STADIO
HOLDINGS

STADIO HOLDINGS LIMITED
(previously known as Embury Holdings Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2016/371398/06)
JSE share code: SDO ISIN: ZAE000248662
("**STADIO**")

PROSPECTUS

PREPARED IN TERMS OF THE COMPANIES ACT

The definitions and interpretations commencing on page 14 of this Prospectus apply mutatis mutandis throughout this Prospectus, including to this cover page.

This Prospectus is issued in compliance with the Companies Act, for the purpose of providing information with regard to STADIO and is issued in respect of:

- **a private placement to raise approximately R200 million by way of an offer for subscription to Black Persons and Brimstone for approximately 67 000 000 to 80 000 000 (but not more than 87 000 000) Private Placement Shares in STADIO at the Private Placement Issue Price.**

	2017
Opening date of the Private Placement (09:00)	Monday, 30 October
Announcement of the Private Placement Issue Price	Tuesday, 14 November
Closing date of the Private Placement (12:00) *	Monday, 27 November
Results of the Private Placement released on SENS on	Wednesday, 29 November
Notification of allotment to successful Invited Investors by	Wednesday, 29 November
Results of the Private Placement published in the press on	Thursday, 30 November
Accounts at CSDP or Broker updated and credited in respect of Private Placement Shares	Monday, 4 December

* *Invited Investors must advise their CSDP or Broker of their acceptance of the Private Placement Shares in the manner and by the cut-off time stipulated by their CSDP or Broker.*

The offer, in the form of the Private Placement, is being made to Invited Investors only, which includes Black Employees, and will comprise approximately 67 000 000 to 80 000 000 Private Placement Shares at the Private Placement Issue Price. Brimstone will subscribe for Private Placement Shares to the value of R100 million in terms of the Private Placement at the Private Placement Issue Price on a preferential basis.

Applications in terms of the Private Placement must be for a minimum subscription amount of R20 000 per Black Employee and a minimum subscription amount of R50 000 per Black Person other than Black Employees.

At the date of this Prospectus (and following the implementation of the Rights Offer):

- the authorised share capital of STADIO comprises 1 000 000 000 Shares;
- the issued share capital of STADIO comprises 703 580 100 Shares;
- no STADIO Shares are held in treasury;
- the total value of the stated capital account in respect of the STADIO Shares is R1 071 013 992; and
- all STADIO Shares in issue rank *pari passu* with each other in all respects, including in respect of voting rights and dividends.

At the Last Practicable Date:

- the market capitalisation of STADIO was approximately R3 043 544 605.

Assuming that 67 567 568 Private Placement Shares are issued at the Private Placement Issue Price of R2.96, then immediately after the implementation of the Private Placement:

- the authorised share capital of STADIO will comprise 1 000 000 000 Shares;
- the issued share capital of STADIO will comprise 771 147 668 Shares;
- no STADIO Shares will be held in treasury;
- the total value of the stated capital account in respect of the STADIO Shares is R1 268 963 993; and
- the anticipated market capitalization of STADIO will be approximately R5 243 804 142 (using the closing price on the Last Practicable Date).

The Private Placement Shares will rank *pari passu* with the existing STADIO Shares in all respects, including in respect of voting rights and dividends. There are no convertibility or redemption provisions relating to any of the Private Placement Shares offered in terms of the Private Placement. The Private Placement Shares will only be issued in Dematerialised form. No certificated Private Placement Shares will be issued. Brimstone will receive Private Placement Shares on a preferential basis at the Private Placement Issue Price to the value of R100 million. Save for the preference granted to Brimstone, there is no intention to extend a preference on the allocation of the Private Placement Shares to any particular Black Person, in the event of an oversubscription of the Private Placement Shares pursuant to the Private Placement. There will be no fractions of Private Placement Shares offered or issued in terms of the Private Placement. The balance of the Private Placement Shares not taken up by Brimstone will be underwritten by Brimstone.

The Directors, whose names appear in paragraph 2.1 of this Prospectus, accept, collectively and individually, full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement herein false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this document contains all information required by law.

All advisors whose names and/or reports are contained in this Prospectus have consented in writing to act in the capacity stated and to their names being included in this Prospectus and, if applicable, to the inclusion of their respective reports in this Prospectus in the form and context in which they appear and have not withdrawn their written consents prior to publication hereof.

This Prospectus is not an invitation to the public to subscribe for Shares in STADIO. It is issued in compliance with the Companies Act for the purpose of giving information regarding STADIO and the Private Placement to Invited Investors only.

A copy of this Prospectus in English, accompanied by the documents referred to under "Documents available for inspection" as set out in paragraph 36 of this Prospectus, was registered by the CIPC on 20 October 2017 in terms of the Companies Act.

Transaction Advisor, Sole Bookrunner and Sponsor	Legal Advisor	Auditors
PSG CAPITAL	CDH CLIFFE DEKKER HOFMEYR	pwc

Date of issue: Monday, 30 October 2017

This Prospectus is available in English only. Copies may be obtained from STADIO, the Transaction Advisor, Sole Bookrunner and Sponsor or the Transfer Secretaries, at the addresses set out in the "Corporate Information" section of this Prospectus during normal office hours from the date of issue of this Prospectus until Monday, 27 November 2017 (both days inclusive).

IMPORTANT LEGAL NOTES

The definitions and interpretations commencing on page 14 of this Prospectus apply to this section.

This Prospectus is not an invitation to the public in South Africa to subscribe for securities, but is issued in compliance with the Companies Act, for the purpose of providing information in respect of STADIO and the Private Placement to Invited Investors only.

ISSUED IN SOUTH AFRICA ONLY

This Prospectus has been issued in South Africa only. The distribution of this Prospectus may be restricted by law. Persons into whose possession this Prospectus comes, must inform themselves about and observe any and all such restrictions. This Prospectus does not constitute an offer of or invitation to subscribe for and/or purchase any Shares of STADIO in any jurisdiction other than South Africa. In South Africa, the offer is extended to Invited Investors only.

The release, publication or distribution of this Prospectus in certain jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. It is the responsibility of the non-resident applicant to satisfy himself or herself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with this Prospectus.

Any Shareholder who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

FORWARD-LOOKING STATEMENTS

This Prospectus contains statements about STADIO and the STADIO Group that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. STADIO cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industries in which STADIO operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus.

All these forward-looking statements are based on estimates and assumptions made by STADIO. Although STADIO believes them to be reasonable, they are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to STADIO or not currently considered material by STADIO.

Shareholders should keep in mind that any forward-looking statement made in this Prospectus or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of STADIO not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. STADIO has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Prospectus after the date of this Prospectus, except as may be required by law.

DISCLOSURE OF INTERESTS

As indicated in this Prospectus, PSG Capital fulfils the functions of Transaction Advisor, Sole Bookrunner and Sponsor to STADIO. It is PSG Capital’s opinion that the performance of all of these functions do not represent a conflict of interest for PSG Capital, impair its independence from STADIO or impair its objectivity in its professional dealings with STADIO or in relation to the Private Placement.

As at the Last Practicable Date, PSG Group, which is the holding company of PSG Capital, is the ultimate controlling Shareholder of STADIO.

Notwithstanding the above, PSG Capital operates separately and independently from PSG Group and STADIO and accordingly there are no matters which may have an effect on the independence of PSG Capital from STADIO in respect of this Prospectus.

CORPORATE INFORMATION

Directors
CR van der Merwe (Chief executive officer)
S Totaram (Chief financial officer)
D Singh (Chief academic officer)
RH Stumpf *# (Chairperson)
R Kisten *#
KS Sithole *#
PN de Waal *
A Mellet (alternate Director to PN de Waal) *

** non-executive*
 # independent

Date and place of incorporation
25 August 2016
Republic of South Africa

Company secretary and registered address
STADIO Corporate Services Proprietary Limited
Registration number 2017/219978/07

Unit 13, San Domenico
10 Church Street
Durbanville, 7550
(PO Box 2161, Durbanville, 7551)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Legal Advisor
Cliffe Dekker Hofmeyr Incorporated
Registration number 2008/018923/21
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Transaction Advisor, Sole Bookrunner and Sponsor
PSG Capital Proprietary Limited
Registration number 2006/015817/07
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

and at

2nd Floor
11 Alice Lane (Bowmans Building)
Sandhurst
Sandton, 2196
(PO Box 650957, Benmore, 2010)

Auditors of STADIO and Embury
PricewaterhouseCoopers Incorporated
Registration number 1998/012055/21
Capital Place
15 – 21 Neutron Avenue
Technopark
Stellenbosch, 7600
(PO Box 57, Stellenbosch, 7599)

Transactional Bankers of STADIO
The Standard Bank of South Africa Limited
Registration number 1962/000738/06
Division: Corporate and Investment Banking
20th Floor Standard Bank Main Tower
2 Hertzog Boulevard
Cape Town, 8001
(PO Box 40, Cape Town, 8000)

TABLE OF CONTENTS

The definitions and interpretations commencing on page 14 of this Prospectus apply to this table of contents.

SALIENT FEATURES

The definitions and interpretations commencing on page 14 of this Prospectus apply to these salient features.

1. **INTRODUCTION**

1.1 Curro is currently the largest for-profit independent school group in Africa, providing education services to approximately 47 000 learners in 127 schools across South Africa and Namibia. Curro has been a proud provider of pre-school and school-based education since 1998 and was listed on the JSE in 2011.

1.2 In 2013, Curro acquired Embury, a registered private higher education institution, which offers accredited undergraduate teacher-education qualifications. The acquisition of Embury was Curro's first investment in the post-school education environment.

1.3 In light of the opportunities presented in the post-school education market, it was a natural progression for Curro to develop and further expand its higher education offering. The Latin word "Curro", can be translated into English as "I run" and the Italian word "*Stadio*", can be translated into English as "stadium". In ancient Rome, long-distance races required athletes to run from stadium to stadium to reach the finish line. The progression from Curro to STADIO, symbolises the fact that STADIO is the way in which the race for education will be continued. It also epitomises the ethos of "continuing" (lifelong) learning.

1.4 On 28 February 2017, Curro announced its intention to unbundle its entire interest in STADIO and to list STADIO on the JSE. STADIO was listed on the main board of the JSE, under the abbreviated name "STADIO", JSE share code "SDO" and ISIN ZAE000248662, with effect from the commencement of trade on Tuesday, 3 October 2017 and the Unbundling was effected on Friday, 6 October 2017. STADIO is listed in the "Specialised Consumer Services" sector of the Main Board of the JSE.

2. **INDUSTRY BACKGROUND**

2.1 "*Edu*cation is the civil rights struggle of our generation requiring the biggest expansion of educational opportunity in modern history".[1]

2.2 Education is indisputably fundamental for the development of the necessary skills and intellectual capital that will ultimately promote economic growth and development. Access to education plays a pivotal role in promoting equality, democracy and ultimately, social justice.

2.3 Whilst the early childhood development and basic education sectors are vitally important to laying the educational foundation for individuals, it is acknowledged that students who further their post-school education, obtain a wide range of financial, personal and other lifelong benefits. Similarly, taxpayers and society as a whole derives a multitude of direct and indirect benefits when citizens have access to post-school education.

2.4 An expanding post-school education system has become a norm of modernisation and the demand for post-school education continues to grow.

2.5 Globally, the number of students enrolled specifically at higher education institutions more than doubled between 2000 to 2015, from 99.7 million students to 213.7 million students.[2]

2.6 This growth has arisen mainly from:

2.6.1 a growing population (including a growing middle-class population);

2.6.2 an increase in the number of school leavers qualifying to participate in post-school education; and

2.6.3 an increase in the actual Gross Tertiary Enrolment Rate ("**GTER**") of students typically attending higher education institutions (GTER defined as total student enrolments divided by the school leaver age-cohort in the national population i.e. the population typically between the ages of 18 and 24 years). The global average of the GTER was 32.9% increasing to 34% in 2014 and is expected to reach about 50% by 2034. GTER rates are on average 76.6% in Northern and Western Europe, 43.9% in Latin America and the Caribbean and 8.2% in Sub-Saharan Africa.[3]

2.7 In South Africa, the higher education market is made up of 26 public higher education institutions (with an aggregate of 985 212 students in 2015) and 124 private higher education institutions (with an aggregate of 147 210 students in 2015), which collectively had a total of 1 132 422 students in 2015.[4]

2.8 As with global trends, the demand for higher education in South Africa has increased, with the number of total students enrolled in higher education institutions more than doubling from approximately 557 000 students in 2000[5] to 1 132 422 students in 2015.[6]

[1] *UN Special Envoy for Global Education Gordon Brown, UN Education Commission.*
[2] *UNESCO (2015).*
[3] *Simon Marginson 2016 & 2017.*
[4] *DHET. March 2017. Statistics on Post-School Education and Training SA 2015.*
[5] *DHET. 2016. 2000-2008 First Time Entering Undergraduate Cohort Studies for Public Higher Education Institutions.*
[6] *DHET. March 2017. Statistics on Post-School Education and Training SA 2015.*

2.9 Over the same period the number of first-time students enrolled at public higher education institutions increased by 75%, from 98 095 in 2000[7] to 171 930 in 2015[8], with the bulk of the growth arising from UNISA (a dedicated distance learning institution) and North West University (with its newly introduced distance learning focus).

2.10 Private higher education institutions only account for 13% of the total higher education market in South Africa, with 147 210 enrolled students in 2015, up from 90 767 enrolled students in 2009. In Brazil and Chile, for example, total enrolments in private higher education are closer to 71% in 2012 and 84% in 2013, respectively. For Organization for Economic Cooperation and Development (OECD) countries, the corresponding figure was approximately 31% in 2013.

2.11 It is an indisputable fact that the demand for private higher education in South Africa continues to increase, as is evident from the following facts:

2.11.1 the number of school leavers qualifying for post-school education has increased by approximately 32% from approximately 334 718 students in 2009 to 442 672 students in 2016;[9]

2.11.2 even with the introduction of 2 new public higher education universities in the Northern Cape and Mpumalanga in 2014, at least 60% of school leavers per annum who qualify for further study cannot be accommodated by the public higher education sector. With the increasing numbers of successful school leavers, the impact of this shortfall is compounded every year; and

2.11.3 in 2015, the GTER for South African universities was approximately 19% up from 14% in 2000. The National Development Plan (NDP) has set a target to increase higher education participation to 1.6 million students in 2030 however, to meet the global average GTER, STADIO estimates that the number of participants should increase to 2 million students.

2.12 The future growth of student enrolments in South African public universities is however constrained by the limited infrastructure and other resource capacity issues. It is estimated that the expected current maximum capacity of first-year enrolments at public higher education institutions is approximately 180 000 students.

2.13 Adding a further constraint to cater for the increased demand is the enrolment cap based on the limited available budget from the national fiscus that is applied to public higher education institutions by the DHET. This cap dictates the maximum new students that may be admitted annually that will be subsidised by the state.

2.14 Over and above the capacity (i.e. infrastructure and financial) shortages, public higher education institutions face the following further material challenges:

2.14.1 **High drop-out rates, low graduation rates and the long time to graduate**

Since 1994, the increase in the number of students accessing higher education has been significant, particularly amongst previously marginalised groups. However, the success rates of these higher student numbers have not been proportionately evident. Instead, the higher access rates are accompanied by equally higher attrition rates (mainly as a consequence of low output and throughput rates).[10] In 2013, the CHE reported that as many as 55% of students never graduated.[11] In 2015, the statistics from DHET indicated that average graduation rates at public higher education institutions ranged between 13% and 43% (with an overall 3.3% increase from 2014).[12]

2.14.2 **Limited articulation possibilities**

Given the constraining impact of the enrolment cap on public higher education institutions, students who drop out and/or are academically cancelled have limited opportunities to further their studies within the public sector due to a lack of nationally applicable articulation arrangements allowing them to continue their studies at other institutions in the post school sector.

