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 2018.

The consolidated annual financial statements, including these summary consolidated financial statements, were compiled under the supervision of the group chief financial officer, 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 2018

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 40 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 2018.

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 2018 financial year;
- Approved the nature and extent of non-audit services that the external auditor may provide;
- 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 consolidated financial statements (including the summary thereof contained in this annual report) for the year ended 28 February 2018 and, based on the information provided to the Committee, considers that the company and group complies, in all material respects, with the requirements of International Financial Reporting Standards; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the manner required by the Companies Act; and the JSE Ltd Listings Requirements; 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 22 years, while the designated external audit partner has served in such capacity for the past three years. The Committee remains satisfied with the quality of the external audit performed by PricewaterhouseCoopers Inc.; however, the potential early adoption of mandatory audit firm rotation, as set out in the rules of the Independent Regulatory Board of Auditors, is currently receiving the Committee's attention.

PE Burton
Chairman

17 May 2018
Stellenbosch

DECLARATION BY THE COMPANY SECRETARY

for the year ended 28 February 2018

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
Company secretary

17 May 2018
Stellenbosch

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2018

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 International Financial Reporting Standards ("IFRS"); the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the manner required by the Companies Act of South Africa; and the JSE Ltd Listings Requirements, and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are applied consistently.

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 group 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 group has adequate resources to continue for the foreseeable future.

The annual financial statements, including these summary consolidated financial statements set out on pages 75 to 99, were approved by the board of directors of PSG Group Ltd and are signed on its behalf by:

PJ Mouton
Chief executive officer

WL Greeff
Chief financial officer

17 May 2018
Stellenbosch

DIRECTORS' REPORT

for the year ended 28 February 2018

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, fund 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 statement 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 142m (2017: R1 985m), headline earnings amounted to R1 956m (2017: R2 145m) and earnings attributable to owners of the parent amounted to R1 914m (2017: R2 162m). The group's total profit (gross of non-controlling interest) for the year amounted to R2 427m (2017: R3 349m).

Stated capital

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

	Number of shares 2018	**Number of shares 2017**
Shares in issue at beginning of the year, gross of treasury shares	**231 449 404**	230 778 550
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	**(2 100 000)**	(2 100 000)
Held by the PSG Group Ltd Supplementary Share Incentive Trust	**(9 890)**	(534 067)
Shares in issue at beginning of the year, net of treasury shares	**215 430 744**	214 235 713
Movement in treasury shares		
Shares released to participants by the PSG Group Ltd Supplementary Share Incentive Trust	**9 890**	534 067
Shares issued to the PSG Group Ltd Supplementary Share Incentive Trust and subsequently released to participants		660 964
Shares issued to the PSG Group Ltd Supplementary Share Incentive Trust and not yet released to participants		9 890
Shares acquired by the PSG Group Ltd Supplementary Share Incentive Trust and not yet released to participants		(9 890)
Shares released following full settlement of loan funding previously advanced to related parties of management	**500 000**	
Shares in issue at end of the year, net of treasury shares	**215 940 634**	215 430 744

Dividends

Details of dividends appear in the summary consolidated statement of changes in equity.

Directors
Details of the company's directors at the date of this report appear on page 19.

Directors' emoluments
Details of directors' emoluments appear in the remuneration report on page 44.

Prescribed officers
The members of the PSG Group Executive Committee ("Exco") are regarded as being the prescribed officers of the company. The Exco comprises the following PSG Group Ltd directors: Messrs JF Mouton (non-executive chairman), PJ Mouton (chief executive officer), WL Greeff (chief financial officer) and JA Holtzhausen (executive). Their remuneration is detailed in the remuneration report on page 58. The duties and responsibilities of the Exco are set out in the chairman's letter (page 2) and corporate governance section (page 36) of this annual report.

Shareholding of directors
The shareholding of directors in the issued share capital of PSG Group Ltd as at 28 February 2018 was as follows:

Audited	Beneficial Direct	Beneficial Indirect [1]	Non-beneficial Indirect	Total shareholding 2018 Number	Total shareholding 2018 %	Total shareholding 2017 Number	Total shareholding 2017 %
PE Burton		194 000	100 000	**294 000**	**0,1**	293 150	0,1
ZL Combi [2]	354 000			**354 000**	**0,2**	410 000	0,2
WL Greeff		1 178 768		**1 178 768**	**0,6**	1 474 805	0,7
JA Holtzhausen	734 340	500 000		**1 234 340**	**0,6**	1 530 377	0,7
JF Mouton [3, 4]	44 750	41 272 805		**41 317 555**	**19,0**	51 326 050	23,6
JJ Mouton [4]	120 000	1 410 675		**1 530 675**	**0,7**	1 524 500	0,7
PJ Mouton [4]	54 148	5 267 828		**5 321 976**	**2,4**	5 657 584	2,6
CA Otto	108		3 574 559	**3 574 667**	**1,6**	3 434 729	1,6
Total	1 307 346	49 824 076	3 674 559	**54 805 981**	**25,2**	65 651 195	30,2

[1] *Includes, inter alia, shares held by trusts of which the directors are discretionary beneficiaries.*

[2] *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.*

[3] *During the year under review, Mr JF Mouton distributed a portion of his shareholding in PSG Group Ltd to the Jannie Mouton Foundation, a charitable organisation. As at the reporting date, the Jannie Mouton Foundation and its subsidiaries held 10 654 731 shares (4,9%) in PSG Group Ltd.*

[4] *Subsequent to year-end, related parties of Messrs JF Mouton, JJ Mouton and PJ Mouton acquired a further 404 695, 525 and 525 PSG Group Ltd ordinary shares in the open market, respectively.*

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 78 to 98 of this annual report, which comprise the summary consolidated statement of financial position as at 28 February 2018, 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 2018.

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 note 1 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 17 May 2018. 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.

Director's 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 note 1 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

17 May 2018
Stellenbosch

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2018

	Notes	2018 Rm	2017 Rm
Assets			
Property, plant and equipment *		9 310	7 918
Intangible assets *		3 825	3 132
Biological assets		558	486
Investment in ordinary shares of associates and joint ventures		14 318	13 212
Investment in preference shares of/loans granted to associates and joint ventures		149	144
Deferred income tax assets		245	194
Financial assets linked to investment contracts	6	24 279	22 561
Cash and cash equivalents		1	14
Other financial assets		24 278	22 547
Other financial assets *	6	29 147	26 796
Inventory		1 723	1 667
Trade and other receivables	7	4 492	3 838
Current income tax assets		90	64
Cash and cash equivalents		2 278	2 035
Non-current assets held for sale		7	14
Total assets		90 421	82 061
Equity			
Ordinary shareholders' equity		17 143	15 900
Non-controlling interests		11 729	10 900
Total equity		28 872	26 800
Liabilities			
Insurance contracts		543	544
Financial liabilities under investment contracts	6	24 279	22 561
Borrowings		7 332	5 411
Other financial liabilities		113	156
Third-party liabilities arising on consolidation of mutual funds	6	23 600	21 394
Deferred income tax liabilities		997	857
Trade and other payables and employee benefit liabilities	7	4 630	4 281
Current income tax liabilities		55	57
Total liabilities		61 549	55 261
Total equity and liabilities		90 421	82 061
Net asset value per share (R)		79,39	73,81
Net tangible asset value per share (R)		61,67	59,27

* *Reclassified as set out in note 11.*

SUMMARY CONSOLIDATED INCOME STATEMENT

for the year ended 28 February 2018

	Notes	2018 Rm	2017 Rm
Revenue from sale of goods		13 956	14 429
Cost of goods sold		(11 934)	(12 416)
Gross profit from sale of goods		2 022	2 013
Income			
Changes in fair value of biological assets		195	224
Investment income *	6	2 059	1 851
Fair value gains and losses	6	1 758	1 540
Fair value adjustment to investment contract liabilities	6	(1 670)	(976)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds	6	(1 873)	(1 239)
Commission, school, net insurance and other fee income *		6 799	5 763
Other operating income		277	158
		7 545	7 321
Expenses			
Insurance claims and loss adjustments, net of recoveries		(629)	(581)
Marketing, administration and other expenses		(7 283)	(6 224)
		(7 912)	(6 805)
Net income from associates and joint ventures			
Share of profits of associates and joint ventures		1 926	1 827
Loss on impairment of associates		(8)	(6)
Net (loss)/profit on sale/dilution of interest in associates		(14)	10
		1 904	1 831
Profit before finance costs and taxation		3 559	4 360
Finance costs		(516)	(474)
Profit before taxation		3 043	3 886
Taxation		(616)	(537)
Profit for the year		2 427	3 349
Attributable to:			
Owners of the parent		1 914	2 162
Non-controlling interests		513	1 187
		2 427	3 349

* *Reclassified as set out in note 11.*

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2018

	2018 Rm	2017 Rm
Profit for the year	**2 427**	3 349
Other comprehensive loss for the year, net of taxation	**(92)**	(519)
Items that may be subsequently reclassified to profit or loss		
Currency translation adjustments	**(106)**	(450)
Cash flow hedges	**(13)**	(21)
Share of other comprehensive income/(losses) and equity movements of associates	**7**	(44)
Items that may not be subsequently reclassified to profit or loss		
Gains/(losses) from changes in financial and demographic assumptions of post-employment benefit obligations	**20**	(4)
Total comprehensive income for the year	**2 335**	2 830
Attributable to:		
Owners of the parent	**1 847**	1 974
Non-controlling interests	**488**	856
	2 335	2 830

