounting policies and financial statements (including the summary thereof contained in this annual report) for the year ended 28 February 2019 and, based on the information provided to the Committee, considers that the company and group comply, in all material respects, with the JSE Ltd Listings Requirements; International Financial Reporting Standards ("IFRS"); the IFRIC interpretations; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; and the manner required by the Companies Act; and
- Satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Ltd Listings Requirements that the group chief financial officer, as well as the group finance function, has the appropriate expertise and experience.

PricewaterhouseCoopers Inc. has served as external auditor of PSG Group Ltd for the past 23 years, while the designated external audit partner has served in such capacity for the past four years. The Committee remains satisfied with the quality of the external audit performed by PricewaterhouseCoopers Inc. The adoption of mandatory audit firm rotation, as set out in the rules of the Independent Regulatory Board of Auditors, is receiving the Committee's attention.

PE Burton
PSG Group Audit and Risk Committee Chairman

Stellenbosch
5 June 2019

COMPANY SECRETARY DECLARATION

for the year ended 28 February 2019

We declare that, to the best of our knowledge, the company has filed all such returns and notices as are required of a public company in terms of the Companies Act of South Africa, and that all such returns and notices are true, correct and up to date.

PSG Corporate Services (Pty) Ltd
Per A Rossouw
PSG Group Company Secretary

Stellenbosch
5 June 2019

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2019

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the company and group. The external auditor is responsible for independently auditing and reporting on the fair presentation of the annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements are prepared in accordance with the JSE Ltd Listings Requirements; International Financial Reporting Standards ("IFRS"); the IFRIC interpretations; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; and the manner required by the Companies Act.

These summary consolidated financial statements were derived from the consolidated annual financial statements and do not contain all the disclosures required by IFRS and the requirements of the Companies Act of South Africa. Reading these summary consolidated financial statements, therefore, is not a substitute for reading the consolidated annual financial statements of PSG Group Ltd.

The audit and risk committee of the company meets regularly with the external auditor, as well as senior management, to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The external auditor has unrestricted access to all records, assets and personnel as well as to the audit and risk committee.

The annual financial statements are prepared on the going concern basis, since the directors have every reason to believe that the company and group have adequate resources to continue for the foreseeable future.

The annual financial statements, including these summary consolidated financial statements set out on pages 66 to 67 and 69 to 88, were approved by the board of directors of PSG Group Ltd and are signed on its behalf by:

PJ Mouton
PSG Group CEO

WL Greeff
PSG Group CFO

Stellenbosch
5 June 2019

DIRECTORS' REPORT
for the year ended 28 February 2019

Nature of business

PSG Group Ltd, being an investment holding company, offers a broad range of goods and services through its various subsidiaries, joint ventures and associates. These goods and services mainly comprise financial services (wealth management, stockbroking, asset management, insurance, financing, banking, investment and advisory services), logistical services, food and related goods and services, and private education services.

Operating results

The operating results and state of affairs of the group are set out in the attached summary consolidated income statements and summary consolidated statements of financial position, comprehensive income, changes in equity and cash flows, as well as the notes thereto. For the year under review, the group's *recurring earnings* amounted to R2 357m (2018: R2 142m), headline earnings amounted to R2 194m (2018: R1 956m) and earnings attributable to owners of the parent amounted to R1 926m (2018: R1 914m). The group's total profit (gross of non-controlling interests) for the year amounted to R2 341m (2018: R2 427m).

Stated capital

Movements in the number of ordinary shares in issue during the year under review were as follows:

	Number of shares	
	2019	2018
Shares in issue at beginning of the year, gross of treasury shares	**231 449 404**	231 449 404
Less: Treasury shares		
Held by a subsidiary (PSG Financial Services Ltd)	**(13 908 770)**	(13 908 770)
Held by related parties of management by way of loan funding advanced	**(1 600 000)**	(2 100 000)
Held by the PSG Group Ltd Supplementary Share Incentive Trust		(9 890)
Shares in issue at beginning of the year, net of treasury shares	**215 940 634**	**215 430 744**
Movement in treasury shares		
Shares released to participants by the PSG Group Ltd Supplementary Share Incentive Trust		9 890
Shares issued in terms of the PSG Group Ltd Supplementary Share Incentive Trust to participants	**658 646**	
Shares released following full settlement of loan funding previously advanced to related parties of management	**1 500 000**	500 000
Shares in issue at end of the year, net of treasury shares	**218 099 280**	**215 940 634**

Dividends

Details of dividends appear in the summary consolidated statement of changes in equity and note 1 to these summary consolidated financial statements.

Directors

Details of the company's directors at the date of this report appear on pages 8 and 9.

Directors' emoluments

Details of directors' emoluments appear in the remuneration report on page 40.

Prescribed officers

The members of the PSG Group Ltd Executive Committee ("Exco") are regarded as being the prescribed officers of the company. The Exco comprises the following PSG Group Ltd directors: Messrs PJ Mouton (chief executive officer), WL Greeff (chief financial officer) and JA Holtzhausen (executive). Their remuneration is detailed in the remuneration report (page 53). The duties and responsibilities of the Exco are set out in the corporate governance report (page 32) of this annual report.

Shareholding of directors

The shareholding of directors in the issued share capital of PSG Group Ltd as at 28 February 2019 was as follows:

Audited	Beneficial Direct	Beneficial Indirect	Non-beneficial Indirect	**Total shareholding 2019 Number**	**%**	Total shareholding 2018 Number	%
PE Burton		197 500	100 000	**297 500**	**0,1**	294 000	0,1
ZL Combi[1]	354 000			**354 000**	**0,2**	354 000	0,2
WL Greeff	8 124	1 047 497		**1 055 621**	**0,5**	1 178 768	0,6
JA Holtzhausen	611 226	500 000		**1 111 226**	**0,5**	1 234 340	0,6
JJ Mouton[2, 3]	120 000	1 414 000		**1 534 000**	**0,7**	1 530 675	0,7
PJ Mouton[3]	54 148	5 349 664		**5 403 812**	**2,5**	5 321 976	2,4
CA Otto	108		3 324 559	**3 324 667**	**1,5**	3 574 667	1,6
Total	1 147 606	8 508 661	3 424 559	**13 080 826**	**6,0**	13 488 426	6,2

1 Mr ZL Combi's shareholding includes 276 000 shares that are subject to a European scrip-settled collar as hedging instrument, which expires on 31 August 2020.

2 Subsequent to year-end, Mr JJ Mouton acquired a further 1 000 PSG Group Ltd ordinary shares in the open market.

3 Messrs JJ Mouton and PJ Mouton are also trustees and discretionary beneficiaries of the JF Mouton Familietrust with an effective holding of 42 104 981 PSG Group Ltd ordinary shares, representing approximately 19,3% of PSG Group Ltd's issued share capital (net of treasury shares).

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

to the shareholders of PSG Group Ltd

Opinion

The summary consolidated financial statements of PSG Group Ltd, set out on pages 69 to 87 of this annual report, which comprise the summary consolidated statement of financial position as at 28 February 2019, the summary consolidated income statement and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of PSG Group Ltd for the year ended 28 February 2019.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Ltd's ("JSE") requirements for summary financial statements, as set out in the introduction to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa, as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa, as applicable to annual consolidated financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 5 June 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in the introduction to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa, as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised) *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D de Jager
Registered Auditor

Stellenbosch
5 June 2019

INTRODUCTION TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2019

Basis of presentation and accounting policies

These summary consolidated financial statements are prepared in accordance with the requirements of the Companies Act of South Africa and the requirements of the JSE Listings Requirements. The JSE Listings Requirements require reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of these summary consolidated financial statements are in terms of IFRS and are consistent with those applied in the prior year's consolidated annual financial statements, as amended for the adoption of the various revisions to IFRS which are effective for the year ended 28 February 2019. Apart from the adoption of IFRS 9 *Financial Instruments*, these revisions have not resulted in material changes to the group's reported results and disclosures in these summary consolidated financial statements.

IFRS 9, adopted by the group effective 1 March 2018, is a new standard which replaced IAS 39 *Financial Instruments: Recognition and Measurement*. The standard, inter alia, replaced the multiple classification and measurement models in IAS 39 with a single model that has only two categories: amortised cost and fair value. Furthermore, the standard replaced the incurred credit loss impairment model in IAS 39 with an expected credit loss impairment model.

The group applied IFRS 9 retrospectively without restating comparative figures and therefore the group's equity as at 1 March 2018 was adjusted for the differences in the carrying amounts of financial instruments as measured in terms of IFRS 9 and IAS 39, respectively. The resultant impact was an adjustment against ordinary shareholders' equity and non-controlling interests of R231m and R32m, respectively. The group was most significantly impacted by Capitec Bank Holdings Ltd's ("Capitec") application of the expected credit loss impairment model to its loan book. The net charge (i.e. debit against retained earnings) to Capitec's equity was R648m, with the resultant impact on PSG Group Ltd's ("PSG Group") equity being R199m in respect of its 30,7% investment in Capitec.

INTRODUCTION TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

for the year ended 28 February 2019

PSG Financial Services Ltd ("PSG Financial Services")

PSG Financial Services is a wholly-owned subsidiary of PSG Group, except for the 17 415 770 (2018: 17 415 770) perpetual preference shares which are listed on the JSE. These preference shares are included in non-controlling interests in the summary consolidated statement of financial position.

Linked investment contracts, consolidated mutual funds and other client-related balances ("client-related balances")

Client-related balances result in assets and liabilities of equal value being recognised in the summary consolidated statement of financial position, although not directly related to PSG Group shareholders. These balances mainly stem from:

- PSG Life Ltd (an existing subsidiary of PSG Konsult Ltd ("PSG Konsult")) issuing linked investment contracts to clients in terms of which the value of policy benefits payable (included under "investment contract liabilities") is directly linked to the fair value of the supporting assets. The group is thus not exposed to the financial risks associated with these assets and liabilities.
- The group consolidates mutual funds deemed to be controlled in terms of IFRS 10 *Consolidated Financial Statements*, with the group's own investments in these mutual funds having been derecognised and all the funds' underlying assets having been recognised. Third parties' funds invested in the respective mutual funds are recognised as a payable and included under "third-party liabilities arising on consolidation of mutual funds" and the group is thus not exposed to the financial risks associated with these assets and liabilities.