2.14.3 **Increase in operational costs of public higher education institutions**

The operating expenses of public higher education institutions increase annually, which means that further pressure will be placed on the government to increase funding to these institutions. If the state cannot increase its funding, these institutions will have to look to other sources of income to sustain themselves, including student fees.

2.15 Noting the challenges confronting public higher education and training, and the acknowledgement of the critical importance of higher education in growth and development[13], the private sector is an ideal partner to support and assist the state to address and mitigate its risks vis-à-vis post-school education and training. This view is supported by the DHET, which has recognised the critical role of private institutions in expanding opportunities specifically for higher education and training in South Africa. By 2030, the DHET would like to see 1 million students in private higher education, as an element of national growth and development.[14]

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7 *Ian Bunting, Charles Sheppard, Nico Cloete, and Lisa Belding. Performance Indicators in South African Higher Education.*

8 *DHET. March 2017. Statistics on Post-School Education and Training SA 2015.*

9 *Department of Basic Education, National Senior Certificate – Examination Report 2016.*

10 *Sadhana Manik. 2015. Calibrating the Barometer: Student Access and Success in South African Public Higher Education Institutions. Alternation Special Edition.*

11 *Saleem Badat. 2014 CHE Report to Parliament.*

12 *DHET. March 2017. Statistics on Post-School Education and Training SA 2015.*

13 *Global Goals 2030, AU Agenda 2063, and the NDP 2030.*

14 *Information sharing workshop on the regulatory framework for private higher education institutions, 7 September 2017.*

3. BUSINESS RATIONALE OF STADIO

3.1 The current unemployment rate in South Africa remains critically high at 27.7%.

3.2 Education and training remains vitally important to reduce unemployment and promote economic growth.

3.3 Research further indicates that in South Africa, the graduate unemployment rate is at about 5%,[15] implying that a degree or post school qualification dramatically increases the probability of securing a job and therefore economic security and stability.

3.4 As such, the Board believes that STADIO, through its Subsidiaries, can play a meaningful role by:

3.4.1 **Widening access to higher education, by:**

3.4.1.1 investing capital to create capacity to accommodate the increasing demand for higher education (i.e. with competing socio-economic demands, the government does not have the financial and operational resources to address this demand);

3.4.1.2 providing seamless access and articulation pathways through a compendium of qualifications that will allow for progression from higher certificate to degree qualifications;

3.4.1.3 ensuring a sufficiently diverse programme and qualification mix that caters to both school-leavers, working adults and the post-graduate student, within the framework of lifelong learning; and

3.4.1.4 enhancing the use of distance learning which is both more affordable and will increase the breadth of access;

3.4.2 **Offering innovative curricula and programmes that are relevant and relate to the world of work and the needs of society i.e. programmes that will provide students with a real chance of finding or creating employment post-qualification but which will equally ensure that STADIO graduates have a fundamental understanding of responsible citizenship and global awareness; and**

3.4.3 **Focussing on graduate success and throughput (i.e. access with success), as follows:**

3.4.3.1 STADIO recognises that a number of higher education students do not progress academically as a result of not achieving examination admission. STADIO believes that, having registered a student, the higher education institution must take all reasonable and responsible steps to facilitate the success of such student, including the implementation of the 'credit retry' principle as an integral element of its teaching and learning methodology. The 'credit retry' principle focuses on identifying students at risk of not achieving examination admission and providing adaptive further academic support and/or formative assessment opportunities that will improve their chances to sit for the examination, pass the examination and graduate successfully; and

3.4.3.2 private higher education institutions and STADIO particularly introduce an opportunity for students who drop out and/or are academically cancelled, to ensure that no learning is wasted. STADIO's academic ethos promotes articulation and mobility between and among its own institutions as well as the public higher education sector through the application of existing DHET policies of credit accumulation and transfer, recognition of prior learning, and recognition and equivalence of degrees.

3.5 Notwithstanding STADIO's aforementioned intentions, STADIO is also cognisant that although increasing infrastructure is one pillar in the "access" discussion, a second pillar, given that further state funding is an unlikely option, is sustainable financial support for students. STADIO is considering several models that may be implemented individually or collectively and includes academic merit and needs bursaries and scholarships (estimated at between 1% and 3% of revenue per annum). Furthermore, STADIO believes that successful businesses in both the listed and unlisted environments can use their corporate, social responsibility funds to provide bursaries for students to study programmes which will provide young adults with the skillsets relevant to the world of work. By monitoring the learning success of these students, these companies will find comfort that their money is appropriately used for the benefit of the country.

3.6 The intention of the Unbundling and Listing is to create a separate listed business focussing on higher education with a strong management team and a dedicated anchor shareholder (namely PSG Group) in order to become a leader in the higher education market in South Africa

3.7 To achieve its goal, STADIO intends to create a "Multiversity". A Multiversity is defined as a large, diverse institution of higher learning created to educate for life and for a profession, and to grant degrees, (including higher certificates and diplomas).[16] Whereas a university implies "sameness" and the integration of all knowledge, a Multiversity implies a DIVERSITY of knowledge with diverse institutions catering for the diverse and relevant needs of the South African market place. The concept of a Multiversity further respects the uniqueness of every student.

3.8 As a Multiversity, STADIO will own various registered higher education institutions, which will retain their own brands, campuses and management teams, but will share a common ethos and benefit from the synergies, infrastructure and shared services arising from the STADIO Group structure.

3.9 STADIO is an investment holding company that focusses on the acquisition of, investment in, growth and development of higher education institutions to assist in meeting the demand for quality and relevant higher education programmes in Southern Africa. It intends to acquire and grow existing registered higher education brands, fund further expansions of existing brands and oversee the greenfield development of new campuses.

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[15] *CDE Insight (2013).*

[16] *www.vocabulary.com/multiversity*

3.10 STADIO, through its Subsidiaries, will have diverse offerings including undergraduate and post graduate programmes (higher certificates, diplomas and degrees), geared to providing students with a real chance of creating their own employment opportunities (entrepreneurship) or finding employment post-qualification. As the investment holding company of the various education institutions, STADIO will monitor the business success and drive efficiencies, innovations and best practices across the STADIO Group.

3.11 The STADIO Group is committed to being relevant to the higher educational needs of the country and the broader African higher educational and development agenda, however, STADIO aims equally to be a recognised and valued participant in the international milieu of higher education. For this and other reasons, as a business STADIO will provide education through its various institutions and brands in the English language.

3.12 At the Last Practicable Date and following the implementation of the SBS Acquisition, the STADIO Group will have (as set out in the table below):

3.12.1 3 registered higher education institutions, namely Embury, AFDA and the Southern Business School (as more fully described below), that have been operating for between 17 and 23 years;

3.12.2 5 faculties, namely (i) Education; (ii) Commerce and Business; (iii) IT; (iv) Law and (v) Arts;

3.12.3 28 accredited programmes, ranging from higher certificates and diplomas to post graduate degrees (including masters' degrees);

3.12.4 approximately 22 new courses/programmes in the process of development and accreditation, which will be offered by the STADIO Group from the commencement of the 2018, 2019 or 2020 academic years;

3.12.5 10 registered campuses/sites, including sites in Gauteng, the Western Cape, KwaZulu-Natal, Eastern Cape, Botswana (Gaborone) and Namibia (Windhoek); and

3.12.6 approximately 12 979 registered students.

	Student numbers 2017	Capacity at campuses	Mode of delivery	Average tuition fees 2017 (R'000)	Number of faculties	Number of accredited programmes	Number of programmes in development or accreditation	Registered sites of delivery
Embury	1 073	6 100	Contact and distance	39	1	8	17	3
AFDA	1 950	4 000	Contact	79	3	9	3	5
Southern Business School	9 956	*	Distance	12	2	11	2	2
STADIO Group	**12 979**					**28**	**22**	**10**

* *Capacity is not constrained by physical infrastructure.*

3.13 STADIO will grow its business by focussing on:

3.13.1 the acquisition of reputable higher education institutions, aligned with STADIO's Multiversity strategy and ethos, with the aim to accumulate a wide spread of programmes and qualifications in various fields of higher education;

3.13.2 optimising the utilisation of STADIO's newly constructed facilities, namely:

3.13.2.1 Musgrave (KwaZulu-Natal) (contact learning capacity of 2 700 students);

3.13.2.2 Montana (Pretoria) (contact learning capacity of 1 700 students); and

3.13.2.3 Waterfall (Midrand) (contact learning capacity of 1 700 students);

3.13.3 promoting the growth of existing brands (i.e. Embury, AFDA, and the Southern Business School). This will include:

3.13.3.1 geographic expansion through rolling out the brands to new locations;

3.13.3.2 accrediting further undergraduate and post-graduate degrees, diplomas and higher certificate qualifications across various brands;

3.13.3.3 investing in focused marketing across the various brands and products of the STADIO Group; and

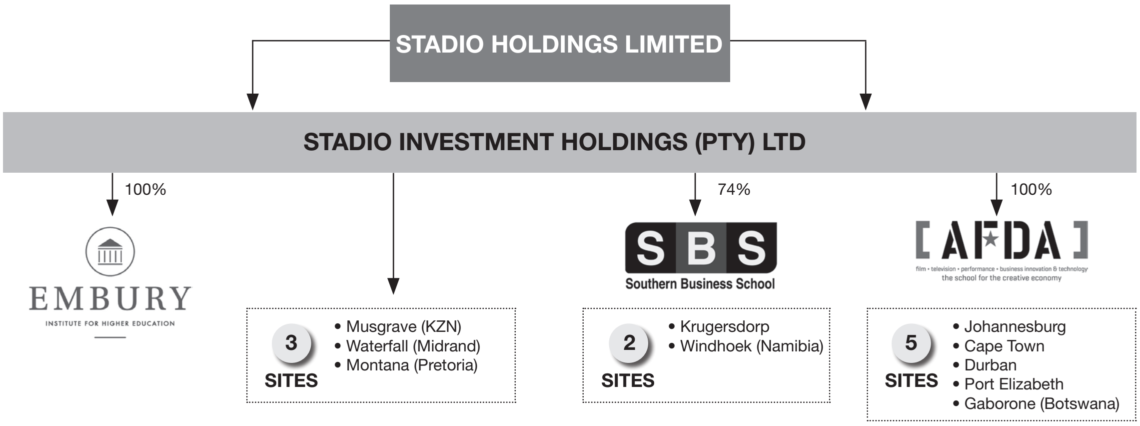
3.13.3.4 expanding distance learning offerings across the brands (key qualifications to be accredited on both distance learning and contact learning modes of delivery); and

3.13.4 expanding into greenfield opportunities by exploring its offering into new faculties, such as Engineering as well as Health and Sciences, in due course.

4. **OVERVIEW OF THE STADIO GROUP**

4.1 **STADIO Group Structure**

The following diagram sets out the STADIO Group structure after the implementation of the SBS Acquisition, which is anticipated to be completed prior to 31 October 2017:



Notes

The SBS Acquisition is subject to the fulfilment of an outstanding condition precedent that the transfer of certain immovable properties by the Southern Business School is registered in the relevant deeds office before 31 October 2017.

The Milpark Acquisition is still subject to numerous conditions precedent and therefore has not been included in the aforementioned structure.

4.2 **Businesses**

The various businesses of the STADIO Group are detailed below:

4.2.1 **Embury Institute for Higher Education Proprietary Limited (Embury) (100%)**

4.2.1.1 Embury is a South African registered higher education institution (DHET registration number 2008/HE07/004) which currently offers 8 accredited undergraduate teacher-education qualifications through both contact and distance learning modes, to prepare teachers for working in South African schools. Embury currently has approximately 1 100 students registered for contact and distance learning qualifications at its Morningside campus in Durban (KwaZulu-Natal). Currently the Morningside campus is at capacity which has limited Embury's growth potential in KwaZulu-Natal to date. During 2017, Embury (through STADIO) acquired and developed the Musgrave campus in order to meet the increased demand. The Musgrave campus will be able to accommodate a maximum capacity of 2 700 students. The current Embury Morningside campus will thus relocate to the newly constructed Musgrave campus at the beginning of 2018 and strongly position Embury for its next phase of growth in KwaZulu-Natal.

4.2.1.2 Embury is in the process of expanding its national footprint and academic programme offerings. The STADIO Board believes that there exists a large opportunity for teacher-education qualifications in Gauteng. As such in January 2018, Embury will open 2 new campuses in Gauteng, one in Waterfall Estate (Midrand) and the other in Montana (Pretoria). It is estimated that these new campuses will take between 3 and 4 years (i.e. between 2020 and 2021) to breakeven, as the Embury brand gains traction in Gauteng, and thereafter both campuses are expected to contribute meaningfully to the profits of the STADIO Group.

4.2.1.3 Embury is also currently in the process of developing 17 new contact and distance learning qualifications for its teacher education and economic and management sciences faculties. Embury has developed and submitted a number of economic and management sciences qualifications, including its own PGDA, to the CHE for accreditation. Embury is also in the process of obtaining SAICA accreditation for this PGDA programme.

4.2.1.4 Furthermore, Embury has entered into an agreement to acquire the business, intellectual property and employees of CA Connect, with effect from 1 January 2018. CA Connect is a private education business which currently collaborates with a higher education institution in offering a one-year PGDA, which allows students to write the "Initial Test of Competence", being the first of SAICA's professional exams for students on the path to becoming registered Chartered Accountants. The CA Connect team will join and assist in developing Embury's new economic and management sciences faculty from 1 January 2018.

4.2.2 **The South African School of Motion Picture Medium and Live Performance Proprietary Limited (AFDA) (100%)**

4.2.2.1 AFDA is a South African registered higher education institution, (DHET registration no. 2001/HEO7/012) and offers 9 fully accredited programmes ranging from higher certificates to masters' degrees, primarily focused on the film, television and live performance industry.

4.2.2.2 AFDA was founded in 1994 by Garth Holmes, Bata Passchier and Deon Opperman. Since then it has grown from 6 students, to a premier institution of its kind in the world, with approximately 1 950 students on campuses in Johannesburg, Cape Town, Durban and Port Elizabeth. AFDA has grown its student numbers consistently from approximately 1 570 students in 2015 to approximately 1 775 students in 2016 and to approximately 1 950 students currently enrolled at its 4 South African campuses. These current campuses can accommodate an approximate student capacity of 4 000 students. AFDA will further look to expand its offerings in locations such as Pretoria and Soweto over time.

4.2.2.3 As a further part of its strategy to expand its brand offering, and prepare graduates for the demands of a digital economy, AFDA launched its business innovation and technology degree offering, to address the exciting exponential development of the creative economy.

4.2.2.4 It is the intention of AFDA to broaden the scope of its offering in the connected creative ecology, by increasing its choice of disciplines, including interior, graphic and fashion design, advertising, virtual reality, 3D printing, music, sound and application development to produce innovative and profitable business concepts, popular culture, media and entertainment, for both local and global markets.

4.2.3 **Southern Business School Proprietary Limited (Southern Business School) (74%)**

4.2.3.1 The Southern Business School is a South African registered higher education institution (DHET registration number: 2002/HE07/015), with its Subsidiary, Southern Business School Namibia, being recognised by the Namibian Qualification Authority. The Southern Business School has 11 accredited distance learning programmes (ranging from higher certificates to masters' degrees) with 3 academic schools, namely the School of Business and Economics, the School of Safety in Society and the School of Law, which offer dedicated formal programmes as well as short courses.

4.2.3.2 Founded by Chris Vorster in 1996, the Southern Business School, which originally opened its doors with 38 students in 1996, offers accredited programmes through distance learning. The business has reflected stellar growth in student numbers from approximately 6 905 students in 2015, to approximately 8 533 students in 2016 and to approximately 9 956 students in 2017, enrolled in South Africa and Namibia.

4.2.3.3 As a contributor to growth, in 2016, the Southern Business School launched a Bachelor of Commerce (in Law) degree as part of its strategy to expand its range of programmes offered.