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2018

	Notes	2018 Rm	2017 Rm
Ordinary shareholders' equity at beginning of the year		15 900	13 634
Total comprehensive income		1 847	1 974
Issue of shares		1	75
Share-based payment costs – employees		66	60
Net movement in treasury shares		30	21
Transactions with non-controlling interests		135	832
Dividends paid		(836)	(696)
Ordinary shareholders' equity at end of the year		17 143	15 900
Non-controlling interests at beginning of the year		10 900	10 127
Total comprehensive income		488	856
Issue of shares		1 399	1 415
Share-based payment costs – employees		32	27
Subsidiaries acquired	5.1	47	14
Transactions with non-controlling interests		(723)	(1 188)
Dividends paid		(414)	(351)
Non-controlling interests at end of the year		11 729	10 900
Total equity		28 872	26 800
Dividend per share (R)			
Interim		1,38	1,25
Final		2,77	2,50
		4,15	3,75

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2018

	Notes	2018 Rm	2017 Rm
Net cash flow from operating activities			
Cash generated from operations * ^	4	**272**	302
Interest income * ^		**1 615**	1 431
Dividend income *		**1 202**	1 078
Finance costs		**(463)**	(433)
Taxation paid *		**(532)**	(553)
Net cash flow from operating activities before cash movement in policyholder funds		**2 094**	1 825
Cash movement in policyholder funds *		**(13)**	(101)
Net cash flow from operating activities		**2 081**	1 724
Net cash flow from investing activities		**(2 937)**	(1 674)
Cash flow from businesses/subsidiaries acquired	5.1	**(428)**	(491)
Cash flow from businesses sold	5.2	**27**	
Cash flow from first-time consolidation of mutual funds			32
Acquisition of ordinary shares in associates and joint ventures		**(598)**	(147)
Proceeds from disposal of ordinary shares in associates			13
Acquisition of property, plant and equipment ^		**(1 641)**	(1 870)
Other investing activities ^		**(297)**	789
Net cash flow from financing activities *		**784**	76
Dividends paid to group shareholders		**(836)**	(696)
Dividends paid to non-controlling interests		**(414)**	(351)
Capital contributions by non-controlling interests		**804**	1 183
Acquisition from non-controlling interests		**(429)**	(202)
Borrowings drawn		**3 406**	495
Borrowings repaid		**(1 787)**	(449)
Proceeds from delivery of holding company's treasury shares		**39**	21
Shares issued		**1**	75
Net (decrease)/increase in cash and cash equivalents		**(72)**	126
Exchange gains/(losses) on cash and cash equivalents		**9**	(71)
Cash and cash equivalents at beginning of the year		**1 056**	1 001
Cash and cash equivalents at end of the year **		**993**	1 056

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS (*continued*)

for the year ended 28 February 2018

	2018 Rm	2017 Rm
Cash and cash equivalents consists of:		
Cash and cash equivalents per the statement of financial position	**2 278**	2 035
Cash and cash equivalents attributable to equity holders	**1 924**	1 946
Other clients' cash and cash equivalents	**354**	89
Cash and cash equivalents linked to investment contracts	**1**	14
Bank overdrafts attributable to equity holders (included in borrowings)	**(1 286)**	(993)
	993	1 056

* *These line items are impacted by linked investment contracts, consolidated mutual funds and other client-related balances as detailed in note 6.*

** *Available cash held at a PSG Group level is invested in the PSG Money Market Fund. 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 (included in "other financial assets" in the summary consolidated statement of financial position) are recognised. Third parties' cash invested in the PSG Money Market Fund are recognised as a payable and included under "third-party liabilities arising on consolidation of mutual funds". Available cash held at a PSG Group head office level and invested in the PSG Money Market Fund amounted to R1bn (2017: R1,5bn) at the reporting date.*

^ *Reclassified as set out in note 11.*

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2018

1. Basis of presentation and accounting policies

These summary consolidated financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, including IAS 34 *Interim Financial Reporting*; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the requirements of the Companies Act of South Africa; and the JSE Ltd ("JSE") Listings Requirements.

The accounting policies applied in the preparation of these summary consolidated financial statements are in terms of IFRS and consistent in all material respects with those used in the prior year's consolidated annual financial statements. The group also adopted the various revisions to IFRS which were effective for its financial year ended 28 February 2018. These revisions have not resulted in material changes to the group's reported results and disclosures in these summary consolidated financial statements.

2. PSG Financial Services Ltd

PSG Financial Services Ltd is a wholly-owned subsidiary of PSG Group Ltd, except for the 17 415 770 (2017: 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.

	2018 Rm	2017 Rm
3. Headline earnings		
Profit for the year attributable to owners of the parent	**1 914**	2 162
Non-headline items		
Gross amounts	**30**	(8)
Loss on impairment of associates	**8**	6
Net loss/(profit) on sale/dilution of interest in associates	**14**	(10)
Profit on sale of businesses (note 5.2)	**(85)**	
Fair value gain on step-up from associate to subsidiary	**(11)**	(39)
Net loss on sale/impairment of intangible assets (including goodwill)	**153**	5
Net loss on sale/impairment of property, plant and equipment	**1**	11
Non-headline items of associates	**(31)**	18
Bargain purchase gain	**(18)**	(15)
(Reversal of impairment)/impairment of non-current assets held for sale	**(1)**	16
Non-controlling interests	**(137)**	(10)
Taxation	**149**	1
Headline earnings	**1 956**	2 145

		2018 Rm	*Change %*	2017 Rm
3.	**Headline earnings** *(continued)*			
	Earnings per share (R)			
	Recurring	**9,94**	*7*	9,27
	Headline	**9,08**	*(9)*	10,01
	Attributable	**8,88**	*(12)*	10,09
	Diluted headline	**8,90**	*(9)*	9,79
	Diluted attributable	**8,70**	*(12)*	9,86
	Number of shares (m)			
	In issue	**231,4**		231,4
	In issue (net of treasury shares)	**215,9**		215,4
	Weighted average	**215,5**		214,2
	Diluted weighted average	**217,9**		216,7
4.	**Cash generated from operations**			
	Profit before taxation	**3 043**		3 886
	Share of profits of associates and joint ventures	**(1 926)**		(1 827)
	Depreciation and amortisation	**503**		433
	Investment income	**(2 059)**		(1 851)
	Finance costs	**516**		474
	Working capital changes and other non-cash items	**195**		(813)
	Cash generated from operations	**272**		302

5. Businesses/subsidiaries acquired/sold

5.1 Businesses/subsidiaries acquired

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

Expo Africa (Pty) Ltd and related entities ("Expo Africa")

During April 2017, the group, through CA Sales Holdings Ltd ("CA Sales"), being a subsidiary of PSG Alpha Investments (Pty) Ltd ("PSG Alpha"), acquired 90% of the issued share capital of Expo Africa for a cash consideration of R20m and contingent consideration of R4m. Expo Africa is involved in sales and merchandising throughout Southern Africa, being complementary to CA Sales' existing operations. Goodwill of R20m arose in respect of, inter alia, the workforce, expected synergies and the business's growth potential.

Platchro Holdings (Pty) Ltd ("Platchro")

During May 2017, the group, through Provest Group (Pty) Ltd ("ProVest"), being a subsidiary of PSG Alpha, acquired 100% of the issued share capital of Platchro for a cash consideration of R125m. Platchro is involved in the mining services industry, offering complementary services to ProVest's existing operations. Goodwill of R74m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

CAMI Education business operations ("CAMI")

During November 2017, the group, through FutureLearn Holdings (Pty) Ltd ("FutureLearn"), being a subsidiary of PSG Alpha, acquired the business operations of CAMI for a cash consideration of R18m. CAMI is involved in the creation and distribution of education software to schools and home learners, offering complementary services to FutureLearn's existing operations. Goodwill of R14m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

Multistage business operations ("Multistage")

During March 2017, the group, through Energy Partners Holdings (Pty) Ltd ("Energy Partners"), being a subsidiary of PSG Alpha, acquired the business operations of Multistage for a cash consideration of R20m. Multistage is involved in industrial refrigeration, offering complementary services to Energy Partners' existing operations.

The South African School of Motion Picture Medium and Live Performance (Pty) Ltd and associated property-owning companies ("AFDA")

During September 2017, the group, through Stadio Holdings Ltd ("Stadio"), being a subsidiary of PSG Alpha, acquired 100% of the issued share capital of AFDA for a cash consideration of R179m, the issue of Stadio shares worth R120m and contingent consideration of R89m. AFDA is involved in the private higher education sector in South Africa, offering complementary services to Stadio's existing operations. Goodwill of R226m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

Southern Business School (Pty) Ltd ("SBS")

During November 2017, the group, through Stadio, being a subsidiary of PSG Alpha, acquired 74% of the issued share capital of SBS for a cash consideration of R100m and the issue of Stadio shares worth R100m. SBS is involved in the private higher education sector in South Africa and Namibia, offering complementary services to Stadio's existing operations. Goodwill of R144m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

LISOF (Pty) Ltd and associated property-owning companies ("LISOF")

During January 2018, the group, through Stadio, being a subsidiary of PSG Alpha, acquired the entire issued share capital of LISOF for a cash consideration of R63m, the issue of Stadio shares worth R50m and contingent consideration of R14m. LISOF is involved in the private higher education sector in South Africa, offering complementary services to Stadio's existing operations. Goodwill of R70m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

5. Businesses/subsidiaries acquired/sold *(continued)*

5.1 Businesses/subsidiaries acquired *(continued)*

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

	Expo Africa Rm	Plat-chro Rm	CAMI Rm	Multi-stage Rm	Sub-total Rm
Identifiable net assets acquired	4	51	4	24	83
Goodwill recognised	20	74	14		108
Bargain purchase gain				(4)	(4)
Purchase consideration	24	125	18	20	187
Contingent consideration	(4)				(4)
Cash consideration paid	20	125	18	20	183
Cash consideration paid	(20)	(125)	(18)	(20)	(183)
Cash and cash equivalents acquired		27	1	3	31
Cash flow from businesses/subsidiaries acquired	(20)	(98)	(17)	(17)	(152)

	Sub-total Rm	AFDA Rm	SBS Rm	LISOF Rm	Other Rm	Total Rm
Identifiable net assets acquired	83	162	90	57	60	452
Goodwill recognised	108	226	144	70	54	602
Bargain purchase gain	(4)				(14)	(18)
Non-controlling interests recognised			(34)		(13)	(47)
Derecognition of investment in associates at fair value					(41)	(41)
Purchase consideration	187	388	200	127	46	948
Equity securities issued		(120)	(100)	(50)		(270)
Contingent consideration	(4)	(89)		(14)		(107)
Cash consideration paid	183	179	100	63	46	571
Cash consideration paid	(183)	(179)	(100)	(63)	(46)	(571)
Cash and cash equivalents acquired	31	79	41	13	(21)	143
Cash flow from businesses/subsidiaries acquired	(152)	(100)	(59)	(50)	(67)	(428)

5. Businesses/subsidiaries acquired/sold *(continued)*

5.1 Businesses/subsidiaries 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 2017 instead of their respective acquisition dates, the summary consolidated income statement would have reflected additional revenue of R1,2bn and profit for the year of R105m.