Re-presentation of the summary consolidated financial statements

The summary consolidated financial statements previously differentiated in a note between assets, liabilities, income, expenses and cash flows attributable to i) own balances (i.e. those attributable to the ordinary shareholders of PSG Group and its subsidiaries) and ii) client-related balances. However, for the sake of transparency to assist users in gaining a better understanding of the impact of client-related balances on the reported amounts, the aforementioned split has now been incorporated into the summary consolidated statement of financial position, summary consolidated income statement and summary consolidated statement of cash flows contained in this annual report. Although no previously reported results were restated, the layout thereof was amended to give effect to the aforementioned improved disclosures.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2019

	2019			2018*		
	Own balances Rm	**Client-related balances Rm**	**Total Rm**	Own balances Rm	Client-related balances Rm	Total Rm
Assets						
Property, plant and equipment	**11 149**		**11 149**	9 310		9 310
Intangible assets	**4 541**		**4 541**	3 825		3 825
Investment in ordinary shares of associates	**14 578**		**14 578**	13 886		13 886
Investment in preference shares of/loans granted to associates	**178**		**178**	141		141
Investment in ordinary shares of joint ventures	**855**		**855**	432		432
Loans granted to joint ventures	**5**		**5**	8		8
Employee benefit assets	**43**		**43**	39		39
Unit-linked investments	**776**	**45 719**	**46 495**	635	41 565	42 200
Equity securities	**659**	**2 337**	**2 996**	2 017	2 304	4 321
Debt securities	**1 873**	**4 390**	**6 263**	2 597	3 547	6 144
Deferred income tax assets	**303**		**303**	245		245
Biological assets	**593**		**593**	558		558
Investment in investment contracts		**16**	**16**		15	15
Loans and advances	**443**		**443**	577		577
Trade and other receivables	**3 268**	**1 321**	**4 589**	2 898	1 594	4 492
Derivative financial assets	**22**	**11**	**33**	34	9	43
Inventory	**1 696**		**1 696**	1 723		1 723
Current income tax assets	**102**		**102**	90		90
Reinsurance assets	**109**		**109**	86		86
Cash and cash equivalents	**1 552**	**280**	**1 832**	1 924	355	2 279
Non-current assets held for sale			**-**	7		7
Total assets	**42 745**	**54 074**	**96 819**	41 032	49 389	90 421
Equity						
Ordinary shareholders' equity	**18 115**		**18 115**	17 143		17 143
Non-controlling interests	**11 776**		**11 776**	11 729		11 729
Total equity	**29 891**	**-**	**29 891**	28 872	-	28 872
Liabilities						
Insurance contracts	**543**		**543**	543		543
Investment contract liabilities		**25 932**	**25 932**		24 279	24 279
Third-party liabilities arising on consolidation of mutual funds		**26 715**	**26 715**		23 600	23 600
Deferred income tax liabilities	**963**		**963**	997		997
Borrowings	**7 666**	**111**	**7 777**	7 231	101	7 332
Derivative financial liabilities	**64**	**14**	**78**	92	17	109
Employee benefit liabilities	**528**		**528**	541		541
Trade and other payables	**3 046**	**1 302**	**4 348**	2 698	1 392	4 090
Reinsurance liabilities	**5**		**5**	3		3
Current income tax liabilities	**39**		**39**	55		55
Total liabilities	**12 854**	**54 074**	**66 928**	12 160	49 389	61 549
Total equity and liabilities	**42 745**	**54 074**	**96 819**	41 032	49 389	90 421
Net asset value per share (R)	**83,06**			79,39		
Net tangible asset value per share (R)	**62,24**			61,67		

* *Re-presented as detailed in the introduction to the summary consolidated financial statements.*

SUMMARY CONSOLIDATED INCOME STATEMENT

for the year ended 28 February 2019

	2019 Own balances Rm	2019 Client-related balances Rm	2019 Total Rm	2018* Own balances Rm	2018* Client-related balances Rm	2018* Total Rm
Revenue from sale of goods	**13 041**		**13 041**	13 956		13 956
Cost of goods sold	**(11 460)**		**(11 460)**	(11 934)		(11 934)
Gross profit from sale of goods	**1 581**	**-**	**1 581**	2 022	-	2 022
Income						
Changes in fair value of biological assets	**194**		**194**	195		195
Investment income	**492**	**1 810**	**2 302**	474	1 585	2 059
Fair value (losses)/gains	**(268)**	**644**	**376**	(279)	2 037	1 758
Fair value adjustment to investment contract liabilities		**(1 073)**	**(1 073)**		(1 670)	(1 670)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds		**(1 336)**	**(1 336)**		(1 873)	(1 873)
Commission, school, net insurance and other fee income	**9 329**	**(90)**	**9 239**	6 983	(184)	6 799
Other operating income	**216**		**216**	185	92	277
	9 963	**(45)**	**9 918**	7 558	(13)	7 545
Expenses						
Insurance claims and loss adjustments, net of recoveries	**(582)**		**(582)**	(629)		(629)
Marketing, administration and other expenses	**(9 185)**	**57**	**(9 128)**	(7 312)	29	(7 283)
	(9 767)	**57**	**(9 710)**	(7 941)	29	(7 912)
Net income from associates and joint ventures						
Share of profits of associates and joint ventures	**2 360**		**2 360**	1 926		1 926
Loss on impairment of associates	**(676)**		**(676)**	(8)		(8)
Net profit/(loss) on sale/dilution of interest in associates	**20**		**20**	(14)		(14)
	1 704	**-**	**1 704**	1 904	-	1 904
Profit before finance costs and taxation	**3 481**	**12**	**3 493**	3 543	16	3 559
Finance costs	**(676)**		**(676)**	(516)		(516)
Profit before taxation	**2 805**	**12**	**2 817**	3 027	16	3 043
Taxation	**(464)**	**(12)**	**(476)**	(600)	(16)	(616)
Profit for the year	**2 341**	**-**	**2 341**	2 427	-	2 427
Attributable to:						
Owners of the parent	**1 926**			1 914		
Non-controlling interests	**415**			513		
	2 341			2 427		

* *Re-presented as detailed in the introduction to the summary consolidated financial statements.*

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2019

	2019 Rm	2018 Rm
Profit for the year	**2 341**	2 427
Other comprehensive loss for the year, net of taxation	**(50)**	(92)
Items that may be subsequently reclassified to profit or loss		
Currency translation adjustments	**(19)**	(106)
Cash flow hedges	**7**	(13)
Share of other comprehensive (losses)/income and equity movements of associates	**(36)**	7
Items that may not be subsequently reclassified to profit or loss		
(Losses)/gains from changes in financial and demographic assumptions of post-employment benefit obligations	**(2)**	20
Total comprehensive income for the year	**2 291**	2 335
Attributable to:		
Owners of the parent	**1 912**	1 847
Non-controlling interests	**379**	488
	2 291	2 335

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2019

	Notes	2019 Rm	2018 Rm
Ordinary shareholders' equity at beginning of the year		**16 912**	15 900
Previously reported		**17 143**	
Adjustment due to the initial application of new IFRS standards		**(231)**	
Total comprehensive income		**1 912**	1 847
Issue of shares		**157**	1
Share-based payment costs – employees		**73**	66
Release of treasury shares		**111**	30
Transactions with non-controlling interests		**(121)**	135
Dividends paid		**(929)**	(836)
Ordinary shareholders' equity at end of the year		**18 115**	17 143
Non-controlling interests at beginning of the year		**11 697**	10 900
Previously reported		**11 729**	
Adjustment due to the initial application of new IFRS standards		**(32)**	
Total comprehensive income		**379**	488
Issue of shares		**433**	1 399
Share-based payment costs – employees		**39**	32
Subsidiaries/businesses acquired	3.1	**25**	47
Subsidiaries deconsolidated/sold	3.2	**(106)**	
Transactions with non-controlling interests		**(191)**	(723)
Dividends paid		**(500)**	(414)
Non-controlling interests at end of the year		**11 776**	11 729
Total equity		**29 891**	28 872

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2019

		2019			2018*		
	Notes	Own balances Rm	Client-related balances Rm	Total Rm	Own balances Rm	Client-related balances Rm	Total Rm
Net cash flow from operating activities							
Cash generated from/(utilised by) operations	2	**1 726**	**(1 863)**	**(137)**	1 512	(1 253)	259
Interest income		**439**	**1 335**	**1 774**	602	1 013	1 615
Dividend income		**922**	**476**	**1 398**	781	421	1 202
Finance costs		**(668)**		**(668)**	(463)		(463)
Taxation paid		**(693)**		**(693)**	(503)	(29)	(532)
Net cash flow from operating activities		**1 726**	**(52)**	**1 674**	1 929	152	2 081
Net cash flow from investing activities		**(963)**	**(23)**	**(986)**	(2 937)	-	(2 937)
Cash flow from subsidiaries/businesses acquired	3.1	**(852)**		**(852)**	(428)		(428)
Cash flow from subsidiaries deconsolidated/sold	3.2	**(59)**		**(59)**	27		27
Cash flow from first-time consolidation of mutual fund			**10**	**10**			-
Cash flow from deconsolidation of mutual funds			**(33)**	**(33)**			-
Acquisition of ordinary shares in associates and joint ventures		**(402)**		**(402)**	(598)		(598)
Acquisition of property, plant and equipment		**(1 451)**		**(1 451)**	(1 641)		(1 641)
Other investing activities**		**1 801**		**1 801**	(297)		(297)

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

for the year ended 28 February 2019

	2019 Own balances Rm	2019 Client-related balances Rm	2019 Total Rm	2018* Own balances Rm	2018* Client-related balances Rm	2018* Total Rm
Net cash flow from financing activities	**(983)**	**-**	**(983)**	684	100	784
Dividends paid to:						
PSG Group shareholders	**(929)**		**(929)**	(836)		(836)
Non-controlling interests	**(500)**		**(500)**	(414)		(414)
Capital contributions by non-controlling interests	**198**		**198**	804		804
Net acquisition from non-controlling interests	**(124)**		**(124)**	(429)		(429)
Borrowings drawn	**1 508**		**1 508**	3 306	100	3 406
Borrowings repaid	**(1 274)**		**(1 274)**	(1 787)		(1 787)
Proceeds from delivery of holding company's treasury shares	**119**		**119**	39		39
Shares issued	**19**		**19**	1		1
Net (decrease)/increase in cash and cash equivalents	**(220)**	**(75)**	**(295)**	(324)	252	(72)
Exchange gains on cash and cash equivalents	**7**		**7**	9		9
Cash and cash equivalents at beginning of the year	**638**	**355**	**993**	953	103	1 056
Cash and cash equivalents at end of the year	**425**	**280**	**705**	638	355	993

* Re-presented as detailed in the introduction to the summary consolidated financial statements.

** Cash flow from other investing activities during the year comprised mainly proceeds of R1,2bn from Capespan's, a subsidiary of Zeder, disposal of its equity security investment in Joy Wing Mau, a fruit distributor in China, as well as withdrawals of R0,7bn from the PSG Money Market Fund (i.e. disposal of debt securities) at a PSG Group-level, as further detailed below.