4.2.3.4 The Southern Business School will continue to seek out growth opportunities (in South Africa and Namibia) by introducing new programmes as well as increasing its presence, through effective marketing, and extending its reach geographically. Being a distance-learning provider, the Southern Business School will not require the physical building infrastructure required, for example, by the Embury or AFDA businesses. This business is thus able to scale its operations and widen access with investment in appropriate information technology improvements over time.

5. KEY STRENGTHS AND COMPETITIVE ADVANTAGES

5.1 The Board believes that the STADIO Group's strengths and competitive advantages include the following:

5.1.1 a qualified and highly-skilled leadership team with expertise in education, academics, finance and business;

5.1.2 quality, well established niche-market brands that are acknowledged leaders in their respective fields of offering;

5.1.3 a teaching and learning ideology focussed on graduate success, entrepreneurship and employability. STADIO recognises that a number of higher education students do not progress academically, as a result of not achieving examination admission. STADIO believes that, having registered a student, the higher education institution must take all reasonable and responsible steps to facilitate the success of such student, including the implementation of the 'credit retry' principle as an integral element of its teaching and learning methodology;

5.1.4 access to capital and strong financial backing; and

5.1.5 economies of scale.

5.2 In comparison to the basic education environment, the higher education environment requires lower fixed capital expenditure, with less emphasis on physical infrastructure and fewer buildings required and the potential to leverage off distance learning opportunities to effectively bridge the geographical divide and widen access to a greater number of students.

6. PROSPECTS

6.1 STADIO's objective is to facilitate, through its Subsidiaries, access to quality higher education, giving its students realistic opportunities of finding or creating future employment.

6.2 Through implementing its growth strategy, the details of which are set out in paragraph 3.13 of this "*Salient Features*" section of this Prospectus, the STADIO Group's objective is to increase its student enrolments (across both the contact and distance learning modes of delivery) initially to 35 000 students in the medium term and then to approximately 56 000 students by 2026, earning a profit after taxation of approximately R500 million. STADIO believes that the aforementioned target can be achieved through deploying: (i) the capital of up to R840 million raised from the Rights Offer and the Private Placement; (ii) internally generated cash; and (iii) debt funding.

PLEASE NOTE THAT THE AFOREGOING STATEMENT OF STADIO'S OBJECTIVE HAS NOT BEEN REVIEWED OR REPORTED ON BY STADIO'S AUDITORS OR BY AN INDEPENDENT REPORTING ACCOUNTANT NOR IS SAME GUARANTEED. IT IS HOWEVER AN OBJECTIVE THAT STADIO WISHES TO ACHIEVE BY 2026.

6.3 Over time however, STADIO's vision is to increase its reach to 100 000 students and more.

6.4 Given the opportunities in the sector and the demand for quality higher education, the Board is of the opinion that STADIO's prospects are very favourable.

6.5 Set out below is an extract of the forecast financial information of STADIO for the financial years ended 31 December 2017, 2018 and 2019. The forecast does not take into account the revenues or profits from future potential acquisitions for which capital will be raised, as set out in paragraph 7 below.

6.6 The forecast financial information of STADIO, as presented in **Annexure 1** to this Prospectus, is the responsibility of the Directors. The forecast financial information has been extracted from Annexure 13 of the Pre-listing Statement. An independent reporting accountant's report on Annexure 13 of the Pre-listing Statement is contained in Annexure 14 of the Pre-listing Statement.

	2017	2018	2019
Student numbers	12 979	14 339	16 577
Growth (%)	–	*10%*	*16%*
Revenue (R million)	142	417	536
Earnings before interest, taxes, depreciation and amortisation (EBITDA) (R million)	3	68	114
EBITDA margin (%)	2%	16%	21%
Headline earnings (R million)	(11)	41	70
Headline earnings per Share (cents)	(2.3)	5.1	8.5
Growth (%)	–	–	*67%*

7. CAPITAL RAISING

7.1 STADIO will, following the Listing and concurrently with this Private Placement, raise capital from its Shareholders by way of the Rights Offer. STADIO intends raising approximately R640 million through the aforementioned Rights Offer and approximately R200 million through the Private Placement (details of which are set out in paragraph 16 below), resulting in a total capital raising of approximately R840 million. The details of the Rights Offer were disclosed to Shareholders in a SENS announcement published on 3 October 2017 and in the Rights Offer Circular that has been published by STADIO on 9 October 2017.

7.2 PSG Financial Services, who holds 51% of STADIO, has irrevocably undertaken that it, and/or PSG Alpha (a Subsidiary of PSG Financial Services), will follow all of their rights in terms of the Rights Offer. PSG Financial Services has also irrevocably undertaken that it will underwrite the balance of the Rights Offer.

7.3 The capital raised in terms of the Rights Offer will be used to fund the cash settled portions of the purchase considerations payable in terms of the AFDA Acquisition, the SBS Acquisition and the Milpark Acquisition. It will further be utilised to fund the further acquisitions which are in various stages of negotiation, the transaction costs related to the various acquisitions as well as the costs of the capital raising and the Listing.

7.4 The capital raised in terms of the Private Placement will be used to fund the acquisition of land and the development of existing campuses to facilitate growth, for working capital purposes and to build up the capital resources for future opportunities.

7.5 Assuming all the aforementioned capital is successfully raised, post settlement of the purchase considerations payable in terms of the AFDA Acquisition, the SBS Acquisition and the Milpark Acquisition, STADIO will have excess cash on hand of approximately R206 million, which will specifically be utilised as set out above. STADIO believes that this capital will be fully invested within the next 6 to 12 months.

8. DETAILS OF THE PRIVATE PLACEMENT

8.1 In terms of the Private Placement, STADIO will raise approximately R200 million by way of an offer for subscription to Invited Investors for up to approximately 80 000 000 Private Placement Shares in STADIO at the Private Placement Issue Price.

8.2 The Private Placement Issue Price will be the lower of R2.96 and the Discounted Trading Price (being the VWAP of a Share for the 30 trading day period after the Listing Date, less a 20% discount). The intention being for Invited Investors to enjoy the benefit should the Discounted Trading Price be lower than R2.96. The final Private Placement Issue Price shall be provided to Invited Investors by PSG Capital on or about Tuesday, 14 November 2017, which is well before the closing date of the Private Placement. In the event that the Discounted Trading Price is lower than R2.50 per Private Placement Share, STADIO will have the right to determine, in its sole discretion, whether or not to proceed with the Private Placement.

8.3 Each Invited Investor must instruct their CSDP or Broker to settle the Rand denominated Private Placement Issue Price on the settlement date, through the payment of the Rand denominated Private Placement Issue Price to STADIO, on a "delivery-versus-payment" basis.

8.4 Applications for Private Placement Shares must be made in accordance with paragraph 16.8 of this Prospectus and by completing the Application Form, which accompanies this Prospectus. Application Forms will be made available to Invited Investors only. All Application Forms submitted must be accompanied by a certified copy of the applicant's identity document.

8.5 Applications for Private Placement Shares can only be made for Dematerialised Shares and must be submitted through a CSDP or Broker in accordance with the agreement governing the relationship between the applicant and the CSDP or Broker by the cut-off time stipulated by the CSDP or Broker.

8.6 If you are in doubt as to what action to take, you should consult your Broker, attorney or other professional advisor immediately.

8.7 Applications per investor for Private Placement Shares may only be made for a minimum subscription amount of R20 000 per Black Employee and for a minimum subscription of R50 000 per Black Person other than Black Employees.

8.8 All Private Placement Shares issued as part of the Private Placement will be subject to a Lock-In Period of 7 years, during which period the holders of the Private Placement will only be allowed to sell their Private Placement Shares to other Black Persons who have been verified and approved by STADIO. For the avoidance of doubt, there is no obligation on STADIO to set up a trading platform to facilitate trade in the Private Placement Shares and it is not STADIO's intention to do so at present.

8.9 In order to facilitate the Lock-In, applicants will be required to open a brokerage account with PSG Wealth.

8.10 The brokerage account opened with PSG Wealth will be a restricted account in terms of which the holders of Private Placement Shares will not be able to sell their Private Placement Shares unless the purchaser of the Private Placement Shares is a Black Person verified and approved by STADIO.

8.11 Following the expiry of the Lock-In Period of 7 years from the listing date of the Private Placement Shares, all restrictions in relation to the trading of the Private Placement Shares will fall away.

8.12 **In order to open a brokerage account at PSG Wealth, Invited Investors should contact Siphokazi Melamane at wealth@psg.co.za or 0860 000 368.**

8.13 PSG Wealth will not charge any monthly administration fees to the holders of Private Placement Shares during the Lock-In Period.

9. USE OF PROCEEDS

The capital raised in terms of the Private Placement will be used to fund the acquisition of land and the development of existing campuses to facilitate growth, for working capital purposes and to build up the capital resources for future opportunities.

10. FURTHER COPIES OF THE PROSPECTUS

Copies of the Prospectus may be obtained between 8:00 and 17:00 on Business Days from Monday, 30 October 2017 to Monday, 27 November 2017 at the following addresses:

STADIO Holdings Limited
Unit 13, San Domenico
10 Church Street
Durbanville, 7550

PSG Capital Proprietary Limited
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7599

and at

Bowmans Building
2nd Floor
11 Alice Lane
Sandhurst
Sandton, 2196

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 14 of this Prospectus apply to these salient dates and times.

	2017
Abridged Prospectus released on SENS on	Monday, 30 October
Opening date of the Private Placement (09:00)	Monday, 30 October
Abridged Prospectus published in the press on	Tuesday, 31 October
Announcement of the Private Placement Issue Price	Tuesday, 14 November
Closing date of the Private Placement (12:00)	Monday, 27 November
Results of the Private Placement released on SENS on	Wednesday, 29 November
Notification of allotment to successful Invited Investors by	Wednesday, 29 November
Results of the Private Placement released in the press on	Thursday, 30 November
Accounts at CSDP or Broker updated and credited in respect of Private Placement Shares	Monday, 4 December

Notes:

1. All references to dates and times are to local dates and times in South Africa. These dates and times are subject to amendment. Any such amendment will be released on SENS and published in the press.
2. Invited Investors must advise their CSDP or Broker of their acceptance of the Private Placement in the manner and by the cut-off time stipulated by their CSDP or Broker.
3. CSDP's effect payment on a delivery-versus-payment basis.

DEFINITIONS AND INTERPRETATIONS

In this Prospectus, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the corresponding meanings stated opposite them in the second column and words in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and any reference to one gender shall include the other gender:

"AFDA"	the South African School of Motion Picture Medium and Live Performance Proprietary Limited (registration number 1999/024588/07), a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by STADIO Investment Holdings;
"AFDA Acquisition"	the acquisition by STADIO of 100% of the issued share capital of AFDA and Intraframe;
"AFDA Acquisition Agreement"	the sale of shares agreement entered into between STADIO, Curro, AFDA, Intraframe and the AFDA Vendors on or about 1 June 2017, setting out the terms of the AFDA Acquisition;
"AFDA Botswana"	AFDA Botswana (Proprietary) Limited (registration number CO20137988), a private company incorporated under the laws of Botswana, 50% of the issued share capital of which is held by AFDA;
"AFDA Vendors"	Bata Judah Passchier and Garth Holmes, further details of whom are set out in **Annexure 16** to this Prospectus;
"Auditors"	PricewaterhouseCoopers Incorporated (registration number 1998/012055/21), a personal liability company incorporated under the laws of South Africa, full details of which are set out in the "*Corporate Information*" section of this Prospectus;
"B-BBEE"	broad-based black economic empowerment;
"B-BBEE Act"	the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended;
"B-BBEE Codes"	the generic Codes of Good Practice in respect of B-BBEE as published by the Minister of Trade and Industry on or about 11 October 2013 in terms of section 9(1) of the B-BBEE Act;
"Black Employees"	employees of the STADIO Group who are Black People;
"Black People"	black people as defined in the B-BBEE Act and the B-BBEE Codes;
"Black Persons"	natural persons who are Black People and "Black Person" shall mean any one of such Black Persons;
"Board" or "Directors"	the board of directors of STADIO, the names of whom are set out in paragraph 2.1 of this Prospectus and the particulars of whom are set out in **Annexure 10** to this Prospectus;
"Brimstone"	Brimstone Investment Corporation Limited (registration number 1995/010442/06), a black owned and controlled public company incorporated under the laws of South Africa, the issued shares of which are listed on the Main Board of the JSE;
"Brimstone Private Placement Shares"	up to approximately 40 000 000 Private Placement Shares to be issued to Brimstone in terms of the Private Placement;
"Broker"	any person registered as a "broking member (equities)" in accordance with the provisions of the Financial Markets Act;
"Business Day"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"CA Connect"	CA Connect Professional Training Institution CPT Proprietary Limited (registration number 2006/035512/07), a private company incorporated under the laws of South Africa;
"CA Connect Acquisition	the acquisition by Embury of the business, intellectual property and employees of CA Connect, with effect from 1 January 2018, in terms of an agreement entered into between, *inter alia*, STADIO, STADIO Investment Holdings and CA Connect;
"cent(s)"	South African cent(s);
"Certificated Shareholders"	Shareholders who own Certificated Shares;
"Certificated Shares"	Shares which have not been Dematerialised, title to which is represented by a share certificate or other Document of Title;
"CHE"	the South African Council on Higher Education, established in terms of the Higher Education Act, No. 101 of 1997;
"CIPC"	the Companies and Intellectual Property Commission;
"Common Monetary Area"	the Republics of South Africa and Namibia and the Kingdoms of Lesotho and Swaziland;

"Companies Act"	the Companies Act, No. 71 of 2008, as amended;
"Companies Regulations"	the Companies Regulations, 2011, promulgated under the Companies Act, as amended;
"CSDP"	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, with whom a Shareholder holds a Dematerialised share account;
"Curro"	Curro Holdings Limited (registration number 1998/025801/06), a public company incorporated under the laws of South Africa, 55.6% of the issued share capital of which is held by PSG Financial Services;
"Curro Shares"	ordinary no par value shares in the share capital of Curro, all of which are listed on the JSE;
"Curro Shareholders"	registered holders of Curro Shares;
"Dematerialise" or "Dematerialised" or "Dematerialisation"	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in STADIO's uncertificated securities register administered by a CSDP;
"Dematerialised Shares"	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
"Dematerialised Shareholders"	Shareholders who hold Dematerialised Shares;
"DHET"	the South African Department of Higher Education and Training;
"Discounted Trading Price"	the VWAP of a Share for the 30 trading day period after the Listing Date, less a 20% discount;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares acceptable to STADIO;
"Ekosto"	Ekosto 1067 Proprietary Limited (registration number 2002/009594/07), a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by Intraframe;
"Embury"	Embury Institute for Higher Education Proprietary Limited (registration number 2004/031722/07), a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by STADIO Investment Holdings;
"Exchange Control Regulations"	the Exchange Control Regulations, 1961, as amended from time to time, issued in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
"Financial Markets Act"	the Financial Markets Act, No. 19 of 2012;
"Income Tax Act"	the South African Income Tax Act, No. 58 of 1962, as amended;
"Intraframe"	Intraframe Proprietary Limited (registration number 2002/017794/07), a private incorporated under the laws of South Africa, 100% of the issued share capital of which is held by STADIO Corporate Services Proprietary Limited;
"Invited Investors"	Brimstone and such Black Persons that are invited to participate in the Private Placement by PSG Capital;
"JSE"	the exchange, licensed under the Financial Markets Act, operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa;
"JSE Listings Requirements"	the Listings Requirements of the JSE in force as at the Last Practicable Date;
"King Code"	the Code on Corporate Governance, as set out in the King IV Report on Corporate Governance for South Africa, 2016;
"Last Practicable Date"	the last Business Day prior to the finalisation of this Prospectus, being Friday, 13 October 2017;
"Listing"	the listing by way of introduction of the entire issued ordinary share capital of STADIO on the Main Board of the JSE, which listing commenced with the commencement of trade on Tuesday, 3 October 2017;
"Lock-In" or "Lock-In Period"	a period of 7 years from the date of the implementation of the Private Placement during which period the holders of Private Placement Shares shall not be entitled to dispose of the Private Placement Shares, unless disposed of to Black Persons verified and approved by STADIO;
"Material Acquisitions"	collectively, the AFDA Acquisition, the SBS Acquisition and the Milpark Acquisition, the details of which are set out in **Annexure 15** and **Annexure 22** of this Prospectus;
"Material Acquisition Agreements"	collectively, the AFDA Acquisition Agreement, the SBS Acquisition Agreements and the Milpark Acquisition Agreement, setting out the terms of the Material Acquisitions, copies of which are available for inspection, as indicated in paragraph 36 of this Prospectus;