Receivables of R155m 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.

5.2 Businesses sold

During July 2017, the group, through Capespan Group Ltd ("Capespan"), being a subsidiary of Zeder Investments Ltd ("Zeder"), merged the fruit distribution businesses of two wholly-owned subsidiaries, Capespan Japan Ltd ("Capespan Japan") and Metspan Hong Kong Ltd ("Metspan"), with that of Joy Wing Mau Asia ("JWM Asia") in exchange for a 30% equity interest in JWM Asia, a loan receivable and cash consideration of R59m.

The amounts of identifiable net assets/liabilities of the businesses sold, as well as the remaining interest in associate recognised during the year under review, can be summarised as follows:

	Capespan Japan Rm	Metspan Rm	Other Rm	Total Rm
Identifiable net (assets)/liabilities derecognised	(76)	(51)	5	(122)
Recognition of investment in associate		26		26
Recognition of loans granted to associate	73	49		122
Profit on sale of businesses		(80)	(5)	(85)
Cash consideration received	(3)	(56)	–	(59)
Cash consideration received	3	56		59
Cash and cash equivalents derecognised	(18)	(14)		(32)
Cash flow from businesses sold	(15)	42	–	27

6. Linked investment contracts, consolidated mutual funds and other client-related balances

Linked investment contracts are represented by PSG Life Ltd (an existing subsidiary of PSG Konsult Ltd) clients' assets held under investment contracts, which are linked to a corresponding liability. Accordingly, the value of policy benefits payable is directly linked to the fair value of the supporting assets and therefore the group is not exposed to the financial risks associated with these assets and liabilities.

As a result of the group's consolidation of mutual funds which it controls in accordance with IFRS 10, the group's investments in these mutual funds have been derecognised and all the funds' underlying assets have 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".

The summary consolidated income statement impact recognised from the assets and liabilities pertaining to the linked investment contracts, consolidated mutual funds and other client-related balances are split from the corresponding summary consolidated income statement line items attributable to the equity holders of the group below:

	2018			2017		
	Client-related balances Rm	Equity holders Rm	Total Rm	Client-related balances Rm	Equity holders Rm	Total Rm
Investment income	**1 601**	**458**	**2 059**	1 398	453	1 851
Fair value gains and losses	**2 037**	**(279)**	**1 758**	957	583	1 540
Fair value adjustment to investment contract liabilities	**(1 670)**		**(1 670)**	(976)		(976)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds	**(1 873)**		**(1 873)**	(1 239)		(1 239)
Various other line items	**(95)**		**(95)**	(140)		(140)
	–			–		

6. Linked investment contracts, consolidated mutual funds and other client-related balances *(continued)*

The summary consolidated statement of cash flows impact recognised from the assets and liabilities pertaining to the linked investment contracts, consolidated mutual funds and other client-related balances are split from the corresponding summary consolidated statement of cash flows line items attributable to the equity holders of the group below:

	2018			2017		
	Client-related balances Rm	Equity holders Rm	Total Rm	Client-related balances Rm	Equity holders Rm	Total Rm
Cash (utilised by)/generated from operations	(1 240)	1 512	272	(1 236)	1 538	302
Interest income	1 013	602	1 615	802	629	1 431
Dividend income	421	781	1 202	375	703	1 078
Finance costs		(463)	(463)		(433)	(433)
Taxation paid	(29)	(503)	(532)	(50)	(503)	(553)
Cash movement in policyholder funds	(13)		(13)	(101)		(101)
Net cash flow from operating activities	152	1 929	2 081	(210)	1 934	1 724
Net cash flow from investing activities		(2 937)	(2 937)	32	(1 706)	(1 674)
Net cash flow from financing activities	100	684	784		76	76
Net increase/(decrease) in cash and cash equivalents	252	(324)	(72)	(178)	304	126
Exchange gains/(losses) on cash and cash equivalents		9	9		(71)	(71)
Cash and cash equivalents at beginning of the year	103	953	1 056	281	720	1 001
Cash and cash equivalents at end of the year	355	638	993	103	953	1 056

7. Trade and other receivables and payables

Included under trade and other receivables are PSG Online broker and clearing accounts of which R1,4bn (2017: R1,2bn) represents amounts owing by the JSE for trades conducted during the last few days before the reporting date. These balances fluctuate on a daily basis depending on the activity in the market.

The control account for the settlement of these transactions is included under trade and other payables, with the settlement to clients taking place within three days after the transaction date. All such balances have subsequently been settled accordingly.

8. Corporate actions

Apart from the transactions set out in notes 5.1 and 5.2, the group's most significant corporate actions are detailed in the *CEO and CFO report* of this annual report.

9. Capital commitments, contingencies and suretyships

Curro continues with its expansion and development of new campuses. At the reporting date, authorised and contracted capital expenditure amounted to R516m (2017: R128m), while authorised but not yet contracted capital expenditure amounted to R1,8bn (2017: R1,9bn).

10. Financial instruments

10.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value 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 group's consolidated annual financial statements for the year ended 28 February 2018. Risk management continues to be carried out by each entity within the group under policies approved by the respective boards of directors.

10.2 Fair value estimation

The group, through PSG Life Ltd, issues linked investment contracts where the value of the policy benefits (i.e. liability) is directly linked to the fair value of the supporting assets, and as such does not expose the group to the market risk relating to fair value movements in the supporting assets.

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 for identical assets or liabilities.
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).

10. **Financial instruments** *(continued)*

10.2 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 2018				
Assets				
Derivative financial assets		**43**		**43**
Equity securities	**2 330**	**1 312**	**679**	**4 321**
Debt securities	**922**	**1 501**		**2 423**
Unit-linked investments		**41 481**	**719**	**42 200**
Investment in investment contracts		**15**		**15**
Closing balance	**3 252**	**44 352**	**1 398**	**49 002**
Liabilities				
Derivative financial liabilities		**70**	**39**	**109**
Investment contracts		**23 421**	**698**	**24 119**
Trade and other payables			**45**	**45**
Third-party liabilities arising on consolidation of mutual funds		**23 600**		**23 600**
Closing balance	**–**	**47 091**	**782**	**47 873**
28 February 2017				
Assets				
Derivative financial assets		64		64
Equity securities	2 257	1 606	50	3 913
Debt securities	1 005	1 686		2 691
Unit-linked investments		36 545	1 111	37 656
Investment in investment contracts		16		16
Closing balance	3 262	39 917	1 161	44 340
Liabilities				
Derivative financial liabilities		38	114	152
Investment contracts		21 317	1 099	22 416
Trade and other payables			38	38
Third-party liabilities arising on consolidation of mutual funds		21 394		21 394
Closing balance	–	42 749	1 251	44 000

10. Financial instruments *(continued)*

10.2 Fair value estimation *(continued)*

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

	2018 Assets Rm	2018 Liabilities Rm	2017 Assets Rm	2017 Liabilities Rm
Opening balance	**1 161**	**1 251**	1 403	1 369
Additions	**1 188**	**542**	193	295
Disposals	**(915)**	**(1 029)**	(454)	(449)
Fair value adjustments	**31**	**18**	19	36
Other movements	**(67)**			
Closing balance	**1 398**	**782**	1 161	1 251

Unit-linked investments represent the largest portion of the 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.

Derivative financial assets, equity securities, debt securities, unit-linked investments and investments in investment contracts are all included in "other financial assets" in the summary consolidated statement of financial position, while "other financial liabilities" comprise mainly derivative financial liabilities.

10. Financial instruments *(continued)*

10.2 Fair value estimation *(continued)*

There have been no significant transfers between level 1, 2 or 3 during the years 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
Derivative financial assets and liabilities	Exit price on recognised over-the-counter platforms	Not applicable
Debt securities	Valuation model that uses the market inputs (yield of benchmark bonds)	Bond interest rate curves, issuer credit ratings and liquidity spreads
Unit-linked investments	Quoted exit price provided by the fund manager	Not applicable – daily prices are publicly available
Investment in investment contracts	Prices are obtained from the insurer of the particular investment contract	Not applicable – prices provided by registered long-term insurers
Investment contracts	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

11. Reclassification of prior year figures

Leasehold improvements made by a subsidiary, Curro Holdings Ltd, have been reclassified from "other financial assets" to "property, plant and equipment", since these leasehold improvements are not recoverable from the landlord. Furthermore, computer software previously incorrectly classified as "property, plant and equipment" were reclassified to "intangible assets". These reclassifications had no impact on previously reported equity, liabilities or profitability; however, it had the following impact on the summary consolidated statement of financial position at 28 February 2017 and the summary consolidated statement of cash flows for the year then ended:

	Previously reported Rm	Now reported Rm	Change Rm
Statement of financial position			
Property, plant and equipment	7 703	7 918	215
Intangible assets	3 108	3 132	24
Other financial assets	27 035	26 796	(239)
			–
Statement of cash flows			
Net cash flow from investing activities			
Acquisition of property, plant and equipment	(1 631)	(1 870)	(239)
Other investing activities	550	789	239
			–

Fees earned by a subsidiary of PSG Konsult Ltd, a subsidiary, have been reclassified from "investment income" to "commission, school, net insurance and other fee income", in order to reflect the nature of the fees earned more accurately. This reclassification had no impact on previously reported assets, equity, liabilities or profitability; however, it had the following impact on the summary consolidated income statement and summary consolidated statement of cash flows for the year ended 28 February 2017:

	Previously reported Rm	Now reported Rm	Change Rm
Income statement			
Investment income	1 896	1 851	(45)
Commission, school, net insurance and other fee income	5 718	5 763	45
			–
Statement of cash flows			
Net cash flow from operating activities			
Cash generated from operations	257	302	45
Interest income	1 476	1 431	(45)
			–

12. Segment report

The group's classification into seven reportable segments, namely: Capitec, Curro, PSG Konsult, Zeder, PSG Alpha, Dipeo and PSG Corporate, remains unchanged. These segments represent the major investments of the group. The services offered by PSG Konsult consist of financial advice, stock broking, asset management and insurance, while Curro offers private education services. The other segments offer financing, banking, investing and advisory services. 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, Zeder's investments in Capespan, Zaad and Agrivision Africa, and PSG Alpha's investments in CA Sales and Stadio.

