

## PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1970/008484/06)

JSE Limited (“**JSE**”) share code: PSG

ISIN code: ZAE000013017

LEI code: 378900CD0BEE79F35A34

(“**PSG Group**” or “**the Company**”)



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## PSG GROUP RESTRUCTURING: APPORTIONMENT OF TAX COST FOR SOUTH AFRICAN INCOME TAX PURPOSES AND CASH PAYMENT IN RESPECT OF FRACTIONAL ENTITLEMENTS

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### 1. INTRODUCTION

- 1.1 Shareholders are referred to the various announcements released by PSG Group on the JSE’s Stock Exchange News Service (“**SENS**”) and the circular distributed to Shareholders on Friday, 8 July 2022 (“**Circular**”), advising that, subject to the fulfilment (or where applicable, waiver) of the PSG Group Restructuring Conditions, PSG Group will, as one indivisible arrangement, implement the PSG Group Restructuring (comprising the PSG Group Unbundling, the PSG Group Scheme and the Delisting) on the terms set out in the Circular.
- 1.2 All capitalised terms used but not defined in this announcement shall bear the meanings ascribed to them in the Circular.
- 1.3 The purpose of this announcement is to notify PSG Group Shareholders of:
  - 1.3.1 the respective closing prices at which PSG Group Shares, PSG Konsult Unbundled Shares, Curro Unbundled Shares, Kaap Agri Unbundled Shares, CA&S Unbundled Shares and Stadio Unbundled Shares traded on the last day to trade to participate in the PSG Group Unbundling (“**LDT**”) plus one Business Day, being Wednesday, 7 September 2022 (“**Closing Share Price on LDT+1**”), as well as the apportionment ratios calculated with reference thereto (“**Apportionment Ratios**”) that PSG Group Shareholders need to apply for South African tax purposes to allocate the cost of their existing PSG Group shareholding to: i) the PSG Group Shares retained by PSG Group Shareholders following the PSG Group Unbundling; and ii) each of the Unbundled Shares being distributed to PSG Group Shareholders; and
  - 1.3.2 the amounts which will be used to determine the cash payment in respect of fractional entitlements which may be due to PSG Group Shareholders pursuant to the PSG Group Unbundling (“**Fractional Entitlements**”).
- 1.4 The summary of the tax consequences of the PSG Group Unbundling as set out below represents general comments and does not constitute a complete analysis of the tax consequences to PSG Group Shareholders pursuant to the PSG Group Unbundling or the

payment of Fractional Entitlements. It is not intended to be, nor should it be interpreted to be legal or tax advice. Neither PSG Group, the Unbundled Companies nor its advisors, directors or employees can be held responsible for the tax consequences of the PSG Group Unbundling. PSG Group Shareholders are advised to consult their own professional tax advisors in this regard. The tax consequences of the PSG Group Unbundling may also be different for non-resident Shareholders based on their country of residence. This includes the calculation of the costs of the PSG Group Shares and the Unbundled Shares for tax purposes going forward. The Circular contains further information about the tax consequences of the PSG Group Unbundling in Annexure 4 thereto.

## 2. APPORTIONMENT TAX PRINCIPLES

- 2.1 The PSG Group Unbundling constitutes an unbundling transaction for South African tax purposes as set out in section 46 of the Income Tax Act. In particular, the South African Revenue Service (“**SARS**”) indicated in a binding class ruling obtained by PSG Group (“**Ruling**”) that the PSG Group Unbundling will be governed by section 46 of the Income Tax Act notwithstanding that the PSG Group Unbundling involves the simultaneous unbundling of shares in multiple JSE-listed companies.
- 2.2 Even though the methodology to determine the cost of the various share counters is the same, the tax consequences differ depending on whether the PSG Group Shares are held on capital account or as trading stock.
- 2.3 PSG Group Shares held as trading stock:
  - 2.3.1 Should the PSG Group Shares be held as trading stock, both the PSG Group Shares and the Unbundled Shares will be held as trading stock going forward.
  - 2.3.2 Following the PSG Group Unbundling, the combined expenditure of the PSG Group Shares and the Unbundled Shares will be the original expenditure of the PSG Group Shares in terms of section 11(a), section 22(1) or section 22(2) of the Income Tax Act.
- 2.4 PSG Group Shares held on capital account:
  - 2.4.1 Should the PSG Group Shares be held on capital account, both the PSG Group Shares and the Unbundled Shares will be held on capital account going forward.
  - 2.4.2 Following the PSG Group Unbundling, the combined base cost of the PSG Group Shares and the Unbundled Shares will be the original expenditure of the PSG Group Shares in terms of paragraph 20 of the Eight Schedule to the Income Tax Act. Should PSG Group Shares have been acquired before 1 October 2001, a similar principle applies with reference to the valuation date value that applied at that stage in terms of paragraph 29 of the Eight Schedule to the Income Tax Act.
  - 2.4.3 The Ruling confirmed that pursuant to the simultaneous unbundling of the Unbundled Shares, for purposes of determining the expenditure and market values of the shares of PSG Group and the Unbundled Companies in terms of section 46(3)(a) of the Income Tax Act, the proportionate amount of the expenditure and market value to be allocated to the