"Major Subsidiaries"	a major subsidiary of STADIO, as defined in the JSE Listings Requirements, meaning a Subsidiary that represents 25% or more of the total assets or revenue of the consolidated STADIO Group, it being noted that STADIO Investment Holdings, Embury and AFDA are the only Major Subsidiaries of STADIO as at the date of this Prospectus;
"MBS Education Investments"	MBS Education Investments Proprietary Limited (registration number 2010/012098/07), a private company incorporated under the laws of South Africa, being the holding company of Milpark and 100% of the issued share capital of which is held by the Milpark Vendors;
"Milpark"	Milpark Education Proprietary Limited (registration number 2004/026244/07), a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by MBS Education Investments;
"Milpark Acquisition"	the acquisition by Milpark Investments SPV of 100% of the issued share capital of MBS Education Investments as announced on SENS on 13 October 2017;
"Milpark Acquisition Agreement"	the sale of shares agreement entered into between Milpark Investments SPV and the Milpark Vendors on or about 12 October 2017, setting out the terms of the Milpark Acquisition;
"Milpark Investments SPV"	Milpark Investments SPV Proprietary Limited (registration number 2017/431887/07), a private company incorporated under the laws of South Africa, being a newly incorporated private company in which STADIO Investment Holdings will have an effective interest of 70% and Brimstone (through a wholly owned subsidiary) will have an effective interest of 30% as at the date of the implementation of the Milpark Acquisition;
"Milpark Vendors"	Coöperative Apollo Global Netherlands U.A. and Encosolve Proprietary Limited, further details of which are set out in **Annexure 16** to this Prospectus;
"MOI" or "Memorandum of Incorporation"	the memorandum of incorporation of STADIO, as approved by Shareholders on 14 July 2017 and registered by the CIPC, a copy of which is available for inspection as indicated in paragraph 36 of this Prospectus;
"NAV"	net asset value;
"Non-resident"	a person whose registered address is outside the Common Monetary Area;
"PGDA"	a post graduate diploma in accounting;
"Pre-listing Statement"	the pre-listing statement, including all annexures thereto, dated as at and issued by STADIO on Friday, 15 September 2017;
"Prime Rate"	the publicly quoted basic rate of interest, compounded monthly in arrears and calculated on a 365 day year irrespective of whether or not the year is a leap year, from time to time published by The Standard Bank of South Africa Limited as being its prime overdraft rate, as certified by any representative of that bank whose appointment and designation it will not be necessary to prove;
"Private Placement"	the private placement by STADIO to raise up to approximately R200 million by way of an offer to Invited Investors to subscribe for the Private Placement Shares at the Private Placement Issue Price, the details of which are contained in Section Two of this Prospectus;
"Private Placement Issue Price"	the price at which each Private Placement Share will be issued, being the lower of R2.96 and the Discounted Trading Price, which will be advised by PSG Capital to Invited Investors and will be announced on SENS on Tuesday, 14 November 2017;
"Private Placement Shares"	approximately 67 000 000 to 80 000 000 (but no more than 87 000 000) Shares in STADIO to be offered and issued to Invited Investors in terms of the Private Placement at the Private Placement Issue Price;
"Prospectus"	this prospectus dated Monday, 30 October 2017 and all annexures hereto, which has been prepared in compliance with the Companies Act;
"PSG Alpha"	PSG Alpha Investments Proprietary Limited (registration number 2009/022552/07), a private a private company with limited liability duly incorporated under the laws of South Africa, the majority of the issued ordinary share capital of which is held by PSG Financial Services;
"PSG Capital" or "Transaction Advisor, Sole Bookrunner and Sponsor"	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company with limited liability duly incorporated under the laws of South Africa, full details of which are set in the "Corporate Information" section of this Prospectus;
"PSG Financial Services"	PSG Financial Services Limited (registration number 1919/000478/06), a public company incorporated under the laws of South Africa, 100% of the issued ordinary share capital of which is held by PSG Group;
"PSG Group"	PSG Group Limited (registration number 1970/008484/06), a public company incorporated under the laws of South Africa, the shares of which are listed on the JSE;
"PSG Wealth"	PSG Securities Limited (registration number 1996/000509/06), a public company incorporated under the laws of South Africa;

"Rand" or "R"	South African Rand, the official currency of South Africa;
"Rights Offer"	the renounceable rights offer that STADIO made to Shareholders following the Listing in order to raise approximately R640 million, the terms of which will be set out in the Rights Offer Circular;
"Rights Offer Circular"	the circular posted to Shareholders on Monday, 9 October 2017 setting out the terms of the Rights Offer;
"SAICA"	the South African Institute of Chartered Accountants;
"SBS Acquisition	the subscription by STADIO Investment Holdings for ordinary shares in the share capital of Southern Business School, which shares will, once they have been issued, comprise 74% of the total issued share capital of Southern Business School;
"SBS Acquisition Agreements"	the suite of agreements entered into between, *inter alia*, STADIO, Curro, STADIO Investment Holdings, the Southern Business School, the Southern Business School of Namibia and the SBS Vendor on or about 21 June 2017, setting out the terms of the SBS Acquisition, including the terms of the internal group restructuring which the Southern Business School, its Subsidiaries and the SBS Vendor were required to implement as part thereof;
"SBS Vendor"	Christian Phillipus David Vorster, being the sole shareholder of the Southern Business School prior to the implementation of the SBS Acquisition, further details of whom are set out in **Annexure 16** to this Prospectus;
"SENS"	the Securities Exchange News Service of the JSE;
"Shareholders"	registered holders of Shares;
"Shares"	ordinary no par value shares in the share capital of STADIO, which are listed on the Main Board of the JSE pursuant to the Listing;
"South Africa"	the Republic of South Africa;
"Southern Business School"	Southern Business School Proprietary Limited (registration number 2002/018614/07), a private company, duly incorporated under the laws of South Africa, 74% of the issued share capital of which will be held by STADIO Investment Holdings following the implementation of the SBS Acquisition;
"Southern Business School of Namibia"	Southern Business School of Namibia Proprietary Limited (registration number 2017/0727), a private company, duly incorporated under the laws of Namibia, 51% of the issued share capital of which is held by the Southern Business School;
"STADIO"	STADIO Holdings Limited (registration number 2016/371398/06), a public company incorporated under the laws of South Africa;
"STADIO Corporate Services"	STADIO Corporate Services Proprietary Limited (registration number 2017/219978/07), a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by STADIO Investment Holdings;
"STADIO Group"	collectively, STADIO and its Subsidiaries, the structure of which group, as at the Last Practicable Date, is detailed in **Annexure 13** to this Prospectus;
"STADIO Group Company"	STADIO and/or any of its Subsidiaries;
"STADIO Investment Holdings"	STADIO Investment Holdings Proprietary Limited (registration number 2016/371414/07), a private company incorporated under the laws of South Africa, 100% of the issued share capital of which is held by STADIO;
"STADIO SIT"	the STADIO Holdings Group Share Incentive Trust, a trust created under the STADIO SIT Deed, which has been registered with the Master of the High Court;
"STADIO SIT Deed"	the trust deed for the STADIO SIT, a copy of which is available for inspection, as indicated in paragraph 36 of this Prospectus;
"Strate"	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa and central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
"Subsidiary"	a subsidiary as defined in the Companies Act, but also includes an entity incorporated outside of South Africa which would, if incorporated in South Africa, be a "subsidiary" as defined in the Companies Act;
"Top-up Consideration"	a top-up consideration in the event that the audited recurring headline earnings of AFDA for the year ended 31 December 2017 represents at least a 15% increase from the audited recurring headline earnings of AFDA for the year ended 31 December 2016. The Top-up Consideration shall be equal to the audited recurring headlines earnings of AFDA for the year ended 31 December 2017, multiplied by a multiple of 10, less an amount of R260 million;

"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa, full details of which are set in the "Corporate Information" section of this Prospectus;
"Unbundling"	the distribution by Curro of all of the Shares held by it in STADIO, comprising 91.7% of the issued share capital of STADIO, to Curro Shareholders by way of a dividend *in specie*, in a ratio of one STADIO Share for every one Curro Share held on the Unbundling Record Date, in terms of section 46(1)(a)(ii) of the Companies Act and section 46 of the Income Tax Act;
"Unbundling Implementation Date"	the date on which the Unbundling was implemented, being Friday, 6 October 2017;
"Unbundling Record Date"	the last date on which a Curro Shareholder had to be recorded in the Curro register in order to participate in the Unbundling;
"Underwritten Private Placement Shares"	Private Placement Shares to the value of R100 million, issued at the Private Placement Issue Price underwritten by Brimstone in terms of the Private Placement;
"VAT"	value added tax payable in terms of the Value-Added Tax Act, No. 89 of 1991, as amended; and
"VWAP"	volume weighted average price.

STADIO

— HOLDINGS —

STADIO HOLDINGS LIMITED
(previously known as Embury Holdings Proprietary Limited)
(incorporated in the Republic of South Africa)
(Registration number: 2016/371398/06)
JSE share code: SDO ISIN ZAE000248662
("**STADIO**")

Directors
CR van der Merwe (Chief executive officer)
S Totaram (Chief financial officer)
D Singh (Chief academic officer)
RH Stumpf *# (Chairperson)
R Kisten *#
KS Sithole *#
PN de Waal *
A Mellet (alternate Director to PN de Waal) *

** non-executive*
 # independent

PROSPECTUS

This Prospectus is issued in compliance with the Companies Act for the purpose of providing information with regard to STADIO.

In addition, this Prospectus is issued to provide information regarding STADIO to Invited Investors who, in terms of the Private Placement, may subscribe for the Private Placement Shares.

SECTION ONE – INFORMATION ON THE STADIO GROUP

1. **INTRODUCTION, NAME, ADDRESS AND INCORPORATION**

1.1 Curro is currently the largest for-profit independent school group in Africa, providing education services to approximately 47 000 learners in 127 schools across South Africa and Namibia. Curro has been a proud provider of pre-school and school-based education since 1998 and was listed on the JSE in 2011.

1.2 In 2013, Curro acquired Embury, a registered private higher education institution, which offers accredited undergraduate teacher-education qualifications. The acquisition of Embury was Curro's first investment in the post-school education environment.

1.3 In light of the opportunities presented in the post-school education market, it was a natural progression for Curro to develop and further expand its higher education offering. The Latin word "Curro", can be translated into English as "I run" and the Italian word "*Stadio*", can be translated into English as "stadium". In ancient Rome, long-distance races required athletes to run from stadium to stadium to reach the finish line. The progression from Curro to STADIO, symbolises the fact that STADIO is the way in which the race for education will be continued. It also epitomises the ethos of "continuing" (lifelong) learning.

1.4 On 28 February 2017, Curro announced its intention to unbundle its entire interest in STADIO to its shareholders and to list STADIO on the JSE. STADIO was listed on the Main Board of the JSE, under the abbreviated name "STADIO", JSE share code "SDO" and ISIN ZAE000248662, with effect from the commencement of trade on Tuesday, 3 October 2017 and the Unbundling was effected on Friday, 6 October 2017. STADIO is listed in the "Specialised Consumer Services" sector of the Main Board of the JSE.

1.5 STADIO was incorporated as a private company on 25 August 2016. On 14 July 2017, STADIO converted into a public company and changed its name to "STADIO Holdings Limited".

1.6 The registration numbers, registered offices and primary places of business of STADIO and the Transfer Secretaries are set out in the "*Corporate Information*" section of this Prospectus. The names, registration numbers, places of incorporation and dates of incorporation of STADIO's Subsidiaries are set out in **Annexure 14** to this Prospectus.

2. **DIRECTORS, OTHER OFFICE HOLDERS OR MATERIAL THIRD PARTIES**

2.1 **Composition of the Board**

The full names, ages, business addresses and capacities of the Directors of STADIO are provided below:

Full name	Age	Capacity	Business Address
Christiaan Rudolph van der Merwe	55	Chief executive officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Samara Totaram	39	Chief financial officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Divya Singh	52	Chief academic officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Rolf Heinrich Stumpf	71	Independent non-executive Director	5 Clingendael Close, Tokai, Cape Town, 7945
Renganayagee Kisten	52	Independent non-executive Director	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Khayelihle Sibusiso Sithole	31	Independent non-executive Director	18 Gladiolus Road, Avoca Hills, Durban, 4051
Pieter Nicolaas de Waal	42	Non-executive Director	2nd Floor, Ou Kollege, 35 Church Street, Stellenbosch, 7600
Andries Mellet	34	Alternate non-executive Director to PN de Waal	2nd Floor, Ou Kollege, 35 Church Street, Stellenbosch, 7600

Notes:

1. CR van der Merwe was appointed as the chief executive officer on 1 July 2017.
2. S Totaram was appointed as the chief financial officer on 1 January 2017 and officially appointed to the Board on 18 April 2017
3. D Singh was appointed as the chief academic officer on 1 February 2017 and officially appointed to the Board on 27 June 2017.
4. RH Stumpf was appointed as a non-executive Director on 1 May 2017.
5. R Kisten was appointed as a non-executive Director on 1 May 2017.
6. KS Sithole was appointed as a non-executive Director on 1 May 2017.
7. PN de Waal was appointed as a non-executive Director on 1 May 2017.
8. PN de Waal appointed A Mellet as his alternate Director on 1 May 2017.
9. All Directors are South African citizens.
10. None of the Directors are partners with unlimited liability.

Profiles of the Directors, detailing their experience, appear in **Annexure 10** to this Prospectus.

2.2 **Directors of Major Subsidiaries**

The full names, ages, business addresses and capacities of the directors of STADIO's Major Subsidiaries, appear in **Annexure 12** to this Prospectus.

2.3 **Additional information**

2.3.1 A list of other directorships held by the Directors of STADIO and the directors of its Major Subsidiaries is set out in **Annexure 11** to this Prospectus.

2.3.2 All of the Directors of STADIO and all the directors of its Major Subsidiaries are South African citizens.

2.3.3 None of the Directors of STADIO or the directors of the Major Subsidiaries is a partner with unlimited liability.

2.3.4 None of the Directors of STADIO or the directors of the Major Subsidiaries:

2.3.4.1 have been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements;

2.3.4.2 have been directors with an executive function of any company put under, or proposed to be put under, any business rescue plans, or that is or was the subject of an application for business rescue, any notices in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangements with creditors generally or any class of creditors, at the time of such event or within the 12 months preceding any such event, save for A Mellet, who was a director of Capevin Investments Limited when it underwent a solvent voluntary liquidation;

2.3.4.3 have been partners in a partnership that was the subject of any compulsory liquidation, administration or partnership voluntary arrangement, at the time of such event or within the 12 months preceding any such event;

2.3.4.4 have entered into any receiverships of any asset(s) or of a partnership where such directors are or were partners during the preceding 12 months;

2.3.4.5 have been publicly criticised by a statutory or regulatory authority, including recognised professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

2.3.4.6 have been involved in any offence of dishonesty;

2.3.4.7 have been removed from an office of trust, on the grounds of misconduct, involving dishonesty; or

2.3.4.8 have been the subject of any court order declaring him delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, No. 64 of 1984 or been disqualified by a court to act as a director in terms of section 219 of the Companies Act, No. 61 of 1973.

