LETTER TO SHAREHOLDERS

Dear Shareholder,

PSG Group remains committed in its stated objective of value creation for shareholders despite very challenging economic conditions.

During the past year, management devoted significant time to formulate a major value-unlocking proposal for PSG Group shareholders (the "PSG Group Restructuring"), as was announced by way of *detailed cautionary* and *firm intention* SENS announcements on 1 March 2022 and 25 April 2022, respectively.

The PSG Group Restructuring comprises, as an indivisible transaction, the following:

- The unbundling of PSG Group's shareholding in JSE-listed PSG Konsult, Curro, Kaap Agri and CA&S, as well as 25,1% of the total issued shares in Stadio (collectively, the "Unbundlings" or "Unbundled Companies"); and
- The repurchase of PSG Group shares from exiting PSG Group shareholders by way of a scheme of arrangement ("Specific Repurchase"), being PSG Group shareholders other than predominantly the executive management of PSG Group and PSG Alpha, the founders of PSG Group and their immediate family members, for a cash consideration of R23,00 per share, subject to potential adjustment should the tax consequences of the Unbundlings change adversely, in particular insofar as it relates to "disqualified person" PSG Group shareholders, as contemplated in the Income Tax Act, albeit that the cash consideration will be no less than R20,31 per share; and
- The delisting of PSG Group from the JSE.

The PSG Group Restructuring remains subject to the required shareholder and regulatory approvals being obtained, as well as the fulfilment or waiver of certain other conditions precedent.

Resolving to propose the PSG Group Restructuring was by no means an easy decision for anyone involved as it, if approved, will mark the end of an era for PSG Group operating as a listed investment holding company. This is, however, in our opinion in the best interest of PSG Group shareholders as the transaction should substantially unlock the approximately 30% discount at which PSG Group has been trading to its *sum-of-the-parts ("SOTP") value* in recent years.

The fact that all the Unbundled Companies are well established businesses with exceptional management teams and are well capitalised with no immediate need for further equity, allows for PSG Group to pursue the Unbundlings with them no longer requiring an anchor shareholder. We remain excited about their growth prospects and the value that these businesses hold for investors. Accordingly, after the Unbundlings, PSG Group shareholders will hold the shares in these companies directly as opposed to indirectly via PSG Group.

PSG GROUP TO DATE

PSG Group was founded in November 1995 by Jannie Mouton and Chris Otto, with a dream of building a financial services conglomerate. They progressed well through undertaking various highly innovative transactions, always with the aim to create shareholder value. In the early 2000's, PSG Group's model changed to more closely resemble what it is today – an investment holding company.

Over the past 26 years, PSG Group has been part of creating great businesses such as Capitec, PSG Konsult, Curro, and many others, and has assisted them to grow by providing them with capital and strategic input. As a significant part of PSG Group's DNA, it believed in appointing excellent management, empowering them and then to list their businesses, believing management would ultimately perform better "under the spotlight in front of the stadium", which we called the "Usain Bolt effect". Through the years, PSG Group was involved in listing more than 15 companies in which it held a significant stake.

For an extended period, shareholders reaped the benefits of aforementioned strategy with PSG Group having delivered exceptional returns, particularly so prior to the discount dilemma elaborated on below.

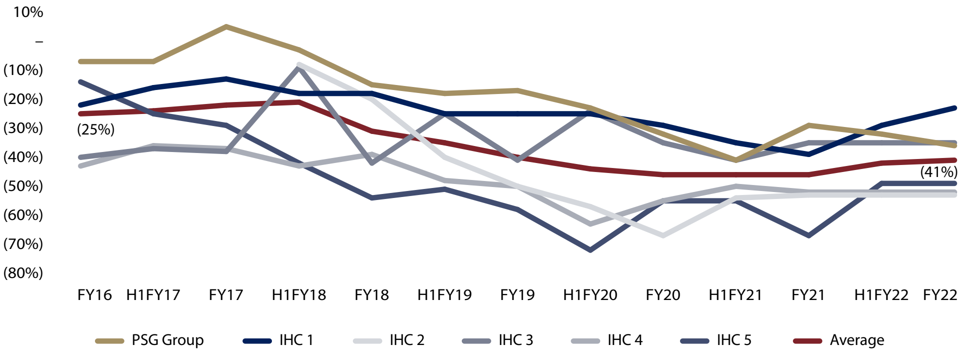
THE DISCOUNT DILEMMA

PSG Group's primary goal has always been to maximise shareholder value. However, given that it had been trading, frustratingly so, at a noticeable discount for several consecutive years and the fact that market sentiment had not changed despite PSG Group having unlocked significant value by way of the Capitec unbundling, management realised that a dramatic strategic rethink was required.

Business, regulations and investor sentiment/preference continuously change, and any management team should always be open and able to adapt to such changing circumstances. The ever-increasing and unwarranted red tape for listed companies unfortunately resulted in the benefits that PSG Group once reaped from the Usain Bolt effect becoming a hindrance, thereby nullifying some of the advantages of being listed.