Unbundled Shares must be determined in accordance with the ratio that the closing market value of all the Unbundled Shares in a specific Unbundled Company, as at LDT plus one Business Day, bears to the sum of the closing market value on that day, of the PSG Group Shares and the Unbundled Shares in all the other Unbundled Companies plus the closing market value of the Unbundled Shares in the specific Unbundled Company on that day.

- 2.5 Accordingly, irrespective of whether the PSG Group Shares and the Unbundled Shares are held as trading stock or on capital account, the portion of the expenditure (should the shares be held as trading stock) or the base cost (should the shares be held on capital account) should be determined by applying the ratio that the closing market value of the respective Unbundled Shares bears to the sum of the closing market values of the PSG Group Shares and that of all the Unbundled Shares on the LDT plus one Business Day, being Wednesday, 7 September 2022 (i.e. the first trading day *ex entitlement* to participate in the PSG Group Unbundling).

### 3. APPORTIONMENT RATIOS

- 3.1 In accordance with the Ruling, the Apportionment Ratios were calculated as follows –

Company	Closing Share Price on LDT+1 R	Distribution Ratio	Unbundling value <sup>1)</sup> R	Apportionment Ratio <sup>2)</sup>
PSG Group	22.50		22.50000	23.42575%
PSG Konsult	10.60	3.86921	41.01363	42.70111%
Curro	10.11	1.81597	18.35946	19.11485%
Kaap Agri	35.85	0.12364	4.43249	4.61486%
CA&S	5.80	1.03650	6.01170	6.25905%
Stadio	3.65	1.02216	3.73088	3.88438%
			<b>96.04816</b>	<b>100.00000%</b>

<sup>1)</sup> In the case of PSG Group, its Closing Share Price on LDT+1, and in the case of an Unbundled Company, its respective Closing Share Price on LDT+1 multiplied by the relevant Distribution Ratio.

<sup>2)</sup> Calculated as the unbundling value for each Unbundled Company divided by the total unbundling value of R96.04816.

- 3.2 PSG Group Shareholders are thus advised that the expenditure or base cost of a PSG Group Share must be apportioned in the ratio of 23.42575% to each PSG Group Share retained, 42.70111% to each PSG Konsult Unbundled Share received, 19.11485% to each Curro Unbundled Share received, 4.61486% to each Kaap Agri Unbundled Share received, 6.25905% to each CA&S Unbundled Share received and 3.88438% to each Stadio Unbundled Share received.

- 3.3 PSG Group Shareholders are advised that their expenditure or base cost of certain Unbundled Shares may be increased for South African tax purposes depending on the extent to which PSG Group has to pay tax on Unbundled Shares that are transferred to *disqualified*

*person* Shareholders as indicated in Annexure 4 to the Circular. However, PSG Group will only be able to establish the exact amount of tax payable on the *disqualified person* shareholding in due course, subject to, *inter alia*, the determination of the extent and nature of *disqualified person* shareholding as at the PSG Group Unbundling Record Date. PSG Group Shareholders will accordingly in due course be advised of the related tax payable and the allocation principles thereof based on the Ruling that was obtained from SARS.