Intersegment income represents income derived from other segments within the group which is recorded at the fair value of the consideration received or receivable for services rendered in the ordinary course of the group's activities. Intersegment income mainly comprises intergroup management fees charged in terms of the respective management agreements, intergroup advisory fees and interest income.

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 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.

12. Segment report *(continued)*

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

28 February 2018	Income [2] Rm	Inter-segment income [2] Rm	Recurring earnings (segment profit) Rm	Non-recurring earnings Rm	Headline earnings Rm	SOTP value [4] Rm
Capitec [1]			1 369		1 369	29 540
Curro	2 145		110	(1)	109	7 987
PSG Konsult	4 188		348		348	7 048
Zeder	8 903		205	(21)	184	4 823
PSG Alpha	6 311		172	(22)	150	5 201
Dipeo	(304)		(56)	(131)	(187)	535
PSG Corporate	196	(47)	(7)		(7)	
Funding	155	(46)	(135)	(11)	(146)	(2 227)
Other			136		136	2 603
Total	21 594	(93)	2 142	(186)	1 956	55 510
Non-headline items					(42)	
Earnings attributable to non-controlling interests					513	
Taxation					616	
Profit before taxation					3 043	

28 February 2017	Income [2] Rm	Inter-segment income [2] Rm	Recurring earnings (segment profit) Rm	Non-recurring earnings Rm	Headline earnings Rm	SOTP value [4] Rm
Capitec [1]			1 164		1 164	25 727
Curro	1 834		96		96	11 180
PSG Konsult	3 799		300		300	6 084
Zeder	10 522		275	(4)	271	5 398
PSG Alpha	4 781		133	3	136	1 909
Dipeo	594		(20)	187	167	812
PSG Corporate	155	(102)	29	(7)	22	
Funding	193	(26)	(104)	(19)	(123)	(2 299)
Other			112		112	3 586
Total	21 878	(128)	1 985	160	2 145	52 397
Non-headline items					17	
Earnings attributable to non-controlling interests					1 187	
Taxation					537	
Profit before taxation					3 886	

12. Segment report *(continued)*

	2018 Rm	2017 Rm
Reconciliation of segment revenue to IFRS revenue:		
Segment revenue as stated above:		
Income	**21 594**	21 878
Intersegment income	**(93)**	(128)
Less:		
Changes in fair value of biological assets	**(195)**	(224)
Fair value gains and losses	**(1 758)**	(1 540)
Fair value adjustment to investment contract liabilities	**1 670**	976
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds	**1 873**	1 239
Other operating income	**(277)**	(158)
IFRS revenue [3]	**22 814**	22 043
Non-recurring earnings comprised the following:		
Non-recurring items from investments	**(175)**	186
Other losses	**(11)**	(26)
	(186)	160

[1] *Equity method of accounting applied.*

[2] *The total of "income" and "intersegment income" comprises the total of "revenue from sale of goods" and "income" per the summary consolidated income statement.*

[3] *IFRS revenue comprises "revenue from sale of goods", "investment income" and "commission, school, net insurance and other fee income" as per the summary consolidated income statement.*

[4] *SOTP is a key valuation tool used to measure the group's performance, but does not necessarily correspond to net asset value.*

13. Events subsequent to the reporting date

During March 2018, the group, through Stadio, being a subsidiary of PSG Alpha, obtained an effective interest of 87,2% in the entities operating Milpark, a registered private higher education institution. Stadio's purchase consideration amounted to R258m, of which R207m was paid in cash and the remainder settled through the issue of Stadio shares.

During March 2018, the group, through CA Sales, being a subsidiary of PSG Alpha, concluded an agreement to acquire warehouse and office properties currently leased by CA Sales in Gaborone and Francistown, being in Botswana. The purchase consideration amounts to approximately P243m (approximately R314m) and will be financed by financial institutions in Botswana and South Africa.

During April 2018, the group, through Curro, concluded an agreement to acquire the entire issued share capital in Cooper College (Pty) Ltd and related entities, which operate a private primary school and crèche in Gauteng, South Africa.

Apart from the aforementioned, no material event has occurred between the reporting date and the date of approval of these summary consolidated financial statements.

14. Ordinary shareholder analysis

	Shareholders		Shares held	
	Number	%	Number	%
Range of shareholding				
1 – 500	18 716	64,4	3 604 190	1,7
501 – 1 000	4 105	14,1	3 079 495	1,4
1 001 – 5 000	4 489	15,4	9 865 517	4,5
5 001 – 10 000	714	2,5	5 185 354	2,4
10 001 – 50 000	719	2,5	15 265 775	7,0
50 001 – 100 000	102	0,4	7 214 190	3,3
100 001 – 500 000	139	0,5	31 481 169	14,5
500 001 – 1 000 000	31	0,1	22 042 731	10,1
Over 1 000 000	33	0,1	119 802 213	55,1
	29 048	100,0	217 540 634	100,0
Treasury shares				
Shares held by PSG Financial Services Ltd (a wholly-owned subsidiary)	1		13 908 770	
	29 049		231 449 404	
Non-public and public shareholding				
Non-public (directors) *	8		54 805 981	25,2
Public	29 040	100,0	162 734 653	74,8
	29 048	100,0	217 540 634	100,0
Individual shareholders (excluding directors) holding 5% or more of shares in issue (net of treasury shares) as at 28 February 2018				
Public Investment Corporation (including Government Employees Pension Fund)			19 533 733	9,0

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

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, on Friday, 22 June 2018, at 11:00 ("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 2018. 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 any of the ordinary resolutions numbers 1 to 9 (inclusive) to be adopted, more than 50% of the voting rights exercised on the applicable ordinary resolution must be exercised in favour thereof. For any of the ordinary resolutions numbers 10 to 11 (inclusive) to be adopted, at least 75% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.

1. Retirement and re-election of directors

1.1 Ordinary resolution number 1
"Resolved that Ms B Mathews, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible, offers herself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Ms B (Bridgitte) Mathews
Bridgitte is a Chartered Accountant (SA) and currently serves on the boards of various companies as a 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.

1.2 Ordinary resolution number 2
"Resolved that Mr JJ Mouton, 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 JJ (Jan) Mouton
Jan holds an MPhil Finance degree from the University of Cambridge, holds BAcc (cum laude) and BAcc (Hons) degrees from the University of Stellenbosch, and qualified as Chartered Accountant (SA). He managed the PSG Flexible Fund for 11 years and is currently an investment professional.

1.3 Ordinary resolution number 3
"Resolved that Mr CA Otto, 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 CA (Chris) Otto
Chris graduated BCom LLB from Stellenbosch University and is a founding director of PSG Group, Capitec Bank Holdings Ltd and Zeder Investments Ltd. He also serves on the boards of Kaap Agri Ltd 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 1 to 3 (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.

2. Re-appointment of the 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."

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 Ltd, 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 B Mathews, subject to the approval of ordinary resolution number 1, 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."

A summary of Bridgitte's curriculum vitae has been included in paragraph 1.1 above.

2.3 Ordinary resolution number 6

"Resolved that Mr CA Otto, subject to the approval of ordinary resolution number 3, 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."

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

The reason for ordinary resolutions numbers 4 to 6 (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 a company.

3. Re-appointment of auditor

Ordinary resolution number 7

"Resolved that PricewaterhouseCoopers Inc. be and is hereby re-appointed as auditor of the Company for the ensuing year on the recommendation of the audit and risk committee of the Company."

The reason for ordinary resolution number 7 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 8
"Resolved that the Company's remuneration policy, as set out on pages 50 to 57 of this annual report, be and is hereby endorsed by way of a non-binding advisory vote."

The reason for ordinary resolution number 8 is that the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™") recommends, and the JSE 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 8, if passed, will be to endorse the Company's remuneration policy. Ordinary resolution number 8 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 9
"Resolved that the Company's implementation report with regard to its remuneration policy, as set out on pages 58 to 69 of this annual report, be and is hereby endorsed by way of a non-binding vote."

The reason for ordinary resolution number 9 is that King IV™ recommends 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 9, if passed, will be to endorse the Company's implementation report in relation to its 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 and its implementation.

6. **Amendment of the PSG Group Ltd Supplementary Share Incentive Trust**
Ordinary resolution number 10
"Resolved that the existing trust deed of the PSG Group Ltd Supplementary Share Incentive Trust ("PSG SIT Deed"), which contains the terms of and governs the Company's share incentive scheme, be amended and replaced by a new trust deed, the principal terms of which are summarised in Annexure A to this notice of AGM."