2.4 **Chief financial officer**

Samara Totaram is the chief financial officer of STADIO. The audit and risk committee has considered and satisfied itself of the appropriateness of the expertise and experience of Ms Totaram for the position of chief financial officer. **Annexure 10** to this Prospectus contains further details on the qualification and experience of Ms Totaram.

2.5 **Borrowing powers**

2.5.1 The provisions of the MOI regarding the borrowing powers exercisable by Directors of STADIO are set out in **Annexure 8** to this Prospectus. The MOI does not provide for the borrowing powers of the Directors to be varied and any variation of such powers would accordingly require Shareholders to adopt a special resolution amending the MOI.

2.5.2 The borrowing powers of the Directors of the STADIO Group have not been exceeded during the 3 years preceding the Last Practicable Date. There are no exchange control or other restrictions on the borrowing powers of STADIO or any of its Major Subsidiaries.

2.6 **Appointment and qualification of Directors**

2.6.1 The relevant provisions of the MOI regarding the term of office of Directors, the manner of their appointment and rotation are set out in **Annexure 8** to this Prospectus. No person has the right in terms of any agreement in respect of the appointment of any Director or any number of Directors.

2.6.2 The relevant provisions of the MOI relating to the qualification of Directors appear in **Annexure 8** to this Prospectus. Apart from satisfying the qualification and eligibility requirements set out in section 69 of the Companies Act, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director of STADIO.

2.6.3 The MOI does not prescribe an age limit at which Directors are to retire.

2.7 **Remuneration of Directors**

2.7.1 STADIO may pay remuneration to non-executive Directors for their services as Directors in accordance with a special resolution approved by Shareholders within the previous 2 years, as set out in section 66(8) and (9) of the Companies Act, and the power of STADIO in this regard is not limited or restricted by the MOI.

2.7.2 Any Director who (i) serves on any executive or other committee; or (ii) devotes special attention to the business of STADIO; or (iii) goes or resides outside South Africa for the purpose of the business of STADIO; or (iv) otherwise performs or binds himself to perform services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Board may from time to time determine.

2.7.3 Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with the business of STADIO and attending meetings of the Directors or of committees of the Directors of STADIO.

2.7.4 In terms of the MOI, the remuneration of executive Directors shall be determined by a disinterested quorum of Directors or a remuneration committee appointed by the Board, shall be in addition to or in substitution of any ordinary remuneration as a Director of STADIO, as the Board may determine, and may consist of a salary or a commission on profits or dividends or both, as the Board may direct.

2.7.5 No remuneration was paid by STADIO to the Directors as at the end of the last financial year ending 31 December 2016.

2.7.6 On 14 July 2017, the Shareholders approved, by way of a special resolution, the proposed fees for the services of non-executive Directors for the 8-month period from 1 May 2017 to 31 December 2017, as set out in the table below, on the basis that such approval and authority will only be valid until the next annual general meeting of STADIO:

	Fees for 1 May 2017 to 31 December 2017
Board	
Chairperson of the Board	R83 333.33
Board members	R83 333.33
Chairpersons of Board committees (Additional fee)	
Board	R4 000 per meeting (up to a maximum of R12 000 per annum)
Audit and risk committee	R4 000 per meeting
Remuneration committee	R4 000 per meeting
Social and ethics committee	R 0

2.7.7 The proposed aggregate remuneration of the executive Directors for the financial year ending 31 December 2017, payable by STADIO and any of its Subsidiaries, is set out in the tables below:

2.7.7.1 Salary, fees and bonuses:

Director	Salary (R'000)	Directors' fees (R'000)	Bonuses (R'000)	Fees for other services (R'000)
CR van der Merwe[1]	910	–	–	–
S Totaram[2]	1 712	–	–	–
D Singh[3]	1 084	–	–	–
Total	**3 706**	**–**	**–**	**–**

2.7.7.2 Contributions and expenses:

Director	Pension contributions (R'000)	Vehicle allowance (R'000)	Medical group life and other (R'000)	Total remuneration (R'000)
CR van der Merwe[1]	90	–	–	1 000
S Totaram[2]	58	–	–	1 770
D Singh[3]	107	–	–	1 191
Total	**255**	–	–	**3 961**

Notes:

1. CR van der Merwe was appointed as a Director on 1 July 2017 and will therefore only be remunerated for 6 months of the financial year ending 31 December 2017.
2. S Totaram was appointed as chief financial officer of the STADIO Group on 1 January 2017 and will therefore be remunerated for 12 months of the financial year ending 31 December 2017.
3. D Singh was appointed and employed by the STADIO Group on 1 February 2017 and will therefore only be remunerated for 11 months of the financial year ending 31 December 2017.

2.7.8 In addition to any fees or remuneration paid or payable to the Directors by STADIO or its Subsidiaries, certain Directors also receive remuneration from STADIO's holding company, ultimate holding company and/or their Subsidiaries, as detailed below:

Director	Salary (R'000)	Directors' fees (R'000)	Bonuses (R'000)	Fees for other services (R'000)
CR van der Merwe[1]	1 357	102	2 224	395
S Totaram[2]	–	–	995	–
Total	**1 357**	**102**	**3 219**	**395**

Director	Pension contributions (R'000)	Vehicle allowance (R'000)	Medical group life and other (R'000)	Total remuneration (R'000)
CR van der Merwe[1]	70	–	64	4 212
S Totaram[2]	10	–	–	1 005
Total	**80**	**–**	**64**	**5 217**

Notes:

1. CR van der Merwe was remunerated by Curro for the 6-month period ended 30 June 2017 and will receive remuneration for serving as a non-executive director, strategic advisor and member of the social and ethics committee from 1 July 2017.
2. S Totaram was remunerated by Curro in the form of a bonus during the 6-month period ended 30 June 2017 for services rendered to Curro relating to the period ended 31 December 2016.

2.7.8.1 CR van der Merwe was the chief executive officer of Curro until 1 July 2017. During the financial year of Curro ended 31 December 2016, he received an aggregate remuneration of R19.1 million from Curro, including gains on exercise of share options.

2.7.8.2 S Totaram also served on the Curro executive committee. During the financial year of Curro ended 31 December 2016, she received in aggregate remuneration of R5.0 million, including gains on exercise of share options, being a prescribed officer of Curro.

2.7.8.3 PN de Waal is an employee of PSG Corporate Services Proprietary Limited ("**PSGCS**"), an indirect wholly-owned Subsidiary of PSG Group. During the financial year of PSGCS ended 28 February 2017, he received an aggregate remuneration of R4.0 million for 12 months of service.

2.7.8.4 A Mellet is an employee of PSGCS, an indirect wholly-owned Subsidiary of PSG Group. During the financial year of PSGCS ended 28 February 2017, he received an aggregate remuneration of R1.4 million for 12 months of service.

2.7.9 For the financial year ended 31 December 2016, the following Directors had been awarded Curro Shares in terms of the Curro Holdings Limited Share Incentive Trust:

Director	Opening balance of share options awarded at 1 January 2016	Number of share options awarded during the year	Number of share options exercised during the year	Strike price per share option awarded (Rand)	Exercise price per share option (Rand)	Share options award date	Closing balance of share options as at 31 December 2016
CR van der Merwe	210 791	–	(210 791)	5.93	4.50	29/09/2011	–
	93 778	–	(46 889)	17.10	15.10	29/09/2012	46 889
	301 181	–	(100 394)	19.61	18.44	29/09/2013	200 787
	134 200	–	(33 550)	25.58	24.62	29/09/2014	100 650
	197 200	–	–	35.42	34.91	29/09/2015	197 200
	–	140 200	–	42.01	42.01	29/09/2016	140 200
	937 150	140 200	(391 624)				685 726
S Totaram	472 100	–	(118 025)	25.58	24.62	29/09/2014	354 075
	54 500	–	–	35.42	34.91	29/09/2015	54 500
	–	71 600	–	42.01	42.01	29/09/2016	71 600
	526 600	71 600	(118 025)				408 575

2.7.10 Directors are not entitled to any commission and are not party to any gain or profit-sharing arrangements with STADIO. Save for the emoluments set out above, no other material benefits were received by Directors for the previous financial year ended 31 December 2016.

2.7.11 No fees have been paid to any third party in lieu of Directors' fees.

2.7.12 There will be no variation in the remuneration receivable by any of the Directors as a consequence of the Listing.

2.7.13 STADIO has not, in the 3 years preceding the date of this Prospectus, paid (or agreed to pay) any amounts (whether in cash or in securities or otherwise) or given any benefits to any Director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director ("**the associate company**") or to any partnership, syndicate or other association of which he is a member ("**the associate entity**"), to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of STADIO.

2.7.14 **STADIO SIT**

2.7.14.1 The STADIO SIT has, as its main object and purpose, the incentivisation and retention of employees of the STADIO Group. The terms of the STADIO SIT are detailed in the STADIO SIT Deed, which complies with the JSE Listings Requirements and which has been approved by the JSE. The STADIO SIT was approved by its Shareholder on or about 14 July 2017 and is operated in terms of the STADIO SIT Deed. The number of Shares that may be utilised for purposes of the STADIO SIT will initially be limited to 40 246 572 Shares, being equal to approximately 9% of the total issued share capital of STADIO on the Listing Date. The limit has been set based on the expected number of issued Shares in STADIO, following the Rights Offer, the Private Placement and the issue of Shares in terms of the AFDA Acquisition and the SBS Acquisition. The maximum limit is determined based on 5% of the total number of Shares in issue following the aforementioned issues of Shares.

2.7.14.2 As at the Last Practicable Date, the following awards have been made to Directors in terms of the STADIO SIT:

Director	Date on which options awarded	Number of options awarded	Strike price per option
CR van der Merwe	3 October 2017	4 054 054	R2.96
S Totaram	3 October 2017	1 724 838	R2.96
D Singh	3 October 2017	1 756 757	R2.96

Note:

1. Options awarded under the STADIO SIT will vest in 4 tranches, as follows:
2. 25% thereof as at the second anniversary of the date on which the options were awarded;
3. 25% thereof as at the third anniversary of the date on which the options were awarded;
4. 25% thereof as at the fourth anniversary of the date on which the options were awarded; and
5. 25% thereof as at the fifth anniversary of the date on which the options were awarded.

2.8 **Interests of Directors**

2.8.1 No director of STADIO or any of its Subsidiaries (including any person who may have resigned as a director within the last 18 months) has any material beneficial interest, directly or indirectly, in any transactions that were effected by STADIO (i) during the current or immediately preceding financial year, or (ii) during an earlier financial year and remain in any respect outstanding or unperformed.

2.8.2 No Director has had any material beneficial interest, either direct or indirect, in the Listing and no promoter or Director of STADIO is or was a member of a partnership, syndicate or other association of persons that has or had such an interest.

2.8.3 No Director has had any material beneficial interest, either direct or indirect, in the promotion of STADIO. No cash or securities have been paid and no benefit has been given to any promoter within the last 3 years.

2.8.4 In terms of the Unbundling, the Directors who were Curro Shareholders, as at the Unbundling Record Date, became Shareholders of STADIO on the Unbundling Implementation Date. As at the Last Practicable Date, the direct and indirect beneficial interests of the Directors and their associates (including a director who has resigned during the last 18 months) in the issued share capital of STADIO was as follows:

Director	Direct number of Shares held	Direct % of Shares in issue held	Indirect number of Shares held	Indirect % of Shares in issue held	Total number of Shares held	Total % of Shares in issue held
CR van der Merwe	–	–	3 711 677	0.90%	3 711 677	0.90%
S Totaram	122 333	0.03%	–	–	122 333	0.03%
D Singh	–	–	–	–	–	–
RH Stumpf	–	–	–	–	–	–
R Kisten	–	–	–	–	–	–
KS Sithole	–	–	–	–	–	–
PN de Waal	98 048	0.02%	–	–	98 048	0.02%
A Mellet	21 121	0.01%	13 000	0.00%	34 121	0.01%
Total	**241 502**	**0.06%**	**3 724 677**	**0.90%**	**3 966 179**	**0.96%**

Note:

1. Includes Shares held in trusts of which the Directors are discretionary beneficiaries.
2. All the Shares were acquired by the Directors on Listing as part of the Unbundling and no dealings in Shares by the Directors have taken place between the Unbundling and the Last Practicable Date.

2.9 **Service contracts of Directors**

2.9.1 Employment agreements have been concluded with all the executive Directors. The employment agreements concluded with them include standard termination and other provisions for contracts of this nature.

2.9.2 No restraint of trade payments have been paid or are payable to any of the Directors.

2.10 **Management**

2.10.1 STADIO is governed by the Board, which is responsible for ensuring that STADIO complies with all of its statutory and regulatory obligations, as specified in the Companies Act, the MOI and the JSE Listings Requirements.

2.10.2 STADIO's executive committee will meet monthly and act as a consolidated oversight committee for the STADIO Group. The executive committee comprises the following members:

Full Name	Position	Business Address
Christiaan Rudolph van der Merwe	Chief executive officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7551
Samara Totaram	Chief financial officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7551
Divya Singh	Chief academic officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7551
Andrew Horsfall	Group executive: Business Services	Unit 13, San Domenico, 10 Church Street, Durbanville, 7551
Theuns Laubscher	Invitee (Group executive: Distance Learning)	Unit 13, San Domenico, 10 Church Street, Durbanville, 7551
Pieter Nicolaas de Waal	Invitee (non-executive Director and PSG Financial Services shareholder representative)	2nd Floor, Ou Kollege, 35 Church Street, Stellenbosch, 7600
Andries Mellet	Invitee (as alternate non-executive Director to PN de Waal)	2nd Floor, Ou Kollege, 35 Church Street, Stellenbosch, 7600
Bata Passchier	Invitee (as chief executive officer of AFDA)	Suite 30, Fourth Floor, Katherine and West building, 114 West Street, Sandton, 2031
Garth Holmes	Invitee (as chairperson of the board of directors of AFDA)	Suite 30, Fourth Floor, Katherine and West building, 114 West Street, Sandton, 2031
Jacobus Johannes Human	Invitee (as chief executive officer of Embury)	119 Lilian Ngoyi Road, Morningside, Durban, 4001
Christian Phillipus David Vorster	Invitee (as chief executive officer of the Southern Business School)	Plot 10, R28, Diswilmar, Krugersdorp, 1739

2.10.3 The Board has appointed a number of further committees to assist the Board in discharging its duties.

2.10.4 No part of the business of the STADIO Group is managed, or is proposed to be managed, by a third party under a contract or arrangement.

2.11 **STADIO's advisors**

The names and business addresses of STADIO's advisors, including its Transaction Advisor, Sole Bookrunner and Sponsor, Auditors and the company secretary, are set out in the "*Corporate Information*" section of this Prospectus.

3. **HISTORY, STATE OF AFFAIRS AND PROSPECTS OF STADIO**

3.1 **INDUSTRY BACKGROUND**

3.1.1 "*Education is the civil rights struggle of our generation requiring the biggest expansion of educational opportunity in modern history*".[17]

3.1.2 Education is indisputably fundamental for the development of the necessary skills and intellectual capital that will ultimately promote economic growth and development. Access to education plays a pivotal role in promoting equality, democracy and ultimately, social justice.

3.1.3 Whilst the early childhood development and basic education sectors are vitally important to laying the educational foundation for individuals, it is acknowledged that students who further their post-school education, obtain a wide range of financial, personal and other lifelong benefits. Similarly, taxpayers and society as a whole derives a multitude of direct and indirect benefits when citizens have access to post-school education.

3.1.4 An expanding post-school education system has become a norm of modernisation and the demand for post-school education continues to grow.