It is important to note that the treasury functions of PSG Group and each of its subsidiaries operate on a decentralised basis and thus independent from one another. All available cash held at a PSG Group-level is invested in the PSG Money Market Fund, while some of the available cash held at a subsidiary-level is invested in the PSG Money Market Fund. Available cash held at a PSG Group-level and invested in the PSG Money Market Fund amounted to R0,3bn (2018: R1bn) at the reporting date.

As a result of the group's consolidation of the PSG Money Market Fund, the cash invested therein is derecognised and all of the fund's underlying highly-liquid debt securities are recognised on the summary consolidated statement of financial position. Third parties' cash invested in the PSG Money Market Fund is recognised as a payable and included under "third-party liabilities arising on consolidation of mutual funds".

The table below reconciles the cash and cash equivalents reported per the summary consolidated statement of financial position to that reported per the summary consolidated statement of cash flows. It furthermore also reconciles such balances to the liquid cash resources at both a PSG Group- and subsidiary-level.

	2019 Own balances Rm	2019 Client-related balances Rm	2019 Total Rm	2018* Own balances Rm	2018* Client-related balances Rm	2018* Total Rm
Cash and cash equivalents (per the summary consolidated statement of financial position)	**1 552**	**280**	**1 832**	1 924	355	2 279
Bank overdrafts (included in "borrowings" per the summary consolidated statement of financial position)	**(1 127)**		**(1 127)**	(1 286)		(1 286)
Cash and cash equivalents (per the summary consolidated statement of cash flows)	**425**	**280**	**705**	638	355	993
Debt securities (per the summary consolidated statement of financial position)	**1 873**	**4 390**	**6 263**	2 597	3 547	6 144
Liquid cash resources	**2 298**	**4 670**	**6 968**	3 235	3 902	7 137
PSG Group-level (invested in the PSG Money Market Fund)	**323**			1 000		
Subsidiary-level	**1 975**			2 235		

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2019

	2019 Rm	2018 Rm
1. Headline earnings		
Profit for the year attributable to owners of the parent	**1 926**	1 914
Non-headline items		
Gross amounts	**659**	30
Loss on impairment of associates	**676**	8
Net (profit)/loss on sale/dilution of interest in associates	**(20)**	14
Profit from subsidiaries deconsolidated/sold (note 3.2)	**(8)**	(85)
Fair value gain on step-up from associate to subsidiary	**(2)**	(11)
Net loss on sale/impairment of intangible assets (including goodwill)	**120**	153
Net (profit)/loss on sale/impairment of property, plant and equipment	**(1)**	1
Non-headline items of associates	**(81)**	(31)
Bargain purchase gain (note 3.1)	**(25)**	(18)
Reversal of impairment of non-current assets held for sale		(1)
Non-controlling interests	**(390)**	(137)
Taxation	**(1)**	149
Headline earnings	**2 194**	1 956

	Change %	2019	2018
Earnings per share (R)			
– Recurring	*9*	**10,86**	9,94
– Headline	*11*	**10,11**	9,08
– Attributable	*-*	**8,88**	8,88
– Diluted headline	*12*	**9,99**	8,90
– Diluted attributable	*1*	**8,76**	8,70
Dividend per share (R)	*10*	**4,56**	4,15
– Interim		**1,52**	1,38
– Final		**3,04**	2,77
Number of shares (m)			
– In issue		**232,1**	231,4
– In issue (net of treasury shares)		**218,1**	215,9
– Weighted average		**217,0**	215,5
– Diluted weighted average		**217,7**	217,9

	2019			2018*		
	Own balances Rm	Client-related balances Rm	Total Rm	Own balances Rm	Client-related balances Rm	Total Rm
2. Cash generated from/(utilised by) operations						
Profit before taxation	**2 805**	**12**	**2 817**	3 027	16	3 043
Share of profits of associates and joint ventures	**(2 360)**		**(2 360)**	(1 926)		(1 926)
Depreciation and amortisation	**582**		**582**	503		503
Investment income	**(492)**	**(1 810)**	**(2 302)**	(474)	(1 585)	(2 059)
Finance costs	**676**		**676**	516		516
Working capital changes and other non-cash items	**515**	**(65)**	**450**	(134)	316	182
Cash generated from/(utilised by) operations	**1 726**	**(1 863)**	**(137)**	1 512	(1 253)	259

* *Re-presented as detailed in the introduction to the summary consolidated financial statements.*

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

for the year ended 28 February 2019

3. Subsidiaries/businesses consolidated and deconsolidated

3.1 Subsidiaries/businesses acquired

The group's subsidiaries/businesses acquired during the year under review included:

Commercial, industrial and personal short-term insurance brokerage businesses of ABSA Insurance and Financial Advisers (Pty) Ltd ("AIFA businesses")
During June and December 2018, the group, through PSG Konsult, acquired the AIFA businesses for a cash consideration of R52m, as well as still outstanding deferred and contingent consideration of R45m and R7m, respectively. Goodwill of R35m arose in respect of, inter alia, the workforce of the acquired businesses.

MBS Education Investments (Pty) Ltd and Milpark Education (Pty) Ltd ("Milpark")
During March 2018, the group, through Stadio Holdings Ltd ("Stadio"), being a subsidiary of PSG Alpha Investments (Pty) Ltd ("PSG Alpha"), acquired an effective interest of 87,2% in Milpark for a cash consideration of R211m (of which R4m was deferred and subsequently paid) and the issue of Stadio shares worth R51m. Milpark is involved in the private higher education sector in South Africa, offering complementary services to Stadio's existing operations. Goodwill of R222m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

Interactive Tutor (Pty) Ltd ("Media Works")
During May 2018, the group, through FutureLearn Holdings (Pty) Ltd, being a subsidiary of PSG Alpha, acquired all the issued share capital of Media Works for a cash consideration of R109m, of which R15m was contingent and remained outstanding. Media Works provides adult education and training services in South Africa. Goodwill of R88m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

Cooper College (Pty) Ltd and related entities ("Cooper")
During April 2018, the group, through Curro Holdings Ltd ("Curro"), acquired an effective interest of 97% in Cooper for a cash consideration of R210m. Cooper operates a private school in Johannesburg, South Africa, being complementary to Curro's existing operations. Goodwill of R69m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

Baobab Primary School operations and properties ("Baobab")
During July 2018, the group, through Curro, acquired the business operations and properties of Baobab for a cash consideration of P65m (R84m). Baobab operates a private school in Gaborone, Botswana, being complementary to Curro's existing operations. Goodwill of R19m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

Sagewood School operations and properties ("Sagewood")
During January 2019, the group, through Curro, acquired the business operations and properties of Sagewood for a cash consideration of R83m. Sagewood operates a private school in Johannesburg, South Africa, being complementary to Curro's existing operations. Goodwill of R29m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

3.1 Subsidiaries/businesses acquired *(continued)*

The amounts of identifiable net assets of subsidiaries/businesses acquired, as well as goodwill and non-controlling interests recognised from business combinations during the year under review, can be summarised as follows:

	AIFA businesses Rm	Milpark Rm	Media Works Rm	Cooper Rm	Sub-total Rm
Identifiable net assets acquired	69	46	24	149	288
Goodwill recognised	35	222	88	69	414
Non-controlling interests recognised		(6)	(3)	(8)	(17)
Total consideration	104	262	109	210	685
Ordinary shares issued by a subsidiary		(51)			(51)
Deferred consideration	(45)	(4)			(49)
Contingent consideration	(7)		(15)		(22)
Cash consideration paid	52	207	94	210	563
Cash consideration paid	(52)	(207)	(94)	(210)	(563)
Cash and cash equivalents acquired		34	17	2	53
Cash flow from subsidiaries/ businesses acquired	(52)	(173)	(77)	(208)	(510)

	Sub-total Rm	Baobab Rm	Sage-wood Rm	Other Rm	Total Rm
Identifiable net assets acquired	288	65	54	166	573
Goodwill recognised	414	19	29	99	561
Bargain purchase gain				(25)	(25)
Non-controlling interests recognised	(17)			(8)	(25)
Derecognition of investment in associates				(7)	(7)
Total consideration	685	84	83	225	1 077
Ordinary shares issued by subsidiaries	(51)			(13)	(64)
Deferred consideration	(49)				(49)
Contingent consideration	(22)			(34)	(56)
Cash consideration paid	563	84	83	178	908
Cash consideration paid	(563)	(84)	(83)	(178)	(908)
Cash and cash equivalents acquired	53	9	1	(7)	56
Cash flow from subsidiaries/ businesses acquired	(510)	(75)	(82)	(185)	(852)

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

for the year ended 28 February 2019

3.1 Subsidiaries/businesses acquired *(continued)*

Transaction costs relating to the business combinations were immaterial and expensed in the summary consolidated income statement.

The aforementioned business combinations' accounting have been finalised and do not contain any contingent consideration or indemnification asset arrangements, unless otherwise stated. Non-controlling interests were measured with reference to their proportionate share of the identifiable net assets acquired.

Had the aforementioned business combinations been accounted for with effect from 1 March 2018, instead of their respective acquisition dates, the summary consolidated income statement would have reflected additional revenue and after-tax profit for the year of approximately R561m and R41m, respectively.

Receivables of R125m are included in the identifiable net assets acquired, which are all considered to be recoverable. The fair value of these receivables consequently approximates its carrying value.

3.2 Subsidiaries deconsolidated/sold

The subsidiaries deconsolidated/sold during the year under review included:

Provest Group (Pty) Ltd ("ProVest")
During January 2019, the group, through PSG Alpha, had foregone control over ProVest when an existing non-controlling shareholder subscribed for further shares in ProVest, thereby diluting PSG Alpha's interest in ProVest from 50,5% to 42,3%.

The amounts of identifiable net assets of the businesses deconsolidated/sold, as well as non-controlling interest derecognised and the remaining interest in associate recognised during the year under review, can be summarised as follows:

	ProVest Rm	Other Rm	Total Rm
Identifiable net assets derecognised	(255)	(4)	(259)
Derecognition of non-controlling interest	106		106
Recognition of investment in associate	157		157
Profit from subsidiaries deconsolidated/sold	(8)		(8)
Total consideration	-	(4)	(4)
Cash consideration received		4	4
Cash and cash equivalents derecognised	(63)		(63)
Cash flow from subsidiaries deconsolidated/sold	(63)	4	(59)

4. Capital commitments and contingencies

The most significant capital commitments relate to Curro's continued expansion and development of new campuses. At the reporting date, authorised and contracted capital expenditure amounted to R712m (2018: R516m), while authorised but not yet contracted capital expenditure (including business combinations) amounted to R1,8bn (2018: R1,1bn).

5. Events subsequent to the reporting date

Apart from PSG Group's final dividend declared for the year ended 28 February 2019, no material event has occurred between the reporting date and the date of approval of these summary consolidated financial statements.