The reason for ordinary resolution number 10 is to obtain the approval of shareholders to amend and replace the PSG SIT Deed, such approval being required in terms of paragraph 14.2, read with paragraph 14.1, of schedule 14 of the JSE Listings Requirements. The amendments are proposed in response to requests and feedback from certain investors and shareholders in relation to the existing share incentive scheme, given market trends. The new trust deed will provide more flexibility and introduce performance measurement criteria for the awarding and/or vesting of share options to management, as well as to ensure their gearing is reduced. It also provides clarity on provisions where required or for the avoidance of doubt. The proposed amendments do not alter the fundamental mechanism under the existing PSG SIT Deed for the awarding or vesting of share options, the vesting period or the determination of the strike price, but allow for certain performance criteria to be considered in connection with the awarding and/or vesting of share options and provide for minimum shareholdings that executive directors would need to hold in the Company, in order to qualify for the awarding and vesting of share options. The share incentive scheme previously allowed for loan funding to be provided to scheme beneficiaries in respect of the strike price and tax payable of the share options exercised. Under the proposed amendments, loans will in future no longer be provided and the security requirements in respect of existing loans that were previously granted, will increase. The replacement trust deed will still provide for the net equity settlement of share options, which may, in the discretion of the board, occur through the delivery of shares or by way of a cash payment. Given that a number of changes will be incorporated throughout the trust deed for the share incentive scheme, it is the intention, for ease of reference and to assist shareholders, to conclude a new comprehensive replacement trust deed, instead of an addendum. The principal terms of the replacement trust deed are summarised in Annexure A to this notice of AGM, while a copy of the full replacement trust deed may be requested and obtained in person, at no charge, at the Company's registered address and, in Johannesburg, at the offices of the Company's JSE sponsor, PSG Capital (Pty) Ltd, at 2nd Floor, Building 3, 11 Alice Lane, Sandhurst, Sandton, 2196, during office hours from Tuesday, 22 May 2018, until the date of the AGM.

For this resolution to be adopted, at least 75% of the shareholders present in person or by proxy and entitled to vote on this resolution at the AGM must cast their vote in favour of this resolution. In determining whether the requisite number of votes have been achieved to adopt this resolution, the votes attaching to any shares held by the PSG Group Ltd Supplementary Share Incentive Trust and the votes attaching to shares acquired in terms of the share incentive scheme and owned or controlled by persons who are existing participants in the scheme, and which may be impacted by the resolution, will not be taken into account.

7. 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 of the JSE ("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 to 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 10 877 031 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."

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

For this resolution to be adopted at least 75% of the shareholders present in person or by proxy and entitled to vote on this resolution at the AGM must cast their vote in favour of this resolution.

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

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

8. 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 directors for their services as directors on the basis set out below, provided that this authority will be valid until the next annual general meeting of the Company:

	Annual fee Feb 2019 R'000
PSG Group Board	
Chairman	500
Member	250
PSG Group Audit and Risk Committee	
Chairman	175
Member	150
PSG Group Remuneration Committee	
Chairman	75
Member	50
PSG Group Social and Ethics Committee	
Chairman	30
Member	20

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, 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.

9. Intercompany financial assistance

9.1 Special resolution number 2: Intercompany 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" or "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 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.

9.2 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 company or corporation that is related or inter-related to the Company ("related" or "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 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 of any option, or any shares or other securities, issued or to be issued by the Company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or 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 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 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 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 subsidiary to the third-party funder arising from the issue of the preference shares. 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 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 resolution 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);
- 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;
- 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.

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

"Resolved, as a special resolution, that the Company and the subsidiaries of the Company 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 has 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 Company and its subsidiaries;
- 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 value 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 of special resolution number 4 is to grant the directors a general authority in terms of its 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 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.

11. 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 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 requirements for a period of 12 months after the date of the notice of the AGM.

   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 page 19 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 the Listings Requirements.

3. Special resolutions numbers 2, 3 and 4 are renewals of resolutions taken at the previous annual general meeting held on 23 June 2017.

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, 11 May 2018.

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, 15 June 2018, with the last day to trade being Tuesday, 12 June 2018.

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 licence 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. 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 a certificated shareholder or own-name registered dematerialised shareholder who wishes 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.

5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretary of the Company at the postal address provided on the inside back cover of this annual report by not later than 11:00 on Wednesday, 20 June 2018, 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 prior to the commencement of the AGM.

6. 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.

7. 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 and time stipulated therein.

8. 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.

By order of the board

PSG Corporate Services (Pty) Ltd
Per A Rossouw
Company secretary

17 May 2018
Stellenbosch

ANNEXURE A

PSG GROUP LTD SUPPLEMENTARY SHARE INCENTIVE TRUST – SUMMARY OF PRINCIPAL TERMS

This annexure contains a summary of the principal terms of the replacement trust deed for the PSG Group Ltd Supplementary Share Incentive Trust, as referred to in ordinary resolution number 10 in the notice of AGM to which this annexure is attached. The reason for ordinary resolution number 10 is to obtain the approval of shareholders to amend and replace the PSG Group Ltd Supplementary Share Incentive Trust deed, such approval being required in terms of paragraph 14.2, read with paragraph 14.1, of Schedule 14 of the JSE Listings Requirements. The amendments are proposed in response to requests and feedback from certain investors and shareholders in relation to the existing share incentive scheme, given market trends. The new trust deed will provide more flexibility and introduce performance measurement criteria for the awarding and/or vesting of share options to management, as well as to ensure their gearing is reduced. It also provides clarity on provisions where required or for the avoidance of doubt. The proposed amendments do not alter the fundamental mechanism under the existing PSG Group Ltd Supplementary Share Incentive Trust deed for the awarding or vesting of share options, the vesting period or the determination of the strike price, but allow for certain performance criteria to be considered in connection with the awarding and/or vesting of share options and provide for minimum shareholdings that executive directors would need to hold in the Company, in order to qualify for the awarding and vesting of share options. The share incentive scheme previously allowed for loan funding to be provided to scheme beneficiaries in respect of the strike price and tax payable relating to the share options exercised. Under the proposed amendments, loans will in future no longer be provided and the security requirements in respect of existing loans that were previously granted, will increase. The replacement trust deed will still provide for the net equity settlement of share options, which may, in the discretion of the board, occur through the delivery of shares or by way of a cash payment. Given that a number of changes will be incorporated throughout the trust deed for the share incentive scheme, it is the intention, for ease of reference and to assist shareholders, to conclude a new comprehensive replacement trust deed, instead of an addendum.

The principal terms of the replacement trust deed are summarised below. For a full appreciation of the provisions of the PSG Group Ltd Supplementary Share Incentive Trust deed, shareholders are referred to the full text thereof, which is available for inspection by shareholders at the Company's registered office and, in Johannesburg, at the offices of the Company's JSE sponsor, PSG Capital (Pty) Ltd, at 2nd Floor, Building 3, 11 Alice Lane, Sandhurst, Sandton 2196. The full text will be available for inspection during normal business hours from Tuesday, 22 May 2018 until the date of the AGM.

1. INTERPRETATION

In this summary, unless a contrary intention clearly appears, words in the singular include the plural and vice versa, words signifying one gender include the other genders, a reference to a natural person includes a juristic person and vice versa, and the following terms shall have the meanings assigned to them hereunder –

1.1 "Auditors" means the auditors for the time being of the Company, but should such auditors be unwilling or refuse or be unable to act in any manner contemplated in terms of the Deed, then in all or any of such events the auditors in such circumstances shall be such other independent auditors as may be nominated by the Trustees, failing whom nominated by the Board, and failing whom nominated by the president for the time being of the South African Institute of Chartered Accountants (or its successors-in-title);

1.2 "Beneficiary" means a Participant who has accepted the grant of an Option in terms of the provisions of the Share Scheme;

1.3 "Beneficiary Taxation" means any obligation (including in terms of pay-as-you-earn), risk or liability, actual or contingent, incurred by the Company, a Group Company or the Trust, in respect of any form of taxation payable by a Beneficiary in terms of the Share Scheme, including any taxation payable in respect of his Scheme Shares as at the date of exercising thereof;

1.4 "Board" means the board of directors for the time being of the Company acting either itself or through any committee (including any remuneration committee appointed by the Board) constituted from time to time and appointed by the Board for the purpose of administering the Share Scheme;

1.5 "Company" or "PSG" means PSG Group Ltd (Registration number 1970/008484/06) or its successor-in-title;

1.6 "Director" means any director of the Company;

1.7 "Employee" means any employee or director of a Group Company, from time to time;

1.8 "Employee Allocation" means the award of Options to any Employee as may be determined by the Board from time to time;

1.9 "Exercise Period" means the 180-day period commencing on the applicable Vesting Date or any extension thereof pursuant to paragraph 2.18;

1.10 "Group" means, collectively, the Company, its subsidiaries and associates and any company managed by them under a written management agreement, from time to time, and "Group Company" means any entity forming part of the Group from time to time;

1.11 "JSE" means the JSE Ltd, a company duly registered under registration number 2005/022939/06 and licensed as an exchange under the Financial Markets Act, 19 of 2012;

1.12 "JSE Listings Requirements" means the listings requirements of the JSE;

1.13 "Market Price" means the price per Share at the closing of trade on the JSE on the relevant Option Exercise Date;

1.14 "Minimum Shareholding for Executive Directors" means such minimum number(s) of Shares, if any, required to be held by an executive Director, for such Director to qualify for (i) any award of Options occurring on or after 28 February 2018; and (ii) the vesting of any Options awarded on or after 28 February 2018, as may be determined by the Board in its sole discretion, from time to time;

1.15 "Option" or "Options" means an option of Shares awarded to an Employee under the Scheme, which when exercised in respect of the Shares to which the Option relates (or any part thereof), shall result in a delivery of those Shares to the Beneficiary subject to the provisions of the Deed. It is recorded, for the avoidance of any doubt, that each Option shall, when exercised, entitle a Beneficiary to acquire one Share;

1.16 "Option Date" means the effective date of the award of an Option from time to time as determined by the Board;

1.17 "Option Exercise Date" bears the meaning ascribed thereto in paragraph 2.17;

1.18 "Original Trust Deed" means the initial trust deed for the Trust, concluded on or about 30 July 2009 between the Company (as founder) and Chris Adriaan Otto and Jacob de Vos du Toit (as first trustees), as amended, which trust deed is to be replaced by the Trust Deed;

Note: For the avoidance of doubt, the Original Trust Deed was approved by Shareholders at the Company's annual general meeting held on 19 June 2009.