3.1.5 Globally, the number of students enrolled specifically at higher education institutions more than doubled between 2000 to 2015, from 99.7 million students to 213.7 million students.[18]

[17] *UN Special Envoy for Global Education Gordon Brown, UN Education Commission.*
[18] *UNESCO (2015).*

3.1.6 This growth has arisen mainly from:

3.1.6.1 a growing population (including a growing middle-class population);

3.1.6.2 an increase in the number of school leavers qualifying to participate in post-school education; and

3.1.6.3 an increase in the actual Gross Tertiary Enrolment Rate ("**GTER**") of students typically attending higher education institutions (GTER defined as total student enrolments divided by the school leaver age-cohort in the national population i.e. the population typically between the ages of 18 and 24 years). The global average of the GTER was 32.9% increasing to 34% in 2014 and is expected to reach about 50% by 2034. GTER rates are on average 76.6% in Northern and Western Europe, 43.9% in Latin America and the Caribbean and 8.2% in Sub-Saharan Africa.[19]

3.1.7 In South Africa, the higher education market is made up of 26 public higher education institutions (with an aggregate of 985 212 students in 2015) and 124 private higher education institutions (with an aggregate of 147 210 students in 2015), which collectively had a total of 1 132 422 students in 2015.[20]

3.1.8 As with global trends, the demand for higher education in South Africa has increased, with the number of total students enrolled in higher education institutions more than doubling from approximately 557 000 students in 2000[21] to 1 132 422 students in 2015.[22]

3.1.9 Over the same period the number of first-time students enrolled at public higher education institutions increased by 75%, from 98 095 in 2000[23] to 171 930 in 2015[24], with the bulk of the growth arising from UNISA (a dedicated distance learning institution) and North West University (with its newly introduced distance learning focus).

3.1.10 Private higher education institutions only account for 13% of the total higher education market in South Africa, with 147 210 enrolled students in 2015, up from 90 767 enrolled students in 2009. In Brazil and Chile, for example, total enrolments in private higher education are closer to 71% in 2012 and 84% in 2013, respectively. For Organization for Economic Cooperation and Development (OECD) countries, the corresponding figure was approximately 31% in 2013.

3.1.11 It is an indisputable fact that the demand for private higher education in South Africa continues to increase, as is evident from the following facts:

3.1.11.1 the number of school leavers qualifying for post-school education has increased by approximately 32% from approximately 334 718 students in 2009 to 442 672 students in 2016;[25]

3.1.11.2 even with the introduction of 2 new public higher education universities in the Northern Cape and Mpumalanga in 2014, at least 60% of school leavers per annum who qualify for further study cannot be accommodated by the public higher education sector. With the increasing numbers of successful school leavers, the impact of this shortfall is compounded every year; and

3.1.11.3 in 2015, the GTER for South African universities was approximately 19% up from 14% in 2000. The National Development Plan (NDP) has set a target to increase higher education participation to 1.6 million students in 2030 however, to meet the global average GTER, STADIO estimates that the number of participants should increase to 2 million students. These estimates do not include the adult/mature students over the age of 25 that may also choose to enter or further their post-school education.

3.1.12 The future growth of student enrolments in South African public universities is however constrained by the limited infrastructure and other resource capacity issues. It is estimated that the expected current maximum capacity of first-year enrolments at public higher education institutions is approximately 180 000 students.

3.1.13 Adding a further constraint to cater for the increased demand is the enrolment cap based on the limited available budget from the national fiscus that is applied to public higher education institutions by the DHET. This cap dictates the maximum new students that may be admitted annually that will be subsidised by the state.

3.1.14 Over and above the capacity (i.e. infrastructure and financial) shortages, public higher education institutions face the following further material challenges:

3.1.14.1 **High drop-out rates, low graduation rates and the long time to graduate**

Since 1994, the increase in the number of students accessing higher education has been significant, particularly amongst previously marginalised groups. However, the success rates of these higher student numbers have not been proportionately evident. Instead, the higher access rates are accompanied by equally higher attrition rates (mainly as a consequence of low output and throughput rates).[26] In 2013, the CHE reported that as many as 55% of students never graduated.[27] In 2015, the statistics from DHET indicated that average graduation rates at public higher education institutions ranged between 13% and 43% (with an overall 3.3% increase from 2014).[28]

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19 *Simon Marginson 2016 & 2017.*

20 *DHET. March 2017. Statistics on Post-School Education and Training SA 2015.*

21 *DHET. 2016. 2000-2008 First Time Entering Undergraduate Cohort Studies for Public Higher Education Institutions.*

22 *DHET. March 2017. Statistics on Post-School Education and Training SA 2015.*

23 *Ian Bunting, Charles Sheppard, Nico Cloete, and Lisa Belding. Performance Indicators in South African Higher Education*

24 *DHET. March 2017. Statistics on Post-School Education and Training SA 2015.*

25 *Department of Basic Education, National Senior Certificate – Examination Report 2016.*

26 *Sadhana Manik. 2015. Calibrating the Barometer: Student Access and Success in South African Public Higher Education Institutions. Alternation Special Edition.*

27 *Saleem Badat. 2014 CHE Report to Parliament.*

28 *DHET. March 2017. Statistics on Post-School Education and Training SA 2015.*

3.1.14.2 **Limited articulation possibilities**

Given the constraining impact of the enrolment cap on public higher education institutions, students who drop out and/or are academically cancelled have limited opportunities to further their studies within the public sector due to a lack of nationally applicable articulation arrangements allowing them to continue their studies at other institutions in the post school sector.

3.1.14.3 **Increase in operational costs of public higher education institutions**

The operating expenses of public higher education institutions increase annually, which means that further pressure will be placed on the government to increase funding to these institutions. If the state cannot increase its funding, these institutions will have to look to other sources of income to sustain themselves, including student fees.

3.1.15 Noting the challenges confronting public higher education and training, and the acknowledgement of the critical importance of higher education in growth and development[29], the private sector is an ideal partner to support and assist the state to address and mitigate its risks vis-à-vis post-school education and training. This view is supported by the DHET, which has recognised the critical role of private institutions in expanding opportunities specifically for higher education and training in South Africa. By 2030, the DHET would like to see 1 million students in private higher education, as an element of national growth and development.[30]

3.2 **BUSINESS RATIONALE OF STADIO**

3.2.1 The current unemployment rate in South Africa remains critically high at 27.7%.

3.2.2 Education and training remain vitally important to reduce unemployment and promote economic growth.

3.2.3 Research further indicates that in South Africa, the graduate unemployment rate is at about 5%[31], implying that a degree or post school qualification dramatically increases the probability of securing a job and therefore economic security and stability.

3.2.4 As such, the Board believes that STADIO, through its Subsidiaries, can play a meaningful role by:

3.2.4.1 **Widening access to higher education, by:**

3.2.4.1.1 investing capital to create capacity to accommodate the increasing demand for higher education (i.e. with competing socio-economic demands, the government does not have the financial and operational resources to address this demand);

3.2.4.1.2 providing seamless access and articulation pathways through a compendium of qualifications that will allow for progression from higher certificate to degree qualifications;

3.2.4.1.3 ensuring a sufficiently diverse programme and qualification mix that caters to both school-leavers, working adults and the post-graduate student, within the framework of lifelong learning; and

3.2.4.1.4 enhancing the use of distance learning which is both more affordable and will increase the breadth of access;

3.2.4.2 **Offering innovative curricula and programmes that are relevant and relate to the world of work and the needs of society i.e. programmes that will provide students with a real chance of finding or creating employment post-qualification but which equally ensure that STADIO graduates have a fundamental understanding of responsible citizenship and global awareness; and**

3.2.4.3 **Focussing on graduate success and throughput (i.e. access with success), as follows:**

3.2.4.3.1 STADIO recognises that a number of higher education students do not progress academically as a result of not achieving examination admission. STADIO believes that, having registered a student, the higher education institution must take all reasonable and responsible steps to facilitate the success of such student, including the implementation of the 'credit retry' principle as an integral element of its teaching and learning methodology. The 'credit retry' principle focuses on identifying students at risk of not achieving examination admission and providing adaptive further academic support and/or formative assessment opportunities that will improve their chances to sit for the examination, pass the examination and graduate successfully; and

3.2.4.3.2 Private higher education institutions and STADIO particularly introduce an opportunity for students who drop out and/or are academically cancelled, to ensure that no learning is wasted. STADIO's academic ethos promotes articulation and mobility between and among its own institutions as well as the public higher education sector through the application of existing DHET policies of credit accumulation and transfer, recognition of prior learning, and recognition and equivalence of degrees.

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29 *Global Goals 2030, AU Agenda 2063, and the NDP 2030.*

30 *Information sharing workshop on the regulatory framework for private higher education institutions, 7 September 2017.*

31 *CDE Insight (2013).*

3.2.5 Notwithstanding STADIO's aforementioned intentions, STADIO is also cognisant that although increasing infrastructure is one pillar in the "access" discussion, a second pillar, given that state funding is not an option, is sustainable financial support for students. STADIO is considering several models that may be implemented individually or collectively and includes academic merit and needs bursaries and scholarships (estimated at between 1% and 3% of revenue per annum). Furthermore, STADIO believes that successful businesses in both the listed and unlisted environments can use their corporate, social responsibility funds to provide bursaries for students to study programmes which will provide young adults with the skillsets relevant to the world of work. By monitoring the learning success of these students, these companies will find comfort that their money is appropriately used for the benefit of our country.

3.2.6 The intention of the Unbundling and Listing was to create a separate listed business focusing on higher education, with a strong management team and a dedicated anchor shareholder (namely PSG Group Limited) in order to become a leader in the higher education market in South Africa.

3.2.7 To achieve its goal, STADIO intends to create a "Multiversity". A Multiversity is defined as a large, diverse institution of higher learning created to educate for life and for a profession, and to grant degrees, (including higher certificates and diplomas).[32] Whereas a university implies "sameness" and the integration of all knowledge, a Multiversity implies a DIVERSITY of knowledge with diverse institutions catering for the diverse and relevant needs of the South African market place. The concept of a Multiversity further respects the uniqueness of every student.

3.2.8 As a Multiversity, STADIO will own various registered higher education institutions, which will retain their own brands, campuses and management teams, but will share a common ethos and benefit from the synergies, infrastructure and shared services arising from the STADIO Group structure.

3.2.9 STADIO is an investment holding company that focusses on the acquisition of, investment in, growth and development of higher education institutions to assist in meeting the demand for quality and relevant higher education programmes in Southern Africa. It intends to acquire and grow existing registered higher education brands, fund further expansions of existing brands and oversee the greenfield development of new campuses.

3.2.10 STADIO, through its Subsidiaries, will have diverse offerings including undergraduate and post graduate programmes (higher certificates, diplomas and degrees), geared to providing students with a real chance of creating their own employment opportunities (entrepreneurship) or finding employment post-qualification. As the investment holding company of the various education institutions, STADIO will monitor the business success and drive efficiencies, innovations and best practices across the STADIO Group.

3.2.11 The STADIO Group is committed to being relevant to the higher educational needs of the country and the broader African higher educational and development agenda, however, STADIO aims equally to be a recognised and valued participant in the international milieu of higher education. For this and other reasons, as a business STADIO will provide education through its various institutions and brands in the English language.

3.2.12 At the Last Practicable Date and following the implementation of the SBS Acquisition, the STADIO Group will have (as set out in the table below):

3.2.12.1 3 registered higher education institutions, namely Embury, AFDA and the Southern Business School (as more fully described below), that have been operating for between 17 and 23 years;

3.2.12.2 5 faculties, namely (i) Education; (ii) Commerce and Business; (iii) IT; (iv) Law and (v) Arts;

3.2.12.3 28 accredited programmes, ranging from higher certificates and diplomas to post graduate degrees (including masters' degrees);

3.2.12.4 approximately 22 new courses/programmes in the process of development and accreditation, which will be offered by the STADIO Group from the commencement of the 2018, 2019 or 2020 academic years;

3.2.12.5 10 registered campuses/sites, including sites in Gauteng, the Western Cape, KwaZulu-Natal, Eastern Cape, Botswana (Gaborone) and Namibia (Windhoek); and

3.2.12.6 approximately 12 979 registered students.

	Student numbers 2017	Capacity at campuses	Mode of delivery	Average tuition fees 2017 (R'000)	Number of faculties	Number of accredited programmes	Number of programmes in development or accreditation	Registered sites of delivery
Embury	1 073	6 100	Contact and distance	39	1	8	17	3
AFDA	1 950	4 000	Contact	79	3	9	3	5
Southern Business School	9 956	*	Distance	12	2	11	2	2
STADIO Group	**12 979**					**28**	**22**	**10**

* *Capacity is not constrained by physical infrastructure*

[32] *www.vocabulary.com/multiversity.*

3.2.13 STADIO will grow its business by focussing on:

3.2.13.1 the acquisition of reputable higher education institutions, aligned with STADIO's Multiversity strategy and ethos, with the aim to accumulate a wide spread programmes and qualifications in various fields of higher education;

3.2.13.2 optimising the utilisation of STADIO's newly constructed facilities, namely:

3.2.13.2.1 Musgrave (KwaZulu-Natal) (contact learning capacity of 2 700 students);

3.2.13.2.2 Montana (Pretoria) (contact learning capacity of 1 700 students); and

3.2.13.2.3 Waterfall (Midrand) (contact learning capacity of 1 700 students);

3.2.13.3 promoting the growth of existing brands (i.e. Embury, AFDA, and the Southern Business School). This will include:

3.2.13.3.1 geographic expansion through rolling out the brands to new locations;

3.2.13.3.2 accrediting further undergraduate and post-graduate degrees, diplomas and higher certificate qualifications across various brands;

3.2.13.3.3 investing in focused marketing across the various brands and products of the STADIO Group; and

3.2.13.3.4 expanding distance learning offerings across the brands (key qualifications to be accredited on both distance learning and contact learning modes of delivery); and

3.2.13.4 expanding into greenfield opportunities by exploring its offering into new faculties, such as Engineering as well as Health and Sciences, in due course.

3.2.14 The purpose of this Prospectus is to:

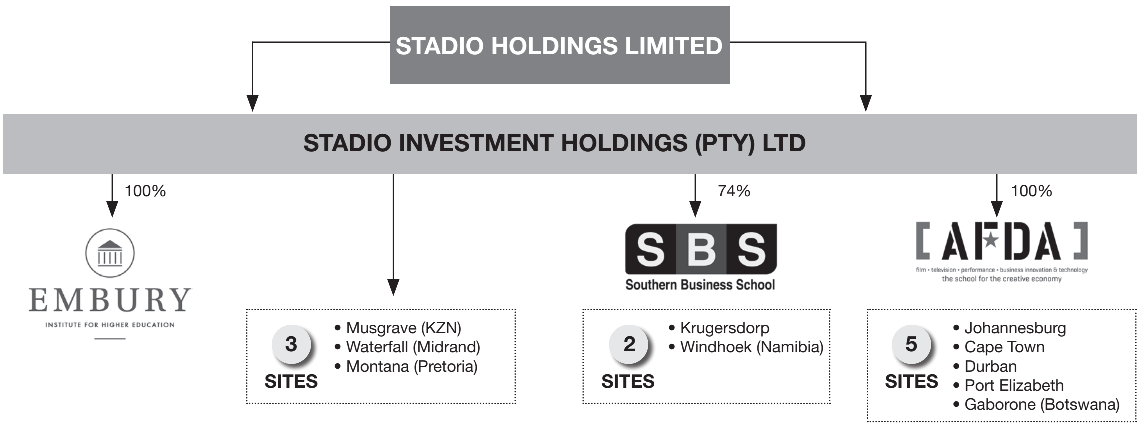
3.2.14.1 provide Invited Investors with the relevant information relating to the STADIO Group and the terms pertaining to the Private Placement;

3.2.14.2 communicate the strategy and the objectives of the STADIO Group; and

3.2.14.3 set out the salient details of the Private Placement.