6. Financial instruments

6.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

These summary consolidated financial statements do not include all financial risk management information and disclosures set out in the consolidated annual financial statements, and therefore they should be read in conjunction with the consolidated annual financial statements for the year ended 28 February 2019. Risk management continues to be carried out by each entity within the group under policies approved by the respective boards of directors.

6.2 Fair value estimation

The information below analysis financial assets and liabilities, which are carried at fair value, by level of hierarchy as required by IFRS 13. The different levels in the hierarchy are defined below:

Level 1: quoted prices (unadjusted) in active markets.
Level 2: input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: input for the asset or liability that is not based on observable market data (that is, unobservable input).

6.2 Fair value estimation *(continued)*

The carrying value of financial assets and liabilities carried at amortised cost approximates their fair value, while those measured at fair value can be summarised as follows:

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
28 February 2019				
Assets				
Unit-linked investments		**46 040**	**455**	**46 495**
Equity securities	**2 822**	**143**	**31**	**2 996**
Debt securities	**876**	**5 320**		**6 196**
Investment in investment contracts		**16**		**16**
Derivative financial assets		**33**		**33**
Closing balance	**3 698**	**51 552**	**486**	**55 736**
Liabilities				
Investment contract liabilities		**25 439**	**435**	**25 874**
Third-party liabilities arising on consolidation of mutual funds		**26 715**		**26 715**
Derivative financial liabilities		**53**	**25**	**78**
Trade and other payables			**159**	**159**
Closing balance	**-**	**52 207**	**619**	**52 826**
28 February 2018				
Assets				
Unit-linked investments		41 481	719	42 200
Equity securities	2 330	1 312	679	4 321
Debt securities	922	1 501		2 423
Investment in investment contracts		15		15
Derivative financial assets		43		43
Closing balance	3 252	44 352	1 398	49 002
Liabilities				
Investment contract liabilities		23 421	698	24 119
Third-party liabilities arising on consolidation of mutual funds		23 600		23 600
Derivative financial liabilities		70	39	109
Trade and other payables			45	45
Closing balance	-	47 091	782	47 873

6.2 Fair value estimation *(continued)*

The following table presents changes in level 3 financial instruments during the respective years:

	2019 Assets Rm	**2019** Liabilities Rm	2018 Assets Rm	2018 Liabilities Rm
Opening balance	**1 398**	**782**	1 161	1 251
Additions	**230**	**312**	1 188	542
Disposals	**(1 700)**	**(627)**	(915)	(1 029)
Fair value adjustments	**504**	**35**	31	18
Other movements	**54**	**117**	(67)	
Closing balance	**486**	**619**	1 398	782

Unit-linked investments represent the largest portion of level 3 financial assets and relate to units held in hedge funds that are priced monthly. The prices are obtained from the asset managers of the particular hedge funds. These are held to match investment contract liabilities, and as such any change in measurement would result in a similar adjustment to investment contract liabilities, which in turn represent the largest portion of level 3 financial liabilities.

There have been no significant transfers between level 1, 2 or 3 during the year under review, nor were there any significant changes to the valuation techniques and inputs used to determine fair values. Valuation techniques and main inputs used to determine fair value for financial instruments classified as level 2 can be summarised as follows:

Instrument	Valuation technique	Main inputs
Unit-linked investments	Quoted exit price provided by the fund manager	Not applicable – daily prices are publicly available
Equity securities	Valuation model that uses market inputs	Price-earnings multiples
Debt securities	Valuation model that uses market inputs	Bond interest rate curves, issuer credit ratings and liquidity spreads
Investment in investment contracts	Prices are obtained from the insurer of the particular investment contract	Not applicable – prices provided by registered long-term insurers
Derivative financial assets and liabilities	Exit price on recognised over-the-counter platforms	Not applicable
Investment contract liabilities	Current unit price of underlying unitised financial asset that is linked to the liability, multiplied by the number of units held	Not applicable
Third-party liabilities arising on consolidation of mutual funds	Quoted exit price provided by the fund manager	Not applicable – daily prices are publicly available

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

for the year ended 28 February 2019

7. Segment report

The group's classification into seven reportable segments, namely Capitec, PSG Konsult, Curro, PSG Alpha, Zeder, Dipeo and PSG Corporate, remains unchanged. These segments represent the major investments of the group. The services offered by the respective segments are detailed in the CEO and CFO report on page 12. All segments operate predominantly in the Republic of South Africa. However, the group has exposure to operations outside the Republic of South Africa through, inter alia, Curro, PSG Alpha's investments in Stadio and CA Sales, and Zeder's investments in Capespan, Zaad and Agrivision Africa.

Recurring earnings are calculated on a proportional basis, and include the proportional earnings of underlying investments, excluding marked-to-market adjustments and once-off items. The result is that investments in which the group holds less than 20% and which are generally not equity accountable in terms of accounting standards, are equity accounted for the purpose of calculating the consolidated *recurring earnings*. Non-recurring earnings include, inter alia, once-off gains and losses and marked-to-market fluctuations, as well as the resulting taxation charge on these items.

Sum-of-the-parts ("SOTP") is a key valuation tool used to measure PSG Group's performance. In determining *SOTP*, listed assets and liabilities are valued using quoted market prices, whereas unlisted assets and liabilities are valued using appropriate valuation methods. These values will not necessarily correspond with the values per the summary consolidated statement of financial position since the latter are measured using the relevant accounting standards which include historical cost and the equity method of accounting.

The chief operating decision-maker (the PSG Group Executive Committee) evaluates the following information to assess the segments' performance:

28 February 2019	**Revenue (own balances) Rm**	**Recurring earnings (segment profit) Rm**	**Non-recurring earnings Rm**	**Headline earnings Rm**	**SOTP value Rm**
Capitec		**1 625**		**1 625**	**46 351**
PSG Konsult	**4 480**	**361**	**8**	**369**	**8 700**
Curro	**2 549**	**137**		**137**	**5 714**
PSG Alpha	**7 958**	**216**	**(59)**	**157**	**4 712**
Zeder	**7 731**	**207**	**130**	**337**	**3 166**
Dipeo	**17**	**(29)**	**(246)**	**(275)**	
PSG Corporate	**71**	**(45)**		**(45)**	
Funding	**56**	**(199)**	**4**	**(195)**	**(2 387)**
Other		**84**		**84**	**1 702**
Total	**22 862**	**2 357**	**(163)**	**2 194**	**67 958**
Revenue from contracts with customers					
Revenue from sale of goods	**13 041**				
Commission, school, net insurance and other fee income	**9 329**				
Investment income	**492**				
Non-headline items				**(268)**	
Earnings attributable to non-controlling interests				**415**	
Taxation				**476**	
Profit before taxation				**2 817**	

7. Segment report *(continued)*

28 February 2018	Revenue (own balances) Rm	Recurring earnings (segment profit) Rm	Non-recurring earnings Rm	Headline earnings Rm	SOTP value Rm
Capitec		1 369		1 369	29 540
PSG Konsult	4 166	348		348	7 048
Curro	2 139	110	(1)	109	7 987
PSG Alpha	6 270	172	(22)	150	5 201
Zeder	8 562	205	(21)	184	4 823
Dipeo	2	(56)	(131)	(187)	535
PSG Corporate	165	(7)		(7)	
Funding	109	(135)	(11)	(146)	(2 227)
Other		136		136	2 603
Total	21 413	2 142	(186)	1 956	55 510
Revenue from contracts with customers					
Revenue from sale of goods	13 956				
Commission, school, net insurance and other fee income	6 983				
Investment income	474				
Non-headline items				(42)	
Earnings attributable to non-controlling interests				513	
Taxation				616	
Profit before taxation				3 043	

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

for the year ended 28 February 2019

8. Ordinary shareholder analysis

Unaudited	Shareholders Number	%	Shares held Number	%
Range of shareholding				
1 – 500	19 148	65,7	3 629 535	1,7
501 – 1 000	4 047	13,9	3 024 594	1,4
1 001 – 5 000	4 282	14,7	9 335 371	4,3
5 001 – 10 000	651	2,2	4 713 915	2,2
10 001 – 50 000	710	2,4	15 291 819	7,0
50 001 – 100 000	113	0,4	7 786 947	3,6
100 001 – 500 000	145	0,5	33 244 160	15,2
500 001 – 1 000 000	24	0,1	17 459 921	8,0
Over 1 000 000	33	0,1	123 713 018	56,6
	29 153	100,0	218 199 280	100,0
Treasury shares				
Shares held by PSG Financial Services (a wholly-owned subsidiary)	1		13 908 770	
	29 154		232 108 050	
Non-public and public shareholding				
Non-public (directors)*	7		13 080 826	6,0
Public	29 146	100,0	205 118 454	94,0
	29 153	100,0	218 199 280	100,0
Individual shareholders (excluding directors) holding 5% or more of shares in issue (net of treasury shares) as at 28 February 2019				
JF Mouton Familietrust and its subsidiaries			42 104 981	19,3
Public Investment Corporation (including Government Employees Pension Fund)			23 045 030	10,6
			65 150 011	29,9

* *Refer to the directors' report for further details of directors' holdings.*

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the annual general meeting of shareholders of PSG Group Ltd ("PSG Group" or "the Company") to be held at Spier Wine Estate, Baden Powell Drive, Stellenbosch, at 11:00 on Friday, 26 July 2019 ("the AGM").

Purpose

The purpose of the AGM is to transact the business set out in the agenda below.

Agenda

- Presentation of the audited annual financial statements of the Company, including the remuneration report and the reports of the directors and the audit and risk committee for the year ended 28 February 2019. The annual report, of which this notice forms part, contains the summary consolidated financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, are available on PSG Group's website at *www.psggroup.co.za*, or may be requested and obtained in person, at no charge, at the registered office of PSG Group during office hours.
- To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

  Note:
  For ordinary resolutions numbers 1 to 10 (inclusive) to be adopted, more than 50% of the voting rights exercised on the applicable ordinary resolution must be exercised in favour thereof. For ordinary resolution number 11 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

1. Retirement, re-election and confirmation of appointment of directors

1.1 Ordinary resolution number 1

"Resolved that Mr ZL Combi, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

While Mr ZL Combi has served on PSG Group's board for the past 11 years, the board is satisfied that he remains independent.

Summary curriculum vitae of Mr ZL (KK) Combi

KK holds a diploma in public relations and was awarded the Ernst & Young South African Entrepreneur of the Year award in 2000, as well as the World Entrepreneur of the Year in Managing Change award in 2001. He is a member of the Institute of Directors and currently serves on the boards of various companies as a non-executive director.