1.19 "Participant" means an Employee to whom Options have been granted in terms of the provisions of the Share Scheme; and, for the avoidance of doubt, references in the Deed to a Participant will, where applicable, include a Beneficiary;

1.20 "Performance Measures" means such performance measures, if any, as may be determined by the Board in its sole discretion, from time to time, and which need to be met for any Options awarded to a Participant on or after 28 February 2018 to vest and/or for further Options to be awarded, which performance measures may include, but will not be limited to, any one or more of the following: (i) the Participant in question meeting personal key performance objectives; (ii) the Company meeting a specified recurring earnings per Share growth hurdle; and/or (iii) the Company meeting a specified return on equity hurdle;

1.21 "Retirement" means retirement from employment by an Employee, occurring in terms of paragraph 1.22.1 or 1.22.2, as a result of which such Employee becomes, or is deemed to become, a Retired Employee;

1.22 "Retired Employee" means any Employee who is a Beneficiary at his retirement and has retired –

1.22.1 at or after the normal retirement age (as laid down in the applicable Group Company's pension fund or provident fund regulations or as determined by the Board from time to time); or

1.22.2 with the approval of the Board prior to the normal retirement age, including retirement for reasons of ill health, disability or incapacity (as laid down in the applicable Group Company's pension fund or provident fund regulations or as determined by the Board from time to time);

1.23 "Scheme Share" means any Share arising out of the exercise of an Option in terms of the Scheme;

1.24 "Shareholders" means ordinary shareholders of the Company;

1.25 "Shares" means ordinary shares in the issued share capital of the Company;

1.26 "Share Scheme" or "Scheme" means the share scheme implemented in terms of the Trust Deed in order to enable Participants to obtain and exercise Options and pursuant thereto to acquire Shares upon the exercise of such Options;

1.27 "Signature Date" means the date of signature of the Trust Deed by the party last signing;

1.28 "Strike Price" means an amount equal to the volume weighted average price ("VWAP") per Share determined over a period of 30 trading days on the JSE immediately preceding the Option Date or, should the Shares not have traded for more than five days during such period, then the VWAP per Share determined over a period of 60 trading days on the JSE immediately preceding the Option Date;

1.29 "Trust" means the PSG Group Ltd Supplementary Share Incentive Trust governed in terms of the Trust Deed;

1.30 "Trust Deed" or "Deed" means the trust deed in respect of the Trust;

1.31 "Trustees" means the trustees of the Trust from time to time, being as at the Signature Date, Mr Chris Adriaan Otto, identity number 491113 5097 08 1 and Mr Patrick Ernest Burton, identity number 521218 5143 08 4; and

1.32 "Vesting Date" means the date upon which a Beneficiary is entitled to exercise an Option, in terms of the Deed, which date shall mean and include any First Vesting Date, Second Vesting Date, Third Vesting Date and Fourth Vesting Date (as the case may be) as contemplated in terms of paragraph 2.16.

2. SUMMARY OF THE PRINCIPAL TERMS

2.1 The Trust is styled and known as the “PSG Group Ltd Supplementary Share Incentive Trust”. The Trust was constituted under the Original Trust Deed by the Company and the Trustees as the PSG Group Ltd Supplementary Share Incentive Trust. The Trust Deed serves to amend and replace the Original Trust Deed in its entirety.

2.2 The main objective and purpose of the Share Scheme is the incentivisation and retention of Employees and to this extent the Scheme as contemplated in the Trust Deed will not be used for trading purposes. The Trust Deed facilitates and governs the implementation of the Share Scheme. Employees, as beneficiaries of the Share Scheme, shall be provided with an incentive to advance the interests and growth of the Group Companies and ultimately the Company by awarding to them in terms of the Share Scheme the opportunity to acquire and obtain the benefit of Shares in the Company.

2.3 It is recorded that Chris Adriaan Otto and Patrick Ernest Burton are the Trustees of the Trust. The number of Trustees shall at all times not be less than two nor more than five. A Trustee may not be or become a Beneficiary under the Trust while acting as a Trustee.

2.4 Executive Directors of the Company may not be appointed as Trustees of the Trust. Non-executive Directors, subject to any restriction contained in the Companies Act of South Africa, may be appointed as Trustees, provided they do not benefit from the Scheme.

2.5 The Trustees, in addition to any other duty imposed by the Trust Deed or by any law having jurisdiction over the Deed and the Share Scheme, shall award Options to Employees as directed by the Board.

2.6 The maximum aggregate number of Shares that may be utilised for the purpose of the Share Scheme, shall not exceed (i) 17 287 099 Shares, representing, as at the Signature Date, approximately 7,95% of the total Shares in issue, net of treasury shares; or (ii) such other number of Shares, as may be permitted in terms of the JSE Listings Requirements from time to time, as approved by the Board and, to the extent that such approval is required under the JSE Listings Requirements or other law, by Shareholders.

2.7 The maximum number of Shares that may be acquired by any one Beneficiary in terms of the Share Scheme, shall not exceed (i) 3 457 420 Shares, representing, as at the Signature Date, approximately 1,59% of the total Shares in issue, net of treasury shares; or (ii) such other number of Shares, as may be permitted in terms of the JSE Listings Requirements from time to time, as approved by the Board and, to the extent that such approval is required under the JSE Listings Requirements or other law, by Shareholders.

2.8 The limits contained in paragraphs 2.6 and 2.7 are subject to any adjustment in terms of paragraph 2.39 below. Save as expressly indicated otherwise in the Trust Deed, Scheme Shares shall in all respects rank *pari passu* with ordinary issued Shares, including as to voting, dividend, transfer and other rights and as to rights arising on liquidation of the Company.

Note: The limits contained in paragraphs 2.6 and 2.7 are identical to those limits contained in the Original Trust Deed that was approved by Shareholders on 19 June 2009, and have not changed.

<u>Awarding of Options</u>

2.9 The Board may, from time to time, determine and set (i) the Performance Measures which will apply to the awarding and/or vesting of Options awarded on or after 28 February 2018; and (ii) the Minimum Shareholding for Executive Directors which will apply to the awarding and vesting of Options to executive Directors, where such Options are awarded on or after 28 February 2018.

2.10 The Board may from time to time instruct and authorise the Trustees in writing to award Options to such Employees selected by it to participate in the Scheme ("the Resolution"). The Resolution shall specify the name of the Employee, the number of Options, the Option Date, the Strike Price, the Performance Measures and/or Minimum Shareholding for Executive Directors which will apply to the awarding and/or vesting of such Options (if applicable) and any other relevant terms and conditions as may be determined by the Board. Each such Option shall be offered for purchase at the Strike Price. The Trustees shall as soon as practicable award the Options to the Employee named in the Resolution on the terms set out in the Resolution.

2.11 The Board shall determine Employees selected to participate in the Scheme and the number of Options awarded to such Employees based on the main objective and purpose of the Trust and having regard to incentivising Employees based on recommendations (which will be made at least annually) by management and directors of the Company and/or any other Group Companies, to the extent applicable.

2.12 The Board may, in future, resolve that the award and/or exercise of Options occur in terms of a mechanism other than as specified in the Trust Deed, which could involve share appreciation rights, nil paid share options or another appropriate mechanism, provided that, to the extent that such change would necessitate an amendment to the Deed requiring Shareholder approval in terms of the JSE Listings Requirements, such amendment shall not be effected without the approval of Shareholders being obtained.

2.13 An Option –

2.13.1 shall be awarded on the basis that if the Option is exercised the purchase price payable by the Beneficiary concerned will be the Strike Price;

2.13.2 may be subject to the fulfilment and meeting of certain Performance Measures, as set out in the Resolution and written award referred to in paragraph 2.10, if applicable;

2.13.3 may, in respect of executive Directors, be subject to the retaining of a Minimum Shareholding for Executive Directors, as set out in the Resolution and written award referred to in paragraph 2.10, if applicable;

2.13.4 shall, save to any extent permitted in terms of the Trust Deed, be personal to and only capable of being accepted by the Employee to whom it is granted;

2.13.5 shall be exercised within the relevant period specified in terms of the Deed;

2.13.6 shall be exercised in writing and duly signed by the Beneficiary concerned or, if after his death it is capable of being exercised by the executors of his estate, by such executors;

2.13.7 shall, as to the number thereof awarded from time to time to any Participant, be determined by the Board, in its sole discretion;

2.13.8 may be awarded from time to time during the existence of the Scheme, subject always to paragraphs 2.6 and 2.7;

2.13.9 may, in the event of the settlement under paragraph 2.13.10.1, at the election of the Beneficiary, be settled on a net equity basis as set out in paragraphs 2.29 to 2.32;

2.13.10 shall, pursuant to the exercise of an Option, in the sole discretion of the Board, be settled upon a Beneficiary –

2.13.10.1 by way of the delivery of Shares, subject to paragraphs 2.14 and 2.29; or

2.13.10.2 on a net equity basis in accordance with paragraphs 2.29 to 2.32 by the Company making a cash payment to the Beneficiary, in lieu of Shares,

it being recorded that, for purposes of International Financial Reporting Standard 2, irrespective of the manner in which the Options are settled, the foregoing shall be an equity-settled share-based payment transaction; and

2.13.11 save as provided for in paragraphs 2.29 to 2.32, shall be awarded on the basis that the number of Scheme Shares to be delivered to a Beneficiary, and the discharge of the Strike Price in respect of such Shares, shall be on a delivery versus payment method in accordance with the provisions of the Trust Deed.