#### **4. IMPLEMENTATION OF THE PSG GROUP UNBUNDLING**

- 4.1 Under the PSG Group Unbundling, PSG Group Shareholders will receive the Unbundled Shares in Dematerialised form only.
- 4.2 Accordingly, all Certificated Shareholders wishing to receive their Unbundled Shares must appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the Unbundled Shares on their behalf.
- 4.3 Should a Certificated Shareholder not appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the Unbundled Shares on its behalf, such PSG Group Shareholder will be issued by the Transfer Secretaries with a statement of allocation reflecting its Unbundled Shares. Such PSG Group Shareholder can thereafter instruct the Transfer Secretaries to transfer its Unbundled Shares, represented by the statement of allocation, to its appointed CSDP or can instruct the Transfer Secretaries to issue such PSG Group Shareholder, at its own risk, with a share certificate(s) at any time following the PSG Group Unbundling.
- 4.4 If a PSG Group Shareholder is in any doubt as to what action to take in respect of the PSG Group Unbundling, such PSG Group Shareholder should consult its Broker, CSDP, banker, attorney or other professional advisor.

#### **5. FRACTIONAL ENTITLEMENTS**

- 5.1 Where a PSG Group Shareholder's entitlement to the Unbundled Shares in terms of the PSG Group Unbundling, calculated in accordance with the respective Distribution Ratios, gives rise to a fraction of any Unbundled Shares, such fraction must be rounded down to the nearest whole number, resulting in allocations of whole Unbundled Shares and a cash payment in respect of the fraction to such PSG Group Shareholder. The remaining fractions of Unbundled Shares will not be transferred to Shareholders but will rather be bundled together and will be sold on the market to fund the aforementioned cash payment. The Company will temporarily fund the Fractional Entitlement cash payment amount referred to above.
- 5.2 As detailed in paragraph 3.4 of the Circular and in accordance with the JSE Listings Requirements, Fractional Entitlement payments to PSG Group Shareholders will be calculated based on the volume weighted average traded price of the respective Unbundled Shares on the LDT plus one Business Day, being Wednesday, 7 September 2022 ("VWAP on LDT+1"), less 10% to cover costs, as detailed below –

Unbundled Company	VWAP on LDT+1 R	Amount that will be used to determine the cash payment for the Fractional Entitlements (i.e. VWAP on LDT+1 less 10%) R
PSG Konsult	10.43898	9.39508
Curro	9.82702	8.84432
Kaap Agri	35.89504	32.30554
CA&S	5.83595	5.25236
Stadio	3.51466	3.16319

- 5.3 Cash payment of the Fractional Entitlements will be made on Monday, 12 September 2022 to the CSDP or Broker accounts of Dematerialised Shareholders or to the bank accounts of Certificated Shareholders.
- 5.4 Certificated Shareholders whose bank account details are not held by the Transfer Secretaries, were requested in the Circular to provide such details to the Transfer Secretaries to enable payment of the cash amount due. Should no details be on record, the funds will be held by the Company in trust in terms of the provisions of the MOI of PSG Group until such time as the details have been provided, whereafter the cash entitlement will be paid to the PSG Group Shareholder upon its request without interest, subject to the applicable laws of prescription.
- 5.5 Shareholders are informed that, as far as the tax implications of the cash payment of the Fractional Entitlements is concerned, the receipt of the cash payment by Shareholders will be subject to capital gains tax for Shareholders holding PSG Group Shares as capital assets or to income tax for Shareholders holding PSG Group Shares as trading stock, as the case may be.

## 6. DISQUALIFIED PERSON SHAREHOLDERS

As indicated in paragraph 3.14 of the Circular, the Scheme Consideration of R23.00 per Scheme Share may be reduced should there be an increase in PSG Group's *disqualified person* shareholding (as defined in Annexure 4 of the Circular) between the Last Practicable Date (amounting to approximately 12.9% at that date) and the PSG Group Unbundling Record Date, being Friday, 9 September 2022. The Company will release an announcement on SENS on Friday, 16 September 2022 to confirm the final Scheme Consideration, based on the extent of PSG Group's *disqualified person* shareholding as at the PSG Group Unbundling Record Date.