1.2 Ordinary resolution number 2

"Resolved that Mr FJ Gouws, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr FJ (Francois) Gouws

Francois is a Chartered Accountant (SA). He worked for SMK as an insurance and banking analyst, and became a partner of this firm in 1993. He joined UBS Investment Bank in 1995 and held various positions within this business. Alongside the Heads of Fixed Income, he was responsible for the UBS Securities Division until October 2011. He joined PSG Konsult in July 2012 and continues to serve as its chief executive officer.

1.3 Ordinary resolution number 3

"Resolved that Ms AM Hlobo's appointment as director in terms of the memorandum of incorporation of the Company be and is hereby confirmed."

Summary curriculum vitae of Ms AM (Modi) Hlobo

Modi is a Chartered Accountant (SA) and holds an MCom (Finance) degree. Modi has served as a director and audit and risk committee member of numerous unlisted and public-sector entities, including Johannesburg City Parks and Zoo, the Johannesburg Development Agency, Johannesburg Property Company and the Department of Public Enterprise. She is currently a senior lecturer at the University of Johannesburg's School of Accounting.

The reason for ordinary resolutions numbers 1 and 2 (inclusive) is that the memorandum of incorporation of the Company, the Listings Requirements of the JSE Ltd ("JSE") and, to the extent applicable, the Companies Act of South Africa ("the Companies Act"), require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

The reason for ordinary resolution number 3 is that the memorandum of incorporation of the Company and the Listings Requirements of the JSE ("Listings Requirements") require that any director appointed by the board of the company be confirmed by the shareholders at the next annual general meeting of the Company.

2. Re-appointment and appointment of members of the audit and risk committee of the Company

Note:
For avoidance of doubt, all references to the audit and risk committee of the Company is a reference to the audit committee as contemplated in the Companies Act.

2.1 Ordinary resolution number 4

"Resolved that Mr PE Burton, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

While Mr PE Burton has served on PSG Group's board for the past 18 years, the board is satisfied that he remains independent.

Summary curriculum vitae of Mr PE (Patrick) Burton

Patrick graduated with a BCom (Hons) Financial Management degree and postgraduate Diploma in Tax Law. He is a founding director of Siphumelele Investments, a black economic empowerment company, and currently serves on the boards of various companies as a non-executive director.

2.2 Ordinary resolution number 5

"Resolved that Ms AM Hlobo, subject to the approval of ordinary resolution number 3, being eligible, be and is hereby appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

A summary of Modi's curriculum vitae has been included in paragraph 1.3 above.

2.3 Ordinary resolution number 6

"Resolved that Ms B Mathews, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

Summary curriculum vitae of Ms B (Bridgitte) Mathews

Bridgitte is a Chartered Accountant (SA) and currently serves on the boards of various companies as non-executive director. She has been a member of the African Women Chartered Accountants since 2007 and a member of the Institute of Directors since 2011.

2.4 Ordinary resolution number 7

"Resolved that Mr CA Otto, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company until the next annual general meeting of the Company."

While Mr CA Otto has served on PSG Group's board for the past 23 years, the board is satisfied that he remains independent.

Summary curriculum vitae of Mr CA (Chris) Otto

Chris graduated BCom LLB from Stellenbosch University and is a founding director of PSG Group, Capitec and Zeder. He also serves on the boards of Kaap Agri and various other listed and unlisted companies. Since his appointment as PSG Group director in 1995, he has attended all board meetings without fail.

The reason for ordinary resolutions numbers 4 to 7 (inclusive) is that the Company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of such company.

3. Re-appointment of auditor

Ordinary resolution number 8

"Resolved that PricewaterhouseCoopers Inc. be and is hereby re-appointed as auditor of the Company for the ensuing financial year or until the next annual general meeting of the Company, whichever is the later, with the designated auditor being Mr D de Jager, as registered auditor and partner in the firm, on the recommendation of the audit and risk committee of the Company."

The reason for ordinary resolution number 8 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed, as the case may be, at each annual general meeting of the Company, as required by the Companies Act.

4. Non-binding advisory vote on PSG Group's remuneration policy

Ordinary resolution number 9

"Resolved that the Company's remuneration policy, as set out on pages 44 to 49 of the annual report to which this notice of annual general meeting is annexed, be and is hereby endorsed by way of a non-binding advisory vote."

The reason for ordinary resolution number 9 is that the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™") recommends, and the Listings Requirements require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the company. This enables shareholders to express their views on the remuneration policy adopted. The effect of ordinary resolution number 9, if passed, will be to endorse the Company's remuneration policy. Ordinary resolution number 9 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

5. Non-binding advisory vote on PSG Group's implementation report on the remuneration policy

Ordinary resolution number 10

"Resolved that the Company's implementation report in respect of its remuneration policy, as set out on pages 50 to 61 of the annual report to which this notice of annual general meeting is annexed, be and is hereby endorsed by way of a non-binding vote."

The reason for ordinary resolution number 10 is that King IV™ recommends, and the Listing Requirements require, that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the company. This enables shareholders to express their views on the implementation of a company's remuneration policy. The effect of ordinary resolution number 10, if passed, will be to endorse the Company's implementation report in respect of its remuneration policy. Ordinary resolution number 10 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy and its implementation.

6. General authority to issue ordinary shares for cash

Ordinary resolution number 11

"Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company's memorandum of incorporation, the Companies Act and the Listings Requirements, provided that:

- the approval shall be valid until the date of the next annual general meeting of the Company, provided it shall not extend beyond 15 months from the date of this resolution;
- the general issues of shares for cash under this authority may not exceed, in the aggregate, 5% of the Company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders, shares issued in connection with the PSG Group Ltd Supplementary Share Incentive Trust ("the trust") or options granted by the trust in accordance with the Listings Requirements shall not diminish the number of ordinary shares that comprise the 5% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 5% of the Company's issued ordinary share capital (net of treasury shares) amounts to 10 912 724 ordinary shares;
- in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30-business-day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements and not to related parties;
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service of the JSE."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers and/or in connection with duly approved share incentive schemes), it is necessary for the board of the company to obtain prior authority from shareholders in accordance with the Listings Requirements and the memorandum of incorporation of the company. Accordingly, the reason for ordinary resolution number 11 is to obtain such general authority from shareholders to issue shares for cash in compliance with the Listings Requirements and the memorandum of incorporation of the Company.

- To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

Note:
For special resolutions numbers 1 to 4 (inclusive) to be adopted, at least 75% of the voting rights exercised on the applicable special resolution must be exercised in favour thereof.

7. Remuneration of non-executive directors

Special resolution number 1

"Resolved, in terms of section 66(9) of the Companies Act, that the Company be and is hereby authorised to remunerate its non-executive directors for their services as directors, which includes serving on various sub-committees and to make payment of the amounts set out below (plus any value-added tax, to the extent applicable), provided that this authority will be valid until the next annual general meeting of the Company:

	Annual fee (excluding value-added tax) Feb 2020 R
PSG Group Board	
Chairman	650 000
Member	266 250
PSG Group Audit and Risk Committee	
Chairman	186 375
Member	159 750
PSG Group Remuneration Committee	
Chairman	79 875
Member	53 250
PSG Group Social and Ethics Committee	
Chairman	31 950
Member	21 300

The reason for special resolution number 1 is for the Company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1, if passed, is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors without requiring further shareholder approval until the next annual general meeting of the Company.

8. Inter-company financial assistance

8.1 Special resolution number 2: Inter-company financial assistance

"Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board of the Company may deem fit to any company or corporation that is related or inter-related ("related" and "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) to the Company, on the terms and conditions and for amounts that the board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company."

The reason for and effect, if passed, of special resolution number 2 is to grant the directors of the Company the authority, until the next annual general meeting of the Company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the Company. This means that the Company is, inter alia, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

8.2 Special resolution number 3: Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the board of the Company may deem fit to any person, including any company or corporation that is related or inter-related to the Company ("related" and "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or in any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts that the board of the Company may determine for the purpose of, or in connection with the subscription for any option, or any shares or other securities, issued or to be issued by the Company or by a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or of a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company."

The reason for and effect, if passed, of special resolution number 3 is to grant the directors the authority, until the next annual general meeting of the Company, to provide financial assistance to any person, including any company or corporation which is related or inter-related to the Company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation. This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries. A typical example of where the Company may rely on this authority is where a wholly-owned subsidiary raised funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its wholly-owned subsidiary to the third-party funder arising from the issue of the preference shares.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the Company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolutions numbers 2 and 3 above:

- the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company); and
- the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months.

In addition, the board will only approve the provision of any financial assistance contemplated in special resolutions numbers 2 and 3 above, where:

- the board is satisfied that the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's memorandum of incorporation have been met.

9. Special resolution number 4: Share repurchases by PSG Group and its subsidiaries

"Resolved, as a special resolution, that the Company and its subsidiaries be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the Company and the Listings Requirements, including, inter alia, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond 15 months from the date of this resolution;
- an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue on the date that this authority is granted, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the Company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the repurchase, that the Company and its subsidiaries ("the group") have satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the group;
- the general repurchase is authorised by the Company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market price of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five-business-day period;
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf; and
- the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third-party, as contemplated in terms of paragraph 5.72(h) of the Listings Requirements."

The reason for and effect, if passed, of special resolution number 4 is to grant the directors a general authority in terms of the Company's memorandum of incorporation and the Listings Requirements for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in special resolution number 4. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of any class of a company. For the avoidance of doubt, a pro rata repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

10. Other business

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the Company.

Information relating to the special resolutions

1. The directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company as set out in special resolution number 4 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the group would not be compromised as to the following:
   - the group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of the AGM and for a period of 12 months after the repurchase;
   - the consolidated assets of the group will at the time of the AGM and at the time of making such determination, and for a period of 12 months thereafter, be in excess of the consolidated liabilities of the group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the group;
   - the ordinary capital and reserves of the group after the repurchase will remain adequate for the purpose of the business of the group for a period of 12 months after the AGM and after the date of the share repurchase; and
   - the working capital available to the group after the repurchase will be sufficient for the group's ordinary business purposes for a period of 12 months after the date of the notice of the AGM and for a period of 12 months after the date of the share repurchase.

   General information in respect of major shareholders, material changes and the share capital of the Company is contained in the annual report of which this notice forms part, as well as the full set of annual financial statements, being available on PSG Group's website at *www.psggroup.co.za* or which may be requested and obtained in person, at no charge, at the registered office of PSG Group during office hours.
2. The directors, whose names appear on pages 8 and 9 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of AGM contains all information required by law and the Listings Requirements.
3. Special resolutions numbers 2, 3 and 4 are renewals of resolutions taken at the previous annual general meeting held on 22 June 2018.