2.14 Ownership or any other vested rights in and to the Scheme Shares shall only pass to the Beneficiary on delivery and against payment in full of the Strike Price and the Beneficiary Taxation and fulfilment of any other obligations of the Beneficiary in terms of the Deed.

2.15 An Option shall immediately lapse –

2.15.1 to the extent that it is not exercised within the Exercise Period of such Option;

2.15.2 in relation to Options awarded on or after 28 February 2018, but subject to paragraphs 2.33 and 2.34, –

2.15.2.1 to the extent that the Performance Measures applicable to such Option (if any), have not been fulfilled, met or achieved, unless the Board resolves otherwise in its sole discretion;

2.15.2.2 to the extent that any executive Director ceases to hold the Minimum Shareholding for Executive Directors applicable to such Option (if any), unless the Board resolves otherwise in its sole discretion;

2.15.3 in relation to Options awarded on or after 28 February 2018, in the event and to the extent that the Board determines, in its sole discretion, that the Beneficiary is guilty of poor performance as measured against any personal key performance indicators or targets as set for the Beneficiary by the Board or relevant senior management members of the Company or Group Company, from time to time;

2.15.4 prior to the exercise of the Option, if (i) the Beneficiary to whom such Option has been granted, is dismissed from employment by a Group Company on grounds of misconduct, poor performance, dishonesty or fraudulent conduct; or (ii) the Beneficiary to whom such Option has been granted, ceases to be employed by any Group Company for any reason whatsoever, save to any extent expressly otherwise contemplated in terms of paragraphs 2.33 to 2.38 below; or

2.15.5 upon the Beneficiary making application for the voluntary surrender of his estate or his estate becoming subject to any provisional or final order for its sequestration or upon any attachment of any interest of a Beneficiary under the Scheme unless the Board in its discretion passes a resolution to the contrary within 60 days of such voluntary surrender, sequestration or attachment.

Option exercise

2.16 Options forming part of any Employee Allocation shall only be capable of being exercised in terms hereof (during the Exercise Period) on the basis of –

2.16.1 25% thereof vesting as at the 2nd anniversary of the Option Date ("First Vesting Date");

2.16.2 25% thereof vesting as at the 3rd anniversary of the Option Date ("Second Vesting Date");

2.16.3 25% thereof vesting as at the 4th anniversary of the Option Date ("Third Vesting Date"); and

2.16.4 25% thereof vesting as at the 5th anniversary of the Option Date ("Fourth Vesting Date").

2.17 An Option must be exercised during the applicable Exercise Period of such Option (the date on which the Participant exercises such Option being the "Option Exercise Date") and such exercise, and the Scheme Shares acquired pursuant to such exercise, shall be governed by the applicable provisions of the Trust Deed. The Exercise Period for Options falling due at the First Vesting Date, the Second Vesting Date, the Third Vesting Date and the Fourth Vesting Date (as the case may be) shall be within 180 days of each of such First Vesting Date, Second Vesting Date, Third Vesting Date and Fourth Vesting Date (as the case may be).

2.18 The Board, in its discretion, may instruct the Trustees to reach more favourable alternative arrangements with Participants or the relevant executor or legal representative in regard to the date or time limits of the lapsing of an Option or the exercising of an Option or the date of payment of the Strike Price or the manner for effecting payment thereof, provided that any such extension of dates or time limits shall not exceed one year.

2.19 Failure by a Beneficiary to exercise an Option timeously in accordance with the provisions above shall result in the lapsing of such Option.

2.20 Failure by a Beneficiary to comply faithfully and timeously with all his obligations in terms of the Trust Deed shall result in the immediate lapsing of his Options unless the Board instructs the Trustees to the contrary.

Delivery, forfeiture

2.21 Upon an Option Exercise Date, the number of Scheme Shares to which a Beneficiary is entitled to be allotted and issued, against payment of the Strike Price, shall be determined by the number of Options the Beneficiary elects to exercise on such Option Exercise Date.

2.22 No Beneficiary shall be entitled to payment of any dividend or any other rights attaching to any Scheme Shares until the date of registration of such Scheme Shares in the name of such Beneficiary, save to any extent expressly provided to the contrary in the Deed.

2.23 If the Beneficiary fails to comply timeously with his obligation to pay the Strike Price and the Beneficiary Taxation in respect of any Option exercised, then, unless the Board otherwise directs, such Beneficiary shall (without prejudice to any other rights of the Trust or the Company in law) forfeit forthwith any and all of his rights to the Option, which Option shall be deemed to have lapsed.

2.24 Pursuant to the exercise of an Option by a Beneficiary, upon the payment of the Strike Price and Beneficiary Taxation in full in accordance with such terms and conditions as may be imposed by the Trustees, the Trustees shall cause the Scheme Shares to be delivered to the Beneficiary and registered in the Beneficiary's (or such other party entitled thereto in terms of the Trust Deed) name. Where Scheme Shares that have been allocated to identified Participants are not subsequently issued to those Participants, whether as a result of forfeiture under paragraph 2.23 or for any other reason provided for under the Trust Deed, those Scheme Shares shall revert back to the Scheme.

No new financial assistance

2.25 It is recorded that, in respect of any Beneficiary (or the relevant executor or legal representative of a Beneficiary's deceased estate) ("Borrower") who has previously exercised all or part of his Options in such manner as is contemplated in terms of the Trust Deed, the Trustees ("Lender") were entitled, under the Original Trust Deed, to provide financial assistance to the Borrower for the purpose of assisting the Borrower in fulfilling the monetary obligations arising due to the exercise of all or part of his Options in terms of the Trust Deed and/or the Original Trust Deed, which obligations included, inter alia, the payment of the Strike Price in respect of such Options so exercised and any Beneficiary Taxation, net of a deposit paid by the Borrower, if applicable ("Existing Loans").

2.26 As from the Signature Date, however, the Trustees shall no longer be entitled to grant any financial assistance to a Beneficiary (or the relevant executor or legal representative of a Beneficiary's deceased estate) for the purpose of assisting such person in fulfilling the monetary obligations arising due to the exercise, following the Signature Date, of all or part of his Options in terms of the Trust Deed.

2.27 Notwithstanding the provisions of paragraph 2.26, the Existing Loans shall continue to remain in force and shall be subject, inter alia, to the following terms and conditions –

2.27.1 at the time such loan was advanced, the Borrower was required to provide the Lender with a deposit equal to at least 10% of the loan value in cash on the applicable Option Exercise Date;

2.27.2 the Borrower shall be required to pledge and cede in securitatem debiti such number of Shares as is equal to (or more than) 130% of the loan value, unless the Trustees on reasonable grounds decide otherwise, with the value of such security to be calculated with reference to the aggregate Market Price of the shares pledged and ceded, provided that the above-mentioned minimum security level of 130% for Existing Loans shall, with effect from 28 February 2019, increase to 250% and, with effect from 29 February 2020, increase to 300% ("Security"). Should the value of the Security as calculated by the Lender fall below aforementioned percentage for a period of at least five business days, the Lender shall be entitled forthwith to perfect all or part of the Security so as to reduce any outstanding balance in respect of the loan and in so doing restore the requisite percentage cover, to the extent adequate additional security Shares are not provided by the Borrower;

2.27.3 any outstanding balance in respect of the total amount borrowed by the Borrower from time to time shall attract interest at the South African Revenue Services fringe benefit rate, which shall accrue and be compounded annually in arrears;

2.27.4 the capital amount outstanding in respect of the loan, together with all interest accrued thereon, must be repaid in full within three years of such capital amount having been advanced to the Borrower by the Lender, save where the Borrower is an executive Director of the Company or executive of a Group Company, in which case, it must be paid in full within seven years of such capital amount having been advanced by the Lender to such Borrower;

2.27.5 subject to the provisions of paragraphs 2.29 to 2.32 and notwithstanding the above, if the Borrower ceases to be an Employee at any time while any amount (whether capital or interest) in respect of the loan is outstanding, the full amount of the loan plus all interest that accrued thereon shall become due and payable within seven days of written notice thereof by the Lender to the Borrower and interest at the prime rate of interest plus 3% shall thereafter be payable on any outstanding amount unless the Lender resolves otherwise. The Lender shall furthermore be entitled to forthwith perfect all or part of the Security so as to effect repayment of the full loan amount, including interest, that may be outstanding.

2.28 Notwithstanding the foregoing, the Board may instruct the Trustees to reach more favourable alternative arrangements with a Borrower, depending on the personal circumstances of such Borrower. Accordingly, the terms and conditions of any financial assistance as granted by the Lender, remain in the Lender's sole discretion.

Net equity settlement

2.29 Notwithstanding any of the other provisions of the Trust Deed, but subject to the Board's overriding discretion under paragraph 2.13.10, in the event that a Beneficiary wishes to exercise his Options in terms of the Trust Deed, but is unable to, or elects not to, pay the aggregate Strike Price due in respect of such Options being exercised and the Beneficiary Taxation due in relation to the exercise of such Options, the Beneficiary may elect (in writing, together with his written notice to the Company that he is exercising his Options) to have all (and not only a portion) of his Options so exercised, settled on a net equity basis as set out below.

2.30 Where a Beneficiary has, in accordance with the provisions of paragraph 2.29, elected to have his Options settled through the delivery of Shares on a net equity basis or should the Board, in its sole discretion, resolve, for purposes of paragraph 2.13.10, that a Beneficiary's Options be settled in cash on a net equity basis, the Company will settle –

2.30.1 the Beneficiary's After-Tax Gain (as defined in paragraph 2.31) through the issue or other transfer of fully paid Shares to the Beneficiary or by making a cash payment in lieu of Shares to the Beneficiary, as the case may be; and

2.30.2 the pay-as-you-earn liability due in respect of the Options being exercised in cash.