Furthermore, PSG Group's investment model and those with similar structures had fallen out of favour globally. Such ever-increasing discounts at which listed investment holding companies are trading negate the main benefit of being listed – the ability to raise equity funding in the capital markets and/or use scrip to assist existing and/or acquire new businesses, thereby allowing an investment holding company to grow.

The average discount at which South African investment holding companies ("IHC") have been trading to the value of their underling investments has increased from approximately 25% to 41% over the last six years:



Below we analyse what we believe the key reasons for the discount dilemma are, as well as how PSG Group measures up against each of these challenges:

Key reasons for investment holding company discounts	PSG Group measured against each of these challenges
Permanent capital *Investors (especially institutional investors) do not look favourably upon the permanent (i.e. long-term) nature of capital employed by investment holding companies. These investors, rightly or wrongly so, believe that management will not return surplus capital to shareholders but instead retain it as it would potentially justify higher remuneration.*	This largely does not apply to PSG Group as we have returned R6,2bn in dividends and R0,7bn in special dividends over the past 26 years, while the Capitec unbundling during 2020 unlocked approximately R21bn for PSG Group shareholders.

Key reasons for investment holding company discounts	PSG Group measured against each of these challenges
Tax trap *South African tax resident individuals are subject to a maximum effective capital gains tax ("CGT") rate of 18%, whereas South African tax resident investment holding companies are subject to an effective CGT rate of 22,4%, with an additional 20% dividend withholding tax ("DWT") potentially applying to dividends declared by such companies. Investment holding company investors therefore effectively pay double tax, whereas investors in for example unit trusts only pay CGT upon the ultimate disposal of their units.*	Unfortunately, this is a challenge for all South African investment holding companies which we expect to persist. Hypothetically, should PSG Group sell all its investments, the CGT payable would amount to approximately R3,3bn, which would result in a 13% reduction in PSG Group's *SOTP value* as at 28 February 2022. Should such after-tax cash proceeds be returned to PSG Group shareholders, it would result in an additional DWT liability of 20% for the ultimate individual shareholders, yielding a *SOTP value* (net of CGT and DWT) of R86,59 per share, which approximated the share price at which PSG Group traded prior to announcing the PSG Group Restructuring. Accordingly, there is a strong argument that investment holding companies trade at such large discounts due to the inherent adverse tax consequences.
Poor investment decisions *Some investment holding companies have made poor investment decisions in recent times and it could well be that the market is penalising investment holding companies in general for it.*	Although PSG Group has had its fair share of failed investments in the past, its successes far exceed its failures. This is evident from the significant total return of 38% per annum that PSG Group shareholders have enjoyed since establishment – an achievement to be proud of.
Excessive fee structures *Some investment holding companies have undesirable management/performance fee structures in place or charge such fees calculated on doubtful internal valuations. This is especially irksome for investors if such companies' performance is poor and they hold onto surplus cash.*	This does not apply to PSG Group as its latest annual operating costs as a percentage of its *SOTP value* and market capitalisation as at 28 February 2022 were 0,05% and 0,07%, respectively – being markedly lower than what actively-managed unit trusts charge their investors.
Too many listed entry points *Too many listed entry points have weakened the case for investing in an investment holding company, as an investor can invest directly in the underlying investee companies based on personal preference as opposed to via the investment holding company.*	This most certainly applies to PSG Group – as mentioned earlier, listing investees formed part of PSG Group's DNA and ironically it could well be a major reason for PSG Group trading at a substantial discount, with 91% of its total asset value comprising listed companies.

In addition, investors seem to increasingly prefer private equity funds as investment vehicle or wish to invest directly in the listed underlying companies of choice. While this may change in the years to come, it is unfortunately our reality for the foreseeable future.

While PSG Group's listed investee companies initially benefitted from the "big brother effect" with PSG Group as anchor shareholder, once they become more mature, operate efficiently and are well capitalised (such as our listed investee companies are), they are penalized from a JSE Index inclusion perspective having a smaller investable free float (with PSG Group's shareholding in such investee companies being excluded for determining free float), which could adversely impact their share prices and accordingly wealth creation for both their and PSG Group shareholders.

GREATER ACTION IS REQUIRED

PSG Group continues to do what is best for its shareholders. Case in point is PSG Group's unbundling of Capitec representing approximately 66% of its total *SOTP* assets at the time in 2020, whereby significant value was unlocked for PSG Group shareholders.

To run a conservative portfolio or to sit back and wait for markets to re-rate investment holding companies in years to come, are neither in the best interest of PSG Group shareholders, nor in management's character. The discount topic and potential value-unlocking strategies to address same have been raised at every investor engagement in recent years. Management has considered various alternatives, including large share buybacks and buying out the minorities of the underlying listed investments. However, share buybacks ultimately have a relatively small positive effect on PSG Group's *SOTP value* per share, while buying out the minorities of the underlying listed investments would simply be too capital intensive and expensive as a significant premium would need to be offered – thereby depleting our cash resources and destroying value for PSG Group shareholders.