3.3 STADIO GROUP STRUCTURE

The following diagram sets out the STADIO Group structure after the implementation of the SBS Acquisition, which is anticipated to be completed prior to 31 October 2017:



Notes

The SBS Acquisition is subject to the fulfilment of an outstanding condition precedent that the transfer of certain immovable properties by the Southern Business School is registered in the relevant deeds office before 31 October 2017.

The Milpark Acquisition is still subject to numerous conditions precedent and therefore has not been included in the aforementioned structure.

3.3.1 **General description and nature of the business of STADIO and its Major Subsidiaries**

STADIO is an investment holding company that focusses on the acquisition of, investment in, growth and development of post-school education institutions to assist in meeting the demand for affordable, quality and relevant programmes in Southern Africa. It intends to acquire and grow existing post-school education brands, fund further expansions of existing brands and oversee the greenfield development of new brands.

The various businesses of the STADIO Group are detailed below:

3.3.1.1 **Embury Institute for Higher Education Proprietary Limited (Embury) (100%)**

3.3.1.1.1 Embury is a South African registered higher education institution (DHET registration number 2008/HE07/004) which currently offers 8 accredited undergraduate teacher-education qualifications through both contact and distance learning modes, to prepare teachers for working in South African schools. Embury currently has approximately 1 100 students registered for contact and distance learning qualifications at its Morningside campus in Durban (KwaZulu-Natal). Currently the Morningside campus is at capacity which has limited Embury's growth potential in KwaZulu-Natal to date. During 2017, Embury (through STADIO) acquired and developed the Musgrave campus in order to meet the increased demand. The Musgrave campus will be able to accommodate a maximum capacity of 2 700 students. The current Embury Morningside campus will thus relocate to the newly constructed Musgrave campus at the beginning of 2018 and strongly position Embury for its next phase of growth in KwaZulu-Natal.

3.3.1.1.2 Embury is in the process of expanding its national footprint and academic programme offerings. The STADIO Board believes that there exists a large opportunity for teacher-education qualifications in Gauteng. As such in January 2018, Embury will open 2 new campuses in Gauteng, one in Waterfall Estate (Midrand) and the other in Montana (Pretoria). It is estimated that these new campuses will take between 3 and 4 years (i.e. between 2020 and 2021) to breakeven, as the Embury brand gains traction in Gauteng, and thereafter both campuses are expected to contribute meaningfully to the profits of the STADIO Group.

3.3.1.1.3 Embury is also currently in the process of developing 17 new contact and distance learning qualifications for its teacher education and economic and management sciences faculties. Embury has developed and submitted a number of economic and management sciences qualifications, including its own PGDA, to the CHE for accreditation. Embury is also in the process of obtaining SAICA accreditation for this PGDA programme.

3.3.1.1.4 Furthermore, Embury has entered into an agreement to acquire the business, intellectual property and employees of CA Connect, with effect from 1 January 2018. CA Connect is a private education business which currently collaborates with a higher education institution in offering a one-year PGDA, which allows students to write the "Initial Test of Competence", being the first of SAICA's professional exams for students on the path to becoming registered Chartered Accountants. The CA Connect team will join and assist in developing Embury's new economic and management sciences faculty from 1 January 2018.

3.3.1.2 **South African School of Motion Picture Medium and Live Performance Proprietary Limited (AFDA) (100%)**

3.3.1.2.1 AFDA is a South African registered higher education institution, (DHET registration no. 2001/HEO7/012) and offers 9 fully accredited programmes ranging from higher certificates to masters' degrees, primarily focused on the film, television and live performance industry.

3.3.1.2.2 AFDA was founded in 1994 by Garth Holmes, Bata Passchier and Deon Opperman. Since then it has grown from 6 students, to a premier institution of its kind in the world, with approximately 1 950 students on campuses in Johannesburg, Cape Town, Durban and Port Elizabeth. AFDA has grown its student numbers consistently from approximately 1 570 students in 2015 to approximately 1 775 students in 2016 and to approximately 1 950 students currently enrolled at its 4 South African campuses. These current campuses can accommodate an approximate student capacity of 4 000 students. AFDA will further look to expand its offerings in locations such as Pretoria and Soweto over time.

3.3.1.2.3 As a further part of its strategy to expand its brand offering, and prepare graduates for the demands of a digital economy, AFDA launched its business innovation and technology degree offering, to address the exciting exponential development of the creative economy.

3.3.1.2.4 It is the intention of AFDA to broaden the scope of its offering in the connected creative ecology, by increasing its choice of disciplines, including interior, graphic and fashion design, advertising, virtual reality, 3D printing, music, sound and application development to produce innovative and profitable business concepts, popular culture, media and entertainment, for both local and global markets.

3.3.1.3 **Southern Business School Proprietary Limited (Southern Business School) (74%)**

3.3.1.3.1 The Southern Business School is a South African registered higher education institution (DHET registration number: 2002/HE07/015), with its Subsidiary, the Southern Business School Namibia, being recognised by the Namibian Qualification Authority. The Southern Business School has 11 accredited distance learning programmes (ranging from higher certificates to masters' degrees) with 3 academic schools, namely the School of Business and Economics, the School of Safety in Society and the School of Law, which offer dedicated formal programmes as well as short courses.

3.3.1.3.2 Founded by Chris Vorster in 1996, the Southern Business School, which originally opened its doors with 38 students in 1996, offers accredited programmes through distance learning. The business has reflected stellar growth in student numbers from approximately 6 905 students in 2015, to approximately 8 533 students in 2016 and to approximately 9 956 students in 2017, enrolled in South Africa and Namibia.

3.3.1.3.3 As a contributor to growth, in 2016, the Southern Business School launched a Bachelor of Commerce (in Law) degree as part of its strategy to expand its range of programmes offered.

3.3.1.3.4 The Southern Business School will continue to seek out growth opportunities (in South Africa and Namibia) by introducing new programmes as well as increasing its presence, through effective marketing, and extending its reach geographically. Being a distance-learning provider, the Southern Business School will not require the physical building infrastructure required, for example, by the Embury or AFDA businesses. This business is thus able to scale is operations and widen access with investment in appropriate information technology improvements over time.

3.3.2 **Major Subsidiaries**

As at the Last Practicable Date, STADIO Investment Holdings, Embury and AFDA are the only Major Subsidiaries (as defined in the JSE Listings Requirements) of STADIO. Details of all the Subsidiaries of STADIO, including the Major Subsidiaries, as set out in **Annexure 14** to this Prospectus.

3.4 **KEY STRENGTHS AND COMPETITIVE ADVANTAGES**

3.4.1 The Board believes that the STADIO Group's strengths and competitive advantages include the following:

3.4.1.1 a qualified and highly-skilled leadership team with expertise in education, academics, finance and business;

3.4.1.2 quality, well established niche-market brands that are acknowledged leaders in their respective fields of offering;

3.4.1.3 a teaching and learning ideology focussed on graduate success, entrepreneurship and employability. STADIO recognises that a number of higher education students do not progress academically, as a result of not achieving examination admission. STADIO believes that, having registered a student, the higher education institution must take all reasonable and responsible steps to facilitate the success of such student, including the implementation of the "credit retry" principle as an integral element of its teaching and learning methodology. The "credit retry" principle focuses on identifying students at risk of not achieving examination admission, and providing adaptive further academic support and/or formative assessment opportunities that will improve their chances to sit the exam, pass the exam and graduate successfully;

3.4.1.4 access to capital and strong financial backing; and

3.4.1.5 economies of scale.

3.4.2 In comparison to the basic education environment, the higher education environment requires lower fixed capital expenditure, with less emphasis on physical infrastructure and fewer buildings required and the potential to leverage off distance learning opportunities to effectively bridge the geographical divide and widen access to a greater number of students.

3.5 **SHARE CAPITAL**

Information relating to the share capital of STADIO is set out in paragraph 4 of this Prospectus.

3.6 **INCORPORATION AND HISTORY**

Information relating to the incorporation and history of STADIO is set out in paragraphs 1 and 3 above. STADIO listed on the Main Board of the JSE on Tuesday, 3 October 2017.

3.7 **MATERIAL CHANGES IN THE BUSINESS OF STADIO**

Save for the Material Acquisitions and internal group restructuring:

3.7.1 there have been no other material changes in the financial or trading position of the STADIO Group since the end of its last financial year ended 31 December 2016;

3.7.2 there have been no material changes in the business or trading objects of the STADIO Group since its incorporation; and

3.7.3 there have been no other major changes in the nature of property, plant and equipment and in the policy regarding the use thereof.

3.8 **PROSPECTS**

3.8.1 STADIO's objective is to facilitate, through its Subsidiaries, access to quality post-school education, giving its students realistic opportunities of finding future employment. STADIO has set an initial target to increase in its enrolments to 35 000 students across both contact and distance learning modes of delivery over the medium term. Over time, STADIO's vision is to increase its reach to 100 000 students and more.

3.8.2 Through implementing its growth strategy, the details of which are set out in paragraph 3.2.13 of this Prospectus, the STADIO Group's objective is to increase its student enrolments (across both the contact and distance learning modes of delivery) initially to 35 000 students in the medium term and then to approximately 56 000 students by 2026, earning a profit after taxation of approximately R500 million. STADIO believes that the aforementioned target can be achieved through deploying: (i) the capital of up to R840 million raised from the Rights Offer and the Private Placement; (ii) internally generated cash; and (iii) debt funding.

PLEASE NOTE THAT THE AFOREGOING STATEMENT OF STADIO'S OBJECTIVE HAS NOT BEEN REVIEWED OR REPORTED ON BY STADIO'S AUDITORS OR BY AN INDEPENDENT REPORTING ACCOUNTANT NOR IS SAME GUARANTEED. IT IS HOWEVER AN OBJECTIVE THAT STADIO WISHES TO ACHIEVE BY 2026.

3.8.3 Over time however, STADIO's vision is to increase its reach to 100 000 students and more.

3.8.4 Given the opportunities in the sector and the demand for quality higher education, the Board is of the opinion that STADIO's prospects are very favourable.

3.8.5 Set out below is an extract of the forecast financial information of STADIO for the financial years ended 31 December 2017, 2018 and 2019. The forecast does not take into account the revenues or profits from future potential acquisitions for which capital was raised.

3.8.6 The forecast financial information of STADIO, as presented in **Annexure 1** to this Prospectus, is the responsibility of the Directors. The forecast financial information has been extracted from Annexure 13 of the Pre-listing Statement. An independent reporting accountant's report on Annexure 13 of the Pre-listing Statement is contained in Annexure 14 of the Pre-listing Statement.

	2017	2018	2019
Student numbers	12 979	14 339	16 577
Growth (%)	–	*10%*	*16%*
Revenue (R million)	142	417	536
Earnings before interest, taxes, depreciation and amortisation (EBITDA) (R million)	3	68	114
EBITDA margin (%)	2%	16%	21%
Headline earnings (R million)	(11)	41	70
Headline earnings per Share (cents)	(2.3)	5.1	8.5
Growth (%)	–	–	*67%*

3.9 **Principal immovable properties**

The location, area and tenure, including, in the case of leasehold property, the rental and unexpired term of the leases, of the principal immovable properties occupied by the STADIO Group, are detailed in **Annexure 19** to this Prospectus.

3.10 **Commitments in relation to the purchase, construction or installation of buildings, plant or machinery**

The STADIO Group has the following commitments in relation to the purchase, construction or installation of buildings, plant or machinery:

3.10.1 R119 million in respect of the Embury Waterfall campus;

3.10.2 R61 million in respect of the Embury Musgrave campus; and

3.10.3 R2 million in respect of the Embury Montana campus.

3.11 **Turnover, profit/loss and dividend history**

As required in terms of Regulation 59 read with Regulation 79 of the Companies Regulations, particulars of the assets and liabilities, gross turnover, the profits or losses (before and after tax) and dividends paid by the STADIO Group in the preceding period, being the financial year ended 31 December 2016, are contained in **Annexure 2**, **Annexure 3**, **Annexure 4** and **Annexure 5** to this Prospectus. The historical financial information presented in **Annexure 5** to this Prospectus, has been extracted from the audited financial statements of STADIO for the financial year ended 31 December 2016. The report by the Auditors of STADIO in terms of Regulation 79 of the Companies Regulations is set out in **Annexure 6** to this Prospectus.

3.12 **Material commitments, lease payments and contingent liabilities**

As at the Last Practicable Date, STADIO had no material commitments, material lease payments or contingent liabilities, save for the Top-up Consideration payable in respect of the AFDA Acquisition and the consideration due in terms of the SBS Acquisition and the Milpark Acquisition, which is subject to various conditions precedent.

3.13 **Debentures**

As at the Last Practicable Date, no debentures have been created or issued by STADIO.

4. SHARE CAPITAL OF STADIO

4.1 Authorised and issued share capital

The authorised and issued share capital of STADIO, immediately prior to the implementation of the Private Placement and the Rights Offer, is set out below:

	Number of Shares	R
Authorised share capital		
Shares of no par value	1 000 000 000	–
Issued share capital		
Stated capital – ordinary Shares of no par value	447 580 089	441 963 964
Treasury Shares	–	–
Total	**447 580 089**	**441 963 964**

The authorised and issued share capital of STADIO, immediately after the implementation of the Private Placement and Rights Offer, is set out below:

	Number of Shares	R
Authorised share capital		
Shares of no par value	1 000 000 000	–
Issued share capital		
Stated capital – ordinary Shares of no par value	771 147 668	1 268 963 993
Treasury Shares	–	–
Total	**771 147 668**	**1 268 963 993**

Note:

(1) Assumes 256 000 011 Shares were issued at R2.50 per Share in terms of the Rights Offer.

(2) The expenses of the Rights Offer (R10.95 million) will be written off against the stated capital.

(3) Assumes 67 567 568 Shares are issued at R2.96 per Share in terms of the Private Placement

(4) The expenses of the Private Placement (R2.05 million) will be written off the stated capital.

4.2 As at the Last Practicable Date and following the implementation of the Private Placement:

4.2.1 no debentures had been, or will have been, created or issued by STADIO;

4.2.2 all Shares in issue were and will be fully paid up and freely transferable; and

4.2.3 all Shares in issue ranked and will rank *pari passu* with each other in all respects, including in respect of voting rights and dividends.

4.3 **Rights attaching to Shares**:

4.3.1 The salient provisions in the MOI relating to the rights attaching to Shares, and the variation of such rights, appear in **Annexure 8** to this Prospectus.

4.3.2 Save for the contractual rights contained in the Material Acquisition Agreements and in terms of the CA Connect Acquisition, there are no conversion or exchange rights to Shares, nor do any Shareholders have any redemption rights or preferential rights to profits or capital.

4.3.3 The rights of Shareholders to participate in dividends, rights to profits or capital, including the rights of Shareholders on the liquidation or distribution of capital assets of STADIO, are determined by the MOI and the relevant summaries thereof are set out in **Annexure 8** to this Prospectus.

4.4 Changes to share capital

4.4.1 A special resolution increasing the authorised share capital of STADIO to 1 000 000 000 ordinary no par value Shares, was approved by Shareholders on or about 14 July 2017 and was subsequently filed with the CIPC.

4.4.2 Save as set out in paragraph 4.4.1 above, there have been no changes, consolidations or subdivisions of STADIO's securities over the 3 years immediately preceding the date of this Prospectus.

4.5 Share repurchases

Neither STADIO, nor any of its Subsidiaries have repurchased any shares within the 3 years immediately preceding this Prospectus.

5. **OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES**

Save for options which may be awarded in terms of the STADIO SIT and the contractual rights granted as part of the terms of the Material Acquisitions and the CA Connect Acquisition, there is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any Shares in STADIO or any shares in any of STADIO's Subsidiaries.