2.31 The "After-Tax Gain" of the Beneficiary will be determined as follows –

2.31.1 First, the "Taxable Gain" of the Beneficiary will be determined using the following formula –

Taxable Gain = Market Value less Strike Value

Where

Market Value = the number of Options exercised multiplied by the Market Price per Share on the Option Exercise Date

Strike Value = the number of Options exercised multiplied by the Strike Price per Share

2.31.2 Next, the "After-Tax Gain" will be determined using the following formula –

After-Tax Gain = Taxable Gain less Tax Payable

The "Tax Payable" will be calculated on the Taxable Gain based on the applicable income tax rate which applies to the Beneficiary as per the tax directive obtained.

2.32 The After-Tax Gain will then be settled by the Company, either by making a cash payment to the Beneficiary in lieu of Shares, or by the issue and allotment of such number of Shares by the Company, or by the transfer of such number of Shares by the Trust, within ten business days following the relevant Option Exercise Date, as determined using the formula set out below, as the case may be –

Number of Shares = After-Tax Gain divided by Market Price per Share on the Option Exercise Date

Rounded to the nearest full number, as no fractions of Shares will be issued.

<u>Termination of employment</u>

2.33 If a Beneficiary ceases to be an Employee by reason of death –

2.33.1 the executor or legal representative of the Beneficiary's estate shall be deemed to be a Beneficiary and the provisions of the Trust Deed will continue to apply *mutatis mutandis* save to any extent provided to the contrary in the Scheme;

2.33.2 any exercised Options of the Beneficiary shall be governed by the provisions of paragraph 2.33.1;

2.33.3 any Options which are capable of being exercised, as at the date of death of such Beneficiary or within a period of 12 months thereafter (referred to in this paragraph 2.33 as "Vesting Options"), shall be and remain capable of exercise, provided that such Vesting Options must be exercised in terms hereof within 12 months of the date of death of the Beneficiary failing which the Beneficiary (and his estate) shall be deemed to have immediately forfeited his rights (unless the Board determines to the contrary) in respect of any such Vesting Options;

2.33.4 the Board in its sole discretion may permit such Beneficiary to exercise any or all of his unexercised Options. If the Board determines that the Beneficiary may have the right to exercise any of such unexercised Options (referred to in this paragraph 2.33 as "Permissible Options"), then –

2.33.4.1 the provisions of the Scheme shall continue to apply *mutatis mutandis* to the Beneficiary in respect of such Permissible Options provided that the Board shall be entitled, in its discretion, to determine any additional terms and conditions that should apply to the Permissible Options;

2.33.4.2 the Beneficiary shall be deemed to have immediately forfeited his rights in respect of any unexercised Options of the Beneficiary not forming part of the Permissible Options.

2.34 If a Beneficiary ceases to be an Employee by reason of Retirement or retrenchment –

2.34.1 the provisions of the Trust Deed will continue to apply *mutatis mutandis* save to any extent provided to the contrary in the Scheme;

2.34.2 any exercised Options of the Beneficiary shall be governed by the provisions of paragraph 2.34.1;

2.34.3 any Options which are capable of being exercised, as at the date of Retirement or retrenchment of such Beneficiary or within a period of 12 months thereafter (referred to in this paragraph 2.34 as "Vesting Options"), shall be and remain capable of exercise, provided that such Vesting Options must be exercised in terms hereof within 12 months of the date of Retirement or retrenchment of the Beneficiary failing which the Beneficiary shall be deemed to have immediately forfeited his rights (unless the Board determines to the contrary) in respect of any such Vesting Options;

2.34.4 the Board in its sole discretion may permit such Beneficiary to exercise any or all of his unexercised Options. In the event of the Board determining that the Beneficiary may have the right to exercise any of such unexercised Options (referred to in this paragraph 2.34 as "Permissible Options") then –

2.34.4.1 the provisions of the Scheme shall continue to apply *mutatis mutandis* to the Beneficiary in respect of such Permissible Options provided that the Board shall be entitled, in its discretion, to determine any additional terms and conditions that should apply to the Permissible Options;

2.34.4.2 the Beneficiary shall be deemed to have immediately forfeited his rights in respect of any unexercised Options of the Beneficiary not forming part of the Permissible Options.

2.35 If a Beneficiary ceases to be an Employee by reason of the dismissal of such Employee on grounds of misconduct, poor performance or dishonest or fraudulent conduct (whether or not such cessation occurs as a result of notice given to or by him or otherwise or where he resigns to avoid dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct), then, notwithstanding anything to the contrary in the Deed, such Beneficiary shall be deemed to have immediately forfeited his rights in respect of any unexercised Options.

2.36 If a Beneficiary ceases to be an Employee by reason of circumstances other than those set out in paragraphs 2.33 to 2.35 above (including as a result of resignation), then the provisions of paragraph 2.35 shall apply *mutatis mutandis* unless the Board, by written notice to the Trustees and the Beneficiary within 60 days of the date of termination of such employment, states that in its determination the circumstances surrounding the cessation of employment are such that the provisions of paragraph 2.35 should not apply *mutatis mutandis* in which event the Board in its sole discretion may permit such Beneficiary to exercise any or all of his unexercised Options (as determined by the Board) upon such terms and conditions as the Board may determine and otherwise in accordance with the provisions of the Share Scheme *mutatis mutandis*.

2.37 Save if expressly stated or provided in the Trust Deed to the contrary (including in paragraphs 2.33 to 2.36 above) or further save to the extent that the Board in its sole discretion otherwise resolves or determines, if any Beneficiary ceases to be an Employee of a Group Company for any reason whatsoever prior to the exercise of any Options, then in such event such Beneficiary shall be deemed to have immediately forfeited his rights to exercise any such unexercised Options (or any part thereof).

2.38 The Board may in its sole discretion instruct the Trustees to reach more favourable alternative arrangements with a Beneficiary in the case of cessation of employment.

<u>Reorganisation of the Group</u>

2.39 If the Company at any time before the exercise of any Options –

2.39.1 is put into liquidation for the purposes of reorganisation;

2.39.2 reduces its capital;

2.39.3 pays a special dividend;

2.39.4 splits, subdivides or consolidates its Shares;

2.39.5 is a party to a reorganisation;

2.39.6 undertakes a rights offer or capitalisation issue; or

2.39.7 otherwise changes its capital in any other manner not contemplated in terms of paragraphs 2.39.1 to 2.39.6 above,

the Board shall be entitled to instruct the Trustees to affect such adjustments to the Strike Price in respect of Scheme Shares for which an Option has been granted but not yet exercised and to the maximum number of shares set out in paragraph 2.6 and paragraph 2.7, as the Board shall consider fair and reasonable in the circumstances, subject thereto that such adjustment shall give a Participant an entitlement to the same proportion of the equity capital of the Company as that to which he was previously entitled. Any adjustment in terms of this paragraph shall be subject to the Auditors confirming to the JSE in writing that the adjustments are in accordance with the provisions of the Scheme. The Auditors shall act as experts and not as arbitrators and their decision shall be final and binding.

2.40 Any adjustments made pursuant to paragraph 2.39 above shall be reported on in the annual financial statements of the Company in the year during which the adjustments are made.

2.41 If the Company is placed in liquidation otherwise than in terms of paragraph 2.39, then any unexercised Options in the Company in liquidation shall *ipso facto* lapse from the date of liquidation.

2.42 If the Company is to become a subsidiary of any other company or majority owned by any other entity or person, whether as a result of a take-over, reconstruction, amalgamation, scheme of arrangement or otherwise (collectively, "Takeover"), then, save where this occurs as a result of a purely internal reorganisation, all Options awarded prior to that date and that have not already become exercisable, will immediately become exercisable, prior to implementation of such Takeover.

<u>Amendments to the Trust Deed</u>

2.43 Subject to –

2.43.1 the approval by Shareholders and/or the JSE, if, and to the extent that, such approval may be required in terms of any law and the JSE Listings Requirements (including schedule 14 of the JSE Listings Requirements); and

2.43.2 compliance with any applicable law and the JSE Listings Requirements (including the provisions contained in paragraph 14.1 of schedule 14 of the JSE Listings Requirements),

the Deed may be amended from time to time by written agreement between the Board and the Trustees. For the avoidance of doubt, to the extent that any such amendment relates specifically to matters listed in paragraph 14.1 of schedule 14 of the JSE Listings Requirements, such amendment shall require the approval by Shareholders of an ordinary resolution to this effect, which resolution shall be approved by not less than a 75% majority of the votes cast.

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 11:00 at Spier Wine Estate, on Friday, 22 June 2018 ("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 Ms B Mathews as director			
1.2	Ordinary resolution number 2: To re-elect Mr JJ Mouton as director			
1.3	Ordinary resolution number 3: To re-elect Mr CA Otto 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 re-appoint Ms B Mathews as a member of the audit and risk committee			
2.3	Ordinary resolution number 6: To re-appoint Mr CA Otto as a member of the audit and risk committee			
3.	Ordinary resolution number 7: To re-appoint PricewaterhouseCoopers Inc. as the auditor			
4.	Ordinary resolution number 8: Non-binding endorsement of PSG Group's remuneration policy			
5.	Ordinary resolution number 9: Non-binding endorsement of PSG Group's implementation report on the remuneration policy			
6.	Ordinary resolution number 10: Amendment of the PSG Group Ltd Supplementary Share Incentive Trust			
7.	Ordinary resolution number 11: General authority to issue ordinary shares for cash			
8.	Special resolution number 1: Remuneration of non-executive directors			
9.1	Special resolution number 2: Intercompany financial assistance			
9.2	Special resolution number 3: Financial assistance for acquisition of shares in a related or inter-related company			
10.	Special resolution number 4: Share buy-back 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 ______________ 2018.

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 was 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 returned to be received by the transfer secretary of the Company, Computershare Investor Services (Pty) Ltd (PO Box 61051, Marshalltown, 2107), by not later than 11:00 on Wednesday, 20 June 2018, 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 prior to the commencement of 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.