The aforementioned has necessitated a more robust approach in formulating a strategy to unlock the significant discount contemplated herein for PSG Group shareholders – hence the proposed PSG Group Restructuring, which is arguably the only viable solution to achieve such objective.

The total anticipated value that PSG Group exiting shareholders would realise from the PSG Group Restructuring represented a 41,3% premium to the PSG Group share price as at 28 February 2022, being immediately prior to announcing the PSG Group Restructuring, as detailed in the table below:

		28 Feb 2022	
	Unbundling ratio for every PSG Group share held	**Closing share price R**	**Indicative value per PSG Group share R**
PSG Konsult	**3,86921**	**13,74***	**53,16**
Curro	**1,81597**	**13,45***	**24,42**
Kaap Agri	**0,12364**	**51,20***	**6,33**
CA&S	**1,03650**	**4,79****	**4,96**
Stadio	**1,02216**	**3,64***	**3,72**
Value of shares received pursuant to the Unbundlings***			**92,59**
Cash received pursuant to the Specific Repurchase			**23,00**
Total anticipated value			**115,59**
PSG Group share price			**81,83^**
Premium			**41,3%**

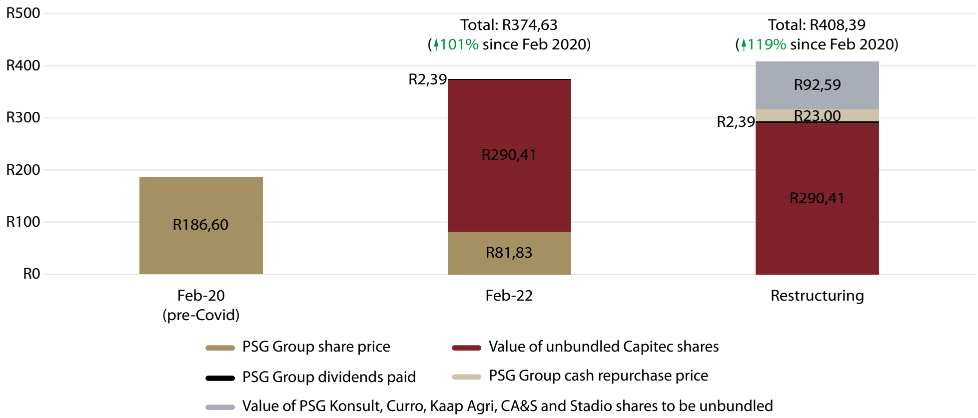
* *Listed on the JSE.*

** *Listed on both the Botswana Stock Exchange and the Cape Town Stock Exchange, with the latter listing being transferred to the JSE on 27 June 2022. The closing share price presented in the table above is the closing share price on the Botswana Stock Exchange on 28 February 2022, translated from Botswana pula into South African rand at the ruling exchange rate on such date.*

*** *This value will fluctuate in accordance with movement in the share prices of the companies to be unbundled.*

^ *PSG Group's closing share price as at 28 February 2022 immediately preceding the announcement of the proposed PSG Group Restructuring on SENS on 1 March 2022.*

Measured as at 28 February 2022, the significant value-unlock initiatives by way of the proposed PSG Group Restructuring, coupled with the Capitec unbundling, represent an increase in shareholder value of 119% since 29 February 2020, as depicted in the graph below:



In conclusion and with all things duly considered, we sincerely believe the PSG Group Restructuring to be in the best interest of PSG Group shareholders and we therefore urge you to vote in support of the transaction at the general meeting to be held during August 2022.

A WORD OF THANKS

Firstly, we want to thank our founders for their vision and our loyal shareholders for their continued support over the past 26 years. This laid the foundation for PSG Group to be built into a remarkable company that not only delivered superior returns for investors, but also made a significant positive contribution to South Africa. While we firmly believe that this course of action in the PSG Group journey is the right way forward, we cannot help but feel nostalgic about the delisting of a pioneering business that truly left an indelible mark on the South African business community.

Our sincerest gratitude goes to the various management teams and all employees throughout our group for your unwavering dedication. Also to our clients and customers – without your support, every business that we have invested in would have remained but a dream. May you and our shareholders continue to support and benefit from these great companies.

To our board of directors, thank you for your valued support, encouragement and guidance throughout the years – it is much appreciated.

Lastly, this letter would not be complete without us paying tribute to the man who carried the dream of PSG Group into reality – Jannie Mouton. Jannie, you are not only a business legend and icon, but a man of integrity and kindness that we have the deepest respect for. Your entrepreneurial flair, work ethic, fairness and passion are what shaped this company into the success story it became. We salute you and vow to carry these foundations into the next chapter of the PSG Group journey.

With gratitude,

KK Combi
Chairman

Piet Mouton
CEO

Wynand Greeff
CFO

Johan Holtzhausen
Executive

Stellenbosch
21 June 2022