6. **COMMISSIONS PAID OR PAYABLE IN RESPECT OF UNDERWRITING**

Save for the commitment fee and underwriting fee payable to PSG Financial Services in respect of the Rights Offer of R9 600 000 (excluding VAT):

6.1 no commissions were paid, or accrued as payable, by STADIO within the 3 years preceding the date of this Prospectus in respect of any underwriting; and

6.2 no commissions, discounts, brokerages or other special terms have been granted by STADIO within the 3 years preceding the date of this Prospectus in connection with the issue or sale of any securities, stock or debentures in the capital of STADIO.

7. **MATERIAL CONTRACTS**

Save for the Material Acquisition Agreements and as otherwise provided herein, no material contracts (including restrictive funding arrangements) have been entered into by any STADIO Group Company, other than in the ordinary course of business, (i) within the 2 years prior to the date of this Prospectus or, (ii) at any other time where such agreement contains an obligation or settlement that is material to STADIO as at the date of this Prospectus.

8. **INTEREST OF DIRECTORS AND PROMOTERS**

8.1 Directors are not entitled to any commission and are not party to any gain or profit-sharing arrangements with STADIO. Save for the emoluments set out above, no other material benefits were received by Directors for the previous financial year ended 31 December 2016.

8.2 No fees have been paid to any third party in lieu of Directors' fees.

8.3 There will be no variation in the remuneration receivable by any of the Directors as a consequence of the Listing.

8.4 STADIO has not, in the 3 years preceding the date of this Prospectus, paid (or agreed to pay) any amounts (whether in cash or in securities or otherwise) or given any benefits to any Director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director ("**the associate company**") or to any partnership, syndicate or other association of which he is a member ("**the associate entity**"), to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of STADIO.

8.5 No amounts have been paid or have accrued as payable and no benefit was given or proposed to be given within the last 3 years to any promoter or to any partnership, syndicate or other association of which a promoter is or was a member.

8.6 Save for being a Shareholder of STADIO, no Director or promoter has any material beneficial interest, direct or indirect, in the promotion of STADIO or in any material property referred to in paragraph 3.9 of this Prospectus.

8.7 No commissions were paid, or accrued as payable, by STADIO within the 3 years preceding the date of this Prospectus in respect of any underwriting.

8.8 No commissions, discounts, brokerages or other special terms have been granted by STADIO within the 3 years preceding the date of this Prospectus in connection with the issue or sale of any securities, stock or debentures in the capital of STADIO.

9. **LOANS**

9.1 As at the Last Practicable Date, no debentures have been issued by STADIO or any of its Subsidiaries.

9.2 As at the Last Practicable Date, no material loans have been advanced to STADIO or its Subsidiaries, save for the bridge funding provided by Curro, as set out below and in **Annexure 17** to this Prospectus. The STADIO Group has no material loans that are repayable within the next 12 months, save for the bridge funding provided by Curro as set out in **Annexure 17** to this Prospectus.

9.3 Curro has provided bridge funding in the form of a facility of a maximum of R230 million to the STADIO Group. To date R130 million has been drawn down to fund a portion of the payment of the cash-settled portion of the purchase consideration payable in terms of the AFDA Acquisition. A further R100 million will be utilised to fund the cash settled portion of the purchase consideration payable in terms of the SBS Acquisition. The aforementioned bridge funding is unsecured and bears interest at a rate of between 10% and the Prime Rate plus 4% per annum. The bridge funding will be settled from cash raised through the Rights Offer to be conducted prior to the Private Placement.

9.4 No debentures have been created in terms of a trust deed and no replacement debentures have been issued by STADIO.

9.5 As at the Last Practicable Date:

9.5.1 save for the intergroup loans disclosed in **Annexure 18** to this Prospectus, no material loans have been made by the STADIO Group, and no loan capital is outstanding; and

9.5.2 the STADIO Group has not made any loans to, or furnished any security for the benefit of, any Director or manager of STADIO (or of any associate of any such Director or manager).

10. **SHARES ISSUED OR TO BE ISSUED OTHERWISE THAN FOR CASH**

10.1 Save as set out below, neither STADIO, nor any of its Subsidiaries have issued any shares within the 3 years preceding this Prospectus:

10.1.1 as part of the first internal group restructuring:

10.1.1.1 STADIO Investment Holdings issued 120 ordinary no par value shares to Curro (which shares were subsequently transferred to STADIO in terms of an asset for share transaction in accordance with section 42 of the Income Tax Act);

10.1.1.2 STADIO issued 410 560 913 Shares to Curro;

10.1.2 as part of the second internal group restructuring:

10.1.2.1 STADIO Corporate Services issued 120 ordinary no par value shares to Curro (which shares were subsequently transferred to STADIO Investment Holdings in terms of multiple asset for share transactions in accordance with section 42 of the Income Tax Act);

10.1.2.2 STADIO issued 120 Shares to Curro;

10.1.2.3 STADIO Investment Holdings issued 120 ordinary no par value shares to STADIO; and

10.1.3 as part of the implementation of the AFDA Acquisition:

10.1.3.1 STADIO issued 37 018 936 Shares at an issue price of R3.24 per Share to the AFDA Vendors in settlement of a portion of the purchase consideration payable by it in terms of the AFDA Acquisition Agreement;

10.1.3.2 STADIO Investment Holdings issued 120 ordinary shares to STADIO; and

10.1.3.3 STADIO Corporate Services issued 120 ordinary shares to STADIO Investment Holdings.

10.2 Save for as set out above, no STADIO Shares were issued or agreed to be issued by STADIO in the 3 years prior to the Last Practicable Date otherwise than for cash.

11. **PROPERTY ACQUIRED OR TO BE ACQUIRED**

11.1 As part of the internal group restructuring, STADIO acquired the property situated at 75 Silverton Road, Musgrave from Curro on 15 September 2017, which property was acquired by Curro on 20 December 2016 for a consideration of R45 000 000.

11.2 Save as set out above and the indirect acquisition of property in terms of the Material Acquisitions, no material properties were acquired by STADIO or its Subsidiaries, in the 3 years preceding the Last Practicable Date.

12. **AMOUNTS PAID OR PAYABLE TO PROMOTERS**

12.1 No amounts have been paid or have accrued as payable and no benefit was given or proposed to be given within the last 3 years to any promoter or to any partnership, syndicate or other association of which a promoter is or was a member.

12.2 Save for being a Shareholder of STADIO, no Director or promoter has any material beneficial interest, direct or indirect, in the promotion of STADIO or in any material property referred to in paragraph 3.9 of this Prospectus.

13. **PRELIMINARY EXPENSES AND ISSUE EXPENSES**

STADIO's preliminary and issue expenses relating to the Prospectus and Private Placement, which have been incurred or which are expected to be incurred, including the fees payable to professional advisers, are anticipated to amount to approximately R2 050 000, excluding VAT, and include the following:

Nature of Expense	Payable to	R'000
Transaction Advisor and Sponsor fees	PSG Capital	650
Capital raising fee	PSG Capital	1 000
Auditors fees	PricewaterhouseCoopers	75
Legal fees	Cliffe Dekker Hofmeyr	50
Documentation inspection fees	JSE	14
Listing fees	JSE	118
Transfer Secretaries fees	Computershare	30
Strate fees	Strate	10
Printing, publication and distribution	Greymatter & Finch	46
Contingency		57
Estimated Total		**2 050**

SECTION TWO – INFORMATION ABOUT THE PRIVATE PLACEMENT

14. PURPOSE OF THE PRIVATE PLACEMENT

STADIO recognises the importance of social and economic transformation in the South African environment and intends to implement the Private Placement by way of offering Private Placement Shares to Black Persons and Brimstone as part of its larger B-BBEE strategy.

15. SALIENT DATES AND TIMES INCLUDING OPENING AND CLOSING OF THE PRIVATE PLACEMENT

The salient dates and times of the Private Placement are as set out below:

	2017
Opening date of the Private Placement (09:00)	Monday, 30 October
Announcement of the Private Placement Issue Price	Tuesday, 14 November
Closing date of the Private Placement (12:00)	Monday, 27 November
Results of the Private Placement released on SENS on	Wednesday, 29 November
Notification of allotments to successful Invited Investors by	Wednesday, 29 November
Results of the Private Placement published in the press on	Thursday, 30 November
Accounts at CSDP or Broker updated and debited in respect of Dematerialised Shareholders	Monday, 4 December

Note: The dates and times in this Prospectus are subject to change and any changes will be released on SENS and published in the press.

16. PARTICULARS OF THE PRIVATE PLACEMENT

16.1 Details of the Private Placement

16.1.1 In terms of the Private Placement, STADIO will raise approximately R200 million by way of an offer for subscription to Invited Investors for approximately 67 000 000 to 80 000 000 (but no more than 87 000 000) Private Placement Shares in STADIO at the Private Placement Issue Price.

16.1.2 Subject to the discretion of the Board, only Brimstone and Invited Investors who are Black Persons are entitled to participate in the Private Placement.

16.1.3 Brimstone will subscribe for the Brimstone Private Placement Shares in terms of the Private Placement on a preferential basis.

16.1.4 The minimum subscription amount per Black Employee in terms of the Private Placement shall be R20 000.

16.1.5 The minimum subscription amount per Black Person other than Black Employees, in terms of the Private Placement is R50 000.

16.1.6 The Private Placement Shares will be issued at the Private Placement Issue Price. The Private Placement Issue Price will be the lower of R2.96 and the Discounted Trading Price (being the VWAP of a Share for the 30 trading day period after the Listing Date, less a 20% discount, subject to the condition precedent as set out in paragraph 16.2 below). The intention being for Invited Investors to enjoy the benefit should the Discounted Trading Price be lower than R2.96. The final Private Placement Issue Price shall be provided to Invited Investors by PSG Capital on or about Tuesday, 14 November 2017, which is well before the closing date of the Private Placement.

16.1.7 All Private Placement Shares issued as part of the Private Placement will be subject to a Lock-In period of 7 years, during which period, the holders of Private Placement Shares shall only be allowed to sell their Private Placement Shares to other Black Persons, which have been verified and approved by STADIO having considered, *inter alia*, the potential shareholder base that the Board wishes to achieve, when granting such approval. In addition, the purchaser will be required to take the same steps and open the same accounts as prescribed in paragraph 16.4 below before any Private Placement Shares may be transferred to such purchaser.

16.1.8 The Private Placement Shares will be allotted subject to the provisions of the MOI and will rank *pari passu* in all respects including distributions, with all existing issued Shares in STADIO.

16.1.9 There are no convertibility or redemption provisions relating to any Private Placement Shares.

16.1.10 The Private Placement Shares will only be issued in Dematerialised form. No certificated Private Placement Shares will be issued.

16.1.11 No fraction of Private Placement Shares will be offered in terms of the Private Placement.

16.2 Condition Precedent

The Private Placement is subject to the condition precedent that, if the Discounted Trading Price is lower than R2.50 per STADIO Share, the Board resolves that it still wishes to proceed with the Private Placement.

16.3 Underwriting

16.3.1 Brimstone has agreed to underwrite the balance of the Private Placement Shares not taken up by Black Persons.

16.3.2 Brimstone will not be entitled to any underwriting or placement fee in respect of the underwriting of the balance of the Private Placement Shares or for subscribing for the Brimstone Private Placement Shares.

16.4 **Lock-In**

16.4.1 In order to facilitate the Lock-In, applicants will be required to open a brokerage account with PSG Wealth.

16.4.2 The brokerage account opened with PSG Wealth will be a restricted account in terms of which the holders of Private Placement Shares will not be able to sell their Private Placement Shares unless the purchaser of the Private Placement Shares is a Black Person, verified and approved by STADIO. For the avoidance of doubt, there is no obligation on STADIO to set up a trading platform to facilitate trade in the Private Placement Shares and it is not STADIO's intention to do so at present.

16.4.3 Following the expiry of a 7-year Lock-In period from the listing date of the Private Placement Shares, all restrictions in relation to the trading of the Private Placement Shares will fall away.

16.4.4 **In order to open a brokerage account at PSG Wealth, Invited Investors should contact Siphokazi Melamane at wealth@psg.co.za or 0860 000 368. For the purpose of opening such brokerage accounts, Invited Investors will be required to submit the following information and/or documents**:

16.4.4.1 copy of South Africa identity document (for South African citizens) or copy of passport (for foreign nationals);

16.4.4.2 proof of address which is less than three months old (for example utility bill, store account statement, bank statement, DSTV account statement, municipal letter) or, if not available, a declaration by a third party confirming address together with copy of third party's identity documents and proof of address (less than three months old);

16.4.4.3 copy of SARS document confirming income tax number; and

16.4.4.4 copy of bank statement confirming banking details (less than three months old).

16.4.5 **PSG Wealth will not charge any monthly administration fees to the holders of Private Placement Shares during the Lock-In Period**.

16.5 **Use of proceeds from Private Placement**

The capital raised in terms of the Private Placement will be used to fund the acquisition of land and the development of existing campuses to facilitate growth, for working capital purposes and to build up the capital resources for future opportunities.

16.6 **Authorisations**

On 23 August 2017, the following shareholders resolutions relating to the Private Placement were passed by STADIO:

16.6.1 an ordinary resolution was passed by a 75% majority of the Shareholders, authorising the Board in terms of the MOI and the Listings Requirements, by way of a specific authority, to allot and issue the Placement Shares, to Black Persons and to Brimstone in terms of the Private Placement;

16.6.2 a special resolution in terms of section 41(1) of the Companies Act was passed, authorising the Board, by way of a specific authority, to allot and issue the Placement Shares in terms of the Private Placement to the extent that any of the participants in the Private Placement fall into the category of people listed in section 41(1) of the Companies Act; and

16.6.3 a special resolution in terms of section 41(3) of the Companies Act was passed, authorising the Board to allot and issue the Placement Shares in terms of the Private Placement and the Shares in terms of the Rights Offer, given that the Placement Shares and/or the Shares issued in terms of the Rights Offer will be equal to or exceed 30% of the voting power of all the Shares held by Shareholders immediately before the implementation of the Private Placement and the Rights Offer.

16.7 **Reservation of Rights**

16.7.1 The Board reserves the right to accept or refuse any application for Private Placement Shares, either in whole or in part, or to reduce any or all application(s) (whether or not received timeously) in such manner as it may in its sole and absolute discretion determine. The Board will consider, *inter alia*, the desired level of black shareholding and the potential shareholder base that the Board wishes to achieve when making such decision.

16.7.2 The Board may accept or reject, in whole or in part, any application should the terms contained in the Prospectus or the Application Form, and the instructions therein not be properly complied with.

16.7.3 The Board reserves the right, in their sole discretion, to increase the number of Private Placement Shares offered in terms of the Private Placement and the amount sought to be raised in terms of the Private Placement.

16.7.4 The Board reserves the right in their sole discretion to accept applications for Private Placement Shares from black investors other than Brimstone and Black Persons subject to such requirements the Board may impose on them in addition to what is set out herein.

16.7.5 The Board reserves the right to reduce the amount sought to be placed and/or raised in terms of the Private Placement in the Board's sole and absolute discretion.

16.7.6 Neither STADIO, nor PSG Capital, nor any of their directors or employees accept any responsibility, nor will they be held liable, for any damages or loss suffered by any applicant as a result of any inability by such parties to allocate Private Placement Shares, as a result of an illegible Application Form or as a result of rejecting any applications or reducing any allocations of Private Placement Shares applied for in the Application Form.

16.8 **Procedures for acceptance**

16.8.1 The Private Placement is open to Invited Investors only.

16.8.2 Invited Investors are to provide PSG Capital with their completed Application Form by 17:00 on Monday, 27 November 2017. It is intended that Invited Investors will be informed of their allocated Private Placement Shares, if any, by Wednesday, 29 November 2017. Invited Investors must make the necessary arrangements to enable their CSDP or