Voting

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretary of the Company ("the Share Register") for purposes of being entitled to receive this notice is Friday, 31 May 2019.
2. The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at the AGM is Friday, 19 July 2019, with the last day to trade being Tuesday, 16 July 2019.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or driver's license to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretary for guidance.
4. Certificated shareholders and own-name dematerialised shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the Company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by such shareholders who wish to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM. Forms of proxy must be completed and lodged at or posted to the transfer secretary, Computershare Investor Services (Pty) Ltd (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or PO Box 61051, Marshalltown, 2107), or emailed to *proxy@computershare.co.za* so as to be received by the transfer secretary by not later than 11:00 on Wednesday, 24 July 2019, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairman of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM.
5. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their central securities depository participant ("CSDP") or broker to provide them with the necessary authority (i.e. letter of representation) in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner stipulated therein. Such shareholders should contact their CSDP or broker with regard to the cut-off time for their voting instructions.
7. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

Electronic participation

1. Shareholders or their proxies may participate in the AGM by way of telephone conference call ("teleconference facility").
2. Please note that the teleconference facility will only allow shareholders to listen in and raise questions during the allocated time. Shareholders will not be able to vote using the teleconference facility. Should such shareholders wish to vote, they must either:
   - complete the proxy form and return it to the transfer secretary in accordance with paragraph 4 on page 97; or
   - contact their CSDP or broker in accordance with paragraphs 5 or 6 on page 97.
3. Shareholders or their proxies who wish to participate in the AGM via the teleconference facility must notify the Company by emailing the company secretary (*cosec@psggroup.co.za*) by no later than Friday, 19 July 2019. The company secretary will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and thereafter provide further details on using the teleconference facility. A total of 20 telecommunication lines will be available for such participation, which will be allocated on a first-come-first-served basis.
4. The cost of the participant's phone call will be for his/her own expense and will be billed separately by his/her own telephone service provider.
5. The Company cannot guarantee there will not be a break in communication which is beyond the control of the Company.
6. The participant acknowledges that the telecommunication lines are provided by a third-party and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the telecommunication lines or any defect in it or from total or partial failure of the telecommunication lines and connections linking the telecommunication lines to the AGM.

By order of the board

PSG Corporate Services (Pty) Ltd
Per A Rossouw
PSG Group Company Secretary

Stellenbosch
5 June 2019

PSG GROUP FORM OF PROXY

PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1970/008484/06)
JSE share code: PSG ISIN code: ZAE000013017
("PSG Group" or "the Company")

FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

For use at the annual general meeting of ordinary shareholders of the Company to be held at Spier Wine Estate, at 11:00 on Friday, 26 July 2019 ("the AGM").

I/We (full name in print) ____________________

of (address) ____________________

being the registered holder of ____________________ ordinary shares hereby appoint:

1. ____________________ or failing him/her,
2. ____________________ or failing him/her,
3. the chairman of the AGM,

as my proxy to vote for me/us at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions and special resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see notes):

		Number of shares		
		In favour of	**Against**	**Abstain**
1.1	Ordinary resolution number 1: To re-elect Mr ZL Combi as director			
1.2	Ordinary resolution number 2: To re-elect Mr FJ Gouws as director			
1.3	Ordinary resolution number 3: To confirm the appointment of Ms AM Hlobo as director			
2.1	Ordinary resolution number 4: To re-appoint Mr PE Burton as a member of the audit and risk committee			
2.2	Ordinary resolution number 5: To appoint Ms AM Hlobo as a member of the audit and risk committee			
2.3	Ordinary resolution number 6: To re-appoint Ms B Mathews as a member of the audit and risk committee			
2.4	Ordinary resolution number 7: To re-appoint Mr CA Otto as a member of the audit and risk committee			
3.	Ordinary resolution number 8: To re-appoint PricewaterhouseCoopers Inc. as auditor			
4.	Ordinary resolution number 9: Non-binding endorsement of PSG Group's remuneration policy			
5.	Ordinary resolution number 10: Non-binding endorsement of PSG Group's implementation report on the remuneration policy			
6.	Ordinary resolution number 11: General authority to issue ordinary shares for cash			
7.	Special resolution number 1: Remuneration of non-executive directors			
8.1	Special resolution number 2: Inter-company financial assistance			
8.2	Special resolution number 3: Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company			
9.	Special resolution number 4: Share repurchases by PSG Group and its subsidiaries			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided should you wish to vote all of your shares.

Signed at ____________________ on this ____________ day of ____________________ 2019.

Signature(s) ____________________

Assisted by (where applicable) (state capacity and full name) ____________________

Each PSG Group shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the Company) to attend, speak and vote in his/her stead at the AGM.

Notes

1. A PSG Group shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A PSG Group shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided or by the insertion of a cross if all shares should be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she is solely entitled thereto, but, if more than one of such joint holders be present or represented at any AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and lodged at or posted to the transfer secretary, Computershare Investor Services (Pty) Ltd (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or PO Box 61051, Marshalltown, 2107), or emailed to *proxy@computershare.co.za* so as to be received by the transfer secretary by not later than 11:00 on Wednesday, 24 July 2019, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairman of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretary or waived by the chairman of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

SUMMARY STANDALONE FINANCIAL STATEMENTS

These summary standalone financial statements comprise a summary of the audited standalone annual financial statements of PSG Financial Services Ltd, a wholly-owned subsidiary of PSG Group Ltd, for the year ended 28 February 2019.

The standalone annual financial statements, including these summary standalone financial statements, were compiled under the supervision of the group CFO, Mr WL Greeff, CA(SA), and were audited by PSG Financial Services Ltd's external auditor, PricewaterhouseCoopers Inc.

The standalone annual financial statements, including the unmodified audit opinion, are available on PSG Group Ltd's website at *www.psggroup.co.za* or may be requested and obtained in person, at no charge, at the registered office of PSG Financial Services Ltd during office hours.

COMPANY SECRETARY DECLARATION

We declare that, to the best of our knowledge, the company has filed all such returns and notices as are required of a public company in terms of the Companies Act of South Africa, and that all such returns and notices are true, correct and up to date.

PSG Corporate Services (Pty) Ltd
Per A Rossouw
PSG Group Company Secretary

Stellenbosch
5 June 2019

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2019

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the company. The external auditor is responsible for independently auditing and reporting on the fair presentation of the annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the company's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements are prepared in accordance with the the JSE Ltd Listings Requirements; International Financial Reporting Standards ("IFRS"); the IFRIC interpretations; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; and the manner required by the Companies Act.

These summary standalone financial statements were derived from the standalone annual financial statements and do not contain all the disclosures required by IFRS and the requirements of the Companies Act of South Africa. Reading these summary standalone financial statements, therefore, is not a substitute for reading the standalone annual financial statements of PSG Financial Services Ltd.

The company has not appointed an audit committee since the functions in terms of section 94 of the Companies Act of South Africa, are performed on its behalf by the audit committee of its holding company, PSG Group Ltd. The audit and risk committee of PSG Group Ltd has confirmed to the directors of the company that these functions have been performed without any exceptions noted in relation to the annual financial statements and that they are satisfied that the auditor was independent of the company.

The audit and risk committee of PSG Group Ltd, the company's holding company, meets regularly with the external auditor, as well as senior management, to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The external auditor has unrestricted access to all records, assets and personnel as well as to the PSG Group Ltd Audit and Risk Committee.

The annual financial statements are prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources to continue for the foreseeable future.

The annual financial statements, including these summary standalone financial statements set out on pages 104 and 106 to 112, were approved by the board of directors of PSG Financial Services Ltd and are signed on its behalf by:

PJ Mouton
PSG Group CEO

WL Greeff
PSG Group CFO

Stellenbosch
5 June 2019

DIRECTORS' REPORT

for the year ended 28 February 2019

Nature of business

PSG Financial Services Ltd, being an investment holding company, offers a broad range of goods and services through its various subsidiaries, joint ventures and associates. These goods and services mainly comprise financial services (wealth management, stockbroking, asset management, insurance, financing, banking, investment and advisory services), logistical services, food and related goods and services, and private education services.

Operating results

The operating results and state of affairs of the company are set out in the attached summary income statement and summary statements of financial position, comprehensive income, changes in equity and notes thereto. The company's profit for the year amounted to R760m (2018: R1 233m).

Stated capital

No changes took place in the company's issued share capital during the current or prior year.

Dividends

Ordinary

Dividends declared and paid during the current and prior year are set out in the summary statement of changes in equity.

Preference

The directors have declared the following dividends in respect of the cumulative, non-redeemable, non-participating preference shares:

Cents per share	2019	2018
31 August	**421,7**	438,7
28 February	**418,8**	423,6
Total	**840,5**	862,3

Directors

The directors of the company are exactly the same as PSG Group Ltd's (which appear on pages 8 and 9 of this annual report).

Holding company

The company is a wholly-owned subsidiary of PSG Group Ltd, except for the 17 415 770 (2018: 17 415 770) preference shares which are listed on the JSE Ltd.

Shareholding of directors

The directors held no interest in the preference share capital of the company during the year under review, nor at any time up to the date of this report.

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY STANDALONE FINANCIAL STATEMENTS

to the shareholders of PSG Financial Services Ltd

Opinion

The summary standalone financial statements of PSG Financial Services Ltd, set out on pages 106 to 111 of this annual report, which comprise the summary standalone statement of financial position as at 28 February 2019, the summary standalone income statement and the summary standalone statements of comprehensive income and changes in equity for the year then ended, and related notes, are derived from the audited standalone financial statements of PSG Financial Services Ltd for the year ended 28 February 2019.

In our opinion, the accompanying summary standalone financial statements are consistent, in all material respects, with the audited standalone financial statements, in accordance with the JSE Ltd's ("JSE") requirements for summary financial statements, as set out in note 1 to the summary standalone financial statements, and the requirements of the Companies Act of South Africa, as applicable to summary financial statements.

Summary standalone financial statements

The summary standalone financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa, as applicable to annual standalone financial statements. Reading the summary standalone financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited standalone financial statements and the auditor's report thereon.

The audited standalone financial statements and our report thereon

We expressed an unmodified audit opinion on the audited standalone financial statements in our report dated 5 June 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements for the year.