## 7. RESPONSIBILITY STATEMENT

- 7.1 The Independent Board individually and collectively accepts full responsibility for the accuracy of the information contained in this announcement. In addition, the Independent Board certifies that, to the best of its knowledge and belief, the information contained in this announcement solely pertaining to the Company is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein or

which would make any statement false or misleading, and that all reasonable enquiries to ascertain such information have been made and the announcement contains all information required by law and the JSE Listings Requirements.

7.2 The PSG Group Board (excluding the members of the Independent Board) ("**Board**") individually and collectively accepts full responsibility for the accuracy of the information contained in this announcement. In addition, the Board certifies that, to the best of its knowledge and belief, the information contained in this announcement solely pertaining to the Company is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein or which would make any statement false or misleading, and that all reasonable enquiries to ascertain such information have been made and the announcement contains all information required by law and the JSE Listings Requirements.

Stellenbosch  
8 September 2022

Transaction Advisor and Sponsor – PSG Capital

Independent Joint Sponsor – Tamela Holdings Proprietary Limited

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

## **Disclaimers**

The release, publication or distribution of this announcement in jurisdictions other than South Africa may be restricted by law. The distribution of the Unbundled Shares to Foreign Shareholders in terms of the PSG Group Unbundling or the transfer of PSG Group Shares in terms of the PSG Group Scheme may be affected by the laws of the relevant Foreign Shareholders' jurisdictions. In this regard, Foreign Shareholders are referred to the further details set out below.

## **Foreign Shareholders: General**

No action has been taken by PSG Group to obtain any approval, authorisation or exemption to permit the distribution of the Unbundled Shares or the PSG Group Scheme or the possession or distribution of this announcement (or any other publicity material relating to the Unbundled Shares or the PSG Group Shares in terms of the PSG Group Scheme) in any jurisdictions other than South Africa.

The PSG Group Restructuring is being conducted under the procedural requirements and disclosure standards of South Africa which may be different from those applicable in other jurisdictions. The legal implications of the PSG Group Restructuring on persons resident or located in jurisdictions outside of South Africa may be affected by the laws of the relevant jurisdiction. Such persons should consult their professional advisors and inform themselves about any applicable legal requirements, which they are obligated to observe. It is the responsibility of any such persons participating in the PSG Group Restructuring to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith.

Foreign Shareholders should refer to and take into account the disclaimers set out in this announcement and contained in the Circular in relation to those jurisdictions.

Foreign Shareholders should nevertheless consult their own professional advisors and satisfy themselves as to the applicable legal requirements in their jurisdictions.

### **Notice to Foreign Shareholders located in the United States of America (“US”)**

This announcement is not an offer of securities for sale in the US. The Unbundled Shares and the PSG Group Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or with any regulatory authority of any state or other jurisdiction in the US and may not be offered, sold, exercised, transferred or delivered, directly or indirectly, in or into the US at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities laws of the US.

The Unbundled Shares and the PSG Group Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the US. The Company does not intend to take any action to facilitate a market in the Unbundled Shares or the PSG Group Shares in the US. Consequently, it is unlikely that an active trading market in the US will develop for the Unbundled Shares or the PSG Group Shares.

The Unbundled Shares and the PSG Group Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other regulatory authority in the US, nor have any of the foregoing authorities passed comment on, or endorsed the merit of, the PSG Group Restructuring or the accuracy or the adequacy of this announcement or the information contained herein. Any representation to the contrary is a criminal offence in the US.

### **Notice to Foreign Shareholders located in the European Economic Area (“EEA”) and the United Kingdom (“UK”)**

This announcement is not a prospectus, for the purposes of the Prospectus Regulation (EU) 2017/1129 or Regulation (EU) No 2017/1129 as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 as amended, on the basis that the Unbundled Shares and the PSG Group Shares are not being admitted to trading on a regulated market situated or operating within the EEA or the UK, nor is there an offer to the public in respect of the Unbundled Shares or the PSG Group Shares in any member state of the EEA or in the UK. Accordingly, any person making or intending to make any offer for the Unbundled Shares or the PSG Group Shares should only do so in circumstances in which no obligation arises for PSG Group or the issuers of the Unbundled Shares to produce a prospectus for such offer. The Company has not authorised the making of any offer for the Unbundled Shares or the PSG Group Shares through any financial intermediary.