Directors' responsibility for the summary standalone financial statements

The directors are responsible for the preparation of the summary standalone financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary standalone financial statements, and the requirements of the Companies Act of South Africa, as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary standalone financial statements are consistent, in all material respects, with the audited standalone financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised) *Engagements to Report on Summary Financial Statements.*

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D de Jager
Registered Auditor

Stellenbosch
5 June 2019

SUMMARY STANDALONE STATEMENT OF FINANCIAL POSITION

as at 28 February 2019

	Notes	2019 Rm	2018 Rm
ASSETS			
Investment in subsidiaries	2	**8 678**	8 251
Investment in associate	3	**3 219**	3 219
Equity securities	4	**3 614**	3 025
Deferred income tax assets		**8**	10
Loans and advances	5	**1 218**	1 402
Derivative financial instruments		**29**	36
Receivables		**30**	35
Total assets		**16 796**	15 978
EQUITY			
Stated capital			
Ordinary shares		**1 827**	1 827
Preference shares		**1 506**	1 506
Other reserves		**2 720**	2 264
Retained earnings		**1 597**	2 183
Total equity		**7 650**	7 780
LIABILITIES			
Borrowings	6	**8 247**	7 424
Derivative financial instruments		**29**	36
Deferred income tax liabilities		**794**	664
Trade and other payables		**76**	74
Total liabilities		**9 146**	8 198
Total equity and liabilities		**16 796**	15 978

SUMMARY STANDALONE INCOME STATEMENT

for the year ended 28 February 2019

	Notes	2019 Rm	2018 Rm
Income			
Investment income	7	**1 112**	891
Gain on disposal of subsidiary	2		369
Expenses			
Marketing, administration and other expenses		**(3)**	(1)
Impairment of investment in preference shares	5	**(335)**	
Impairment of investment in wholly-owned subsidiary			(15)
Profit before finance cost and taxation		**774**	1 244
Finance cost		**(14)**	(11)
Profit before taxation		**760**	1 233
Taxation	8		
Profit for the year		**760**	1 233

SUMMARY STANDALONE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2019

	Note	2019 Rm	2018 Rm
Profit for the year		**760**	1 233
Other comprehensive income/(loss) for the year			
Fair value gains/(losses) on equity securities		**588**	(472)
Taxation effect on fair value (gains)/losses	8	**(132)**	106
Total comprehensive income for the year		**1 216**	867

SUMMARY STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2019

	Stated capital: Ordinary shares Rm	Stated capital: Preference shares Rm	Other reserves Rm	Retained earnings Rm	Total Rm
Balance at 1 March 2017	1 827	1 506	2 630	2 100	8 063
Profit for the year				1 233	1 233
Other comprehensive loss					
Fair value losses on equity securities			(366)		(366)
Transactions with owners	-	-	-	(1 150)	(1 150)
Dividend – ordinary shares				(1 000)	(1 000)
Dividend – preference shares				(150)	(150)
Balance at 28 February 2018	1 827	1 506	2 264	2 183	7 780
Profit for the year				**760**	**760**
Other comprehensive income					
Fair value gains on equity securities			**456**		**456**
Transactions with owners	**-**	**-**	**-**	**(1 346)**	**(1 346)**
Dividend – ordinary shares				**(1 200)**	**(1 200)**
Dividend – preference shares				**(146)**	**(146)**
Balance at 28 February 2019	**1 827**	**1 506**	**2 720**	**1 597**	**7 650**

NOTES TO THE SUMMARY STANDALONE FINANCIAL STATEMENTS

for the year ended 28 February 2019

1. Basis of presentation and accounting policies

These summary standalone financial statements, which should be read in conjunction with PSG Group Ltd's ("PSG Group") consolidated annual financial statements, have been derived from the standalone annual financial statements of PSG Financial Services Ltd ("PSG Financial Services"), which have been prepared in accordance with the JSE Ltd Listings Requirements; International Financial Reporting Standards ("IFRS"); the IFRIC interpretations; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; and the manner required by the Companies Act. PSG Financial Services has only presented summary standalone financial statements in this annual report, as PSG Financial Services is the only significant asset of PSG Group. The consolidated annual financial statements of PSG Financial Services are therefore very similar to those of PSG Group, a summary version of which have been presented on pages 62 to 88.

The principal accounting policies applied in the preparation of these summary standalone financial statements are similar to those of PSG Group, as set out in the introduction to PSG Group's summary consolidated financial statements.

2. Investment in subsidiaries

Company	Interest held directly 2019 %	Interest held directly 2018 %	Carrying value 2019 Rm	Carrying value 2018 Rm
Curro Holdings Ltd[1]	**55,4**	55,4	**2 173**	2 173
Dipeo Capital (RF) (Pty) Ltd	**49,0**	49,0		
Grayston Elliot (Pty) Ltd	**100,0**	100,0	**4**	
Ou Kollege Beleggings Ltd	**100,0**	100,0	**48**	48
PSG Alpha Investments (Pty) Ltd	**98,1**	98,0	**2 830**	2 410
PSG Capital (Pty) Ltd	**100,0**	100,0	**4**	4
PSG Corporate Services (Pty) Ltd	**100,0**	100,0	**52**	52
PSG Konsult Ltd	**60,6**	61,5	**651**	651
Zeder Investments Ltd[2]	**43,8**	43,7	**2 916**	2 913
			8 678	8 251

[1] During the prior year, Curro Holdings Ltd unbundled its tertiary education business, Stadio Holdings Ltd, having a carrying value of R373m. The company subsequently disposed of its investment in Stadio Holdings Ltd at its market value of R739m to PSG Alpha Investments (Pty) Ltd in terms of an asset-for-share transaction, thereby realising a gain of R366m. Furthermore, the company underwrote Stadio Holdings Ltd's rights issue concluded during the prior year and as a result thereof obtained shares for R2m. These shares were subsequently disposed of to PSG Alpha Investments (Pty) Ltd at its market value of R5m in terms of an asset-for-share transaction, thereby realising an additional gain of R3m.

[2] Zeder Investments Ltd is accounted for as a subsidiary of the company through its shareholding, board representation and an agreement in terms of which PSG Corporate Services Pty Ltd ("PSGCS") (being a wholly-owned subsidiary of the company) provides strategic inputs to a subsidiary of Zeder Investments Ltd.

Only significant subsidiaries are disclosed above, with all being incorporated in the Republic of South Africa. Details of the nature of activities of significant subsidiaries are disclosed in the CEO and CFO report on page 12. Further details of subsidiaries are available at the registered offices of the relevant group companies.

3. Investment in associate

Company	Interest held directly 2019 %	Interest held directly 2018 %	Carrying value 2019 Rm	Carrying value 2018 Rm
Capitec Bank Holdings Ltd	**30,7**	30,7	**3 219**	3 219

Details of Capitec Bank Holdings Ltd's operations are disclosed in the CEO and CFO report on page 12.

NOTES TO THE SUMMARY STANDALONE FINANCIAL STATEMENTS *(continued)*

for the year ended 28 February 2019

4. Equity securities

Equity securities consist mainly of 13 908 770 (2018: 13 908 770) ordinary shares in PSG Group Ltd, the company's JSE-listed holding company, and are classified as being measured at fair value through other comprehensive income (2018: available-for-sale).

	2019 Rm	2018 Rm
5. Loans and advances		
Unsecured loans to wholly-owned subsidiaries[1]	**52**	57
Preference share investments		
Subsidiary – Dipeo Capital (RF) (Pty) Ltd ("Dipeo")[2]	**1 101**	1 279
Other[3]	**65**	66
	1 218	1 402
Current	**52**	57
Non-current	**1 166**	1 345

[1] *These loans are interest-free with no fixed terms of repayment.*

[2] *These preference shares are unsecured and carry a dividend rate of prime plus 2%. Accrued preference share dividends are to be declared and paid, and thereafter capital redeemed and repaid, on the earlier of i) 31 March 2020 or ii) upon Dipeo's receipt of dividends from its underlying investments and/or the disposal thereof. Following a significant decline in the value of Dipeo's underlying investments, the company had to impair its preference share investment in Dipeo by R335m during the year under review.*

[3] *These preference shares are secured by 35m PSG Konsult Ltd shares with a market value of R376m (2018: R305m), carry a fixed dividend rate of 8,44% and are redeemable during May 2020. The counterparty to same is related to Mr FJ Gouws, a director of the company.*

	2019 Rm	2018 Rm
6. Borrowings		
Current		
Unsecured loan from holding company	**4 979**	3 779
Unsecured loans from wholly-owned subsidiaries	**3 268**	3 645
	8 247	7 424

These loans are all interest-free with no fixed terms of repayment.

	2019 Rm	2018 Rm
7. Investment income		
Interest income – loans and advances	**15**	13
Dividend income		
Preference share dividend income	**161**	145
Equity securities	**60**	54
Dividends from subsidiaries	**317**	209
Dividends from associate	**559**	470
	1 112	891

8. Taxation

Current and deferred taxation recognised in profit or loss during the current and prior year amounted to less than R1m. Components of other comprehensive income carried a taxation charge of R132m (2018: credit of R106m).

9. Non-cash transactions

The company does not have any cash and cash equivalents, and transactions are effected through the intergroup loan accounts. Accordingly, no statement of cash flows has been presented. Significant movements in assets and liabilities relating to investing and financing activities, and effected in the aforementioned manner, have been summarised below:

	2019 Rm	2018 Rm
Investing activities		
Additional investment in subsidiaries	**(427)**	(1 363)
Additional investment in equity securities	**(1)**	
Preference share investments redeemed/(made)	**5**	(97)
Decrease in loans to wholly-owned subsidiaries	**5**	62
	(418)	(1 398)
Financing activities		
Increase in borrowings	**823**	1 477
Dividend paid to ordinary shareholder	**(1 200)**	(1 000)
Dividends paid to preference shareholders	**(147)**	(152)
	(524)	325

NOTES TO THE SUMMARY STANDALONE FINANCIAL STATEMENTS *(continued)*

for the year ended 28 February 2019

10. Preference share analysis

Unaudited	Shareholders Number	%	Shares held Number	%
Range of shareholding				
1 – 2 000	**1 511**	**61,7**	**1 205 475**	**6,9**
2 001 – 5 000	**473**	**19,3**	**1 580 366**	**9,1**
5 001 – 10 000	**223**	**9,1**	**1 655 297**	**9,5**
10 001 – 100 000	**223**	**9,1**	**5 900 721**	**33,9**
100 001 – 500 000	**15**	**0,6**	**3 239 029**	**18,6**
Over 500 001	**4**	**0,2**	**3 834 882**	**22,0**
Public shareholding	**2 449**	**100,0**	**17 415 770**	**100,0**

Apart from the Nedgroup Investments Opportunity Fund and the Allan Gray Stable Fund holding 1 674 966 (9,6%) and 885 761 (5,1%) of the company's issued preference shares, respectively, no other individual shareholder or fund held 5% or more of the issued preference shares as at 28 February 2019, nor were any shares held by non-public shareholders.

NOTICE OF GENERAL MEETING

Notice is hereby given of the general meeting of preference shareholders of PSG Financial Services Ltd ("PSG Financial Services" or "the Company") to be held in the boardroom, first floor Ou Kollege building, 35 Kerk Street, Stellenbosch, at 09:00 on Thursday, 25 July 2019 ("the General Meeting").

Purpose

The purpose of the General Meeting is to transact the business set out in the agenda below.

Agenda

- To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

  Note:
  For the ordinary resolutions to be adopted, at least 75% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof, as required in terms of the memorandum of incorporation of the Company and by the Listings Requirements of the JSE Ltd ("JSE").

1. Ordinary resolution number 1: Unissued cumulative, non-redeemable, non-participating preference shares placed under the control of the directors

"Resolved that the unissued, cumulative, non-redeemable, non-participating preference shares in the Company ("the preference shares") be and are hereby placed under the control of the directors until the next annual general meeting of the ordinary shareholder of the Company or the next general meeting of preference shareholders of the Company, whichever is later, and that the directors be and are hereby authorised to issue any such preference shares as they may deem fit, provided that any preference shares issued pursuant to this authority shall rank *pari passu* with the existing issued preference shares, and such authority shall be limited to issuing such number of preference shares which, when taken together, do not exceed a cumulative clean subscription price of R300 million (i.e. the aggregate subscription price payable for the preference shares less accrued dividends on such preference shares), subject to the Companies Act, No.71 of 2008 ("the Companies Act"), the memorandum of incorporation of the Company, and the provisions of the Listings Requirements of the JSE ("Listings Requirements"), save that the aforementioned R300 million limitation shall not apply to any preference shares issued in terms of a rights offer."

The reason for ordinary resolution number 1 is that the board requires authority from the preference shareholders in terms of the Company's memorandum of incorporation and in terms of the Listings Requirements to issue further listed preference shares from its existing authorised, but unissued preference share capital. This general authority, once granted, allows the board from time to time, when it is appropriate to do so, to issue listed preference shares to raise capital and to maintain a healthy debt-to-equity ratio. This general authority is subject to the restriction that it is limited to issuing such number of preference shares which, when taken together, do not exceed a cumulative clean subscription price of R300 million, that preference shares issued in terms thereof shall rank *pari passu* in all respects with the listed preference shares already in issue and that it shall be valid until the next annual general meeting of the ordinary shareholder of the Company or the next general meeting of the preference shareholders of the Company, whichever is the later.

2. Ordinary resolution number 2: General authority to issue preference shares for cash

"Resolved that, to the extent required by the Listings Requirements, if applicable, the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the preference shares in the Company, placed under their control, for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company's memorandum of incorporation, the Companies Act and the Listings Requirements, to the extent applicable, including that:

- the approval shall be valid until the date of the next annual general meeting of the ordinary shareholder of the Company or the next general meeting of preference shareholders of the Company, whichever is the later, provided it shall not extend beyond 15 months from the date of this resolution;
- the general issues of shares for cash, in the aggregate, under this authority, may not exceed 15% of the Company's issued share capital (number of securities) of that class as at the date of this notice of General Meeting, it being recorded that preference shares issued pursuant to a rights offer to preference shareholders shall not diminish the number of preference shares that comprise the 15% of the preference shares that can be issued in terms of this ordinary resolution. As at the date of this notice of General Meeting, 15% of the issued listed preference shares of the Company, excluding treasury shares, amounts to 2 612 365 preference shares;
- in determining the price at which an issue of preference shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the preference shares. The JSE will be consulted for a ruling if the securities have not traded in such 30-business-day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements and not to related parties;
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service of the JSE,

and it being resolved, for the avoidance of doubt, that the Company shall not be required to comply with the provisions of the authority contained in this resolution should same not be required by the Listings Requirements."

For listed entities wishing to issue listed ordinary shares for cash, it is necessary for the board of the company to obtain the prior authority of ordinary shareholders in accordance with the Listings Requirements. It is not clear whether the JSE will apply this requirement to the issue of listed preference shares for cash. The reason for this resolution is that, in the interests of prudence and good corporate governance, the Company is obtaining, to the extent required, the approval of its preference shareholders for general issues of preference shares for cash in the event that such authority is deemed to be a requirement in terms of the Listings Requirements. Should it transpire that such authority is not required, the Company will naturally not be bound to adhere to the terms of the authority granted in terms of this resolution.

Voting

1. The date on which preference shareholders ("preference shareholders" or "shareholders") must be recorded as such in the preference share register maintained by the transfer secretary of the Company ("the Share Register") for purposes of being entitled to receive this notice is Friday, 31 May 2019.

2. The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at this meeting is Friday, 19 July 2019, with the last day to trade being Tuesday, 16 July 2019.

3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the General Meeting and must accordingly bring a copy of their identity document, passport or driver's license to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretary for guidance.

4. Certificated shareholders and own-name dematerialised shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the Company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by such shareholders who wish to be represented at the General Meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the General Meeting. Forms of proxy must be completed and lodged at or posted to the transfer secretary, Computershare Investor Services (Pty) Ltd (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or PO Box 61051, Marshalltown, 2107), or emailed to *proxy@computershare.co.za* so as to be received by the transfer secretary by not later than 09:00 on Tuesday, 23 July 2019, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairman of the General Meeting at any time before the appointed proxy exercises any shareholder rights at the General Meeting.

5. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the General Meeting in person will need to request their central securities depository participant ("CSDP") or broker to provide them with the necessary authority (i.e. letter of representation) in terms of the custody agreement entered into between such shareholders and the CSDP or broker.

6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the General Meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner stipulated therein. Such shareholders should contact their CSDP or broker with regard to the cut-off time for their voting instructions.

7. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

NOTICE OF GENERAL MEETING *(continued)*

Electronic participation

1. Shareholders or their proxies may participate in the General Meeting by way of telephone conference call ("teleconference facility").
2. Please note that the teleconference facility will only allow shareholders to listen in and raise questions during the allocated time. Shareholders will not be able to vote using the teleconference facility. Should such shareholders wish to vote, they must either:
   - complete the proxy form and return it to the transfer secretary in accordance with paragraph 4 on page 115; or
   - contact their CSDP or broker in accordance with paragraphs 5 or 6 on page 115.
3. Shareholders or their proxies who wish to participate in the General Meeting via the teleconference facility must notify the Company by emailing the company secretary (*cosec@psggroup.co.za*) by no later than Thursday, 18 July 2019. The company secretary will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and thereafter provide further details on using the teleconference facility. A total of 20 telecommunication lines will be available for such participation, which will be allocated on a first-come-first-served basis.
4. The cost of the participant's phone call will be for his/her own expense and will be billed separately by his/her own telephone service provider.
5. The Company cannot guarantee there will not be a break in communication which is beyond the control of the Company.
6. The participant acknowledges that the telecommunication lines are provided by a third-party and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the telecommunication lines or any defect in it or from total or partial failure of the telecommunication lines and connections linking the telecommunication lines to the General Meeting.

By order of the board

PSG Corporate Services (Pty) Ltd
Per A Rossouw
PSG Group Company Secretary

Stellenbosch
5 June 2019

PSG FINANCIAL SERVICES FORM OF PROXY

PSG FINANCIAL SERVICES LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1919/000478/06)
(a wholly-owned subsidiary of PSG Group Ltd)
JSE share code: PGFP ISIN code: ZAE000096079
("PSG Financial Services" or "the Company")

FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED PREFERENCE SHAREHOLDERS ONLY

For use at the general meeting of preference shareholders of the Company to be held in the boardroom, first floor Ou Kollege building, 35 Kerk Street, Stellenbosch, at 09:00 on Thursday, 25 July 2019 ("the General Meeting").

I/We (full name in print) ______________________________

of (address) ______________________________

being the registered holder of ____________________ preference shares hereby appoint:

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the chairman of the General Meeting,

as my proxy to vote for me/us at the General Meeting for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the preference shares registered in my/our name(s) in accordance with the following instructions (see notes):

		Number of preference shares		
		In favour of	**Against**	**Abstain**
1.	Ordinary resolution number 1: Unissued preference shares placed under the control of the directors			
2.	Ordinary resolution number 2: General authority to issue preference shares for cash			

Please indicate your voting instruction by way of inserting the number of preference shares or by a cross in the space provided should you wish to vote all of your shares.

Signed at ____________________ on this __________ day of ____________ 2019.

Signature(s) ______________________________

Assisted by *(where applicable) (state capacity and full name)* ______________________________

Each PSG Financial Services preference shareholder is entitled to appoint one or more proxy(ies) (who need not be a preference shareholder(s) of the Company) to attend, speak and vote in his/her stead at the General Meeting.

PSG FINANCIAL SERVICES FORM OF PROXY *(continued)*

Notes

1. A PSG Financial Services preference shareholder ("Shareholder" or "PSG Financial Services Shareholder") may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space(s) provided, with or without deleting "the chairman of the General Meeting". The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A PSG Financial Services Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of preference shares to be voted on behalf of that Shareholder in the appropriate box provided or by the insertion of a cross if all shares should be voted on behalf of that Shareholder. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, if he/she is the authorised proxy to vote in favour of the resolutions at the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting as he/she deems fit, in respect of all the shares concerned. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Shareholder or his/her proxy.
3. When there are joint registered holders of any preference shares, any one of such persons may vote at the General Meeting in respect of such preference shares as if he/she is solely entitled thereto, but, if more than one of such joint holders be present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such preference shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder, in whose name any preference shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and lodged at or posted to the transfer secretary, Computershare Investor Services (Pty) Ltd (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or PO Box 61051, Marshalltown, 2107), or emailed to *proxy@computershare.co.za* so as to be received by the transfer secretary by not later than 09:00 on Tuesday, 23 July 2019, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairman of the General Meeting at any time before the appointed proxy exercises any shareholder rights at the General Meeting.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretary or waived by the chairman of the General Meeting.
7. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.

ADMINISTRATION

Details of PSG Group Ltd
Registration number: 1970/008484/06
Share code: PSG
ISIN code: ZAE000013017

Company secretary and registered office
PSG Corporate Services (Pty) Ltd
Registration number: 1996/004840/07
First floor Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
PO Box 7403
Stellenbosch, 7599
Telephone: +27 21 887 9602
Facsimile: +27 21 887 9619
Email: *cosec@psggroup.co.za*

Transfer secretary
Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
PO Box 61051
Marshalltown, 2107

Details of PSG Financial Services Ltd
Registration number: 1919/000478/06
Share code: PGFP
ISIN code: ZAE000096079

Corporate advisor and sponsor
PSG Capital

Broker
PSG Online

Auditor
PricewaterhouseCoopers Inc

Principal banker
FirstRand Bank Ltd

Website address
www.psggroup.co.za

SHAREHOLDERS' DIARY

	2019
Financial year-end	28 February
Profit announcement	24 April
General meeting of PSG Financial Services Ltd preference shareholders	25 July
Annual general meeting of PSG Group Ltd	26 July
Interim results reported for the six months ending 31 August 2019	15 October

www.psggroup.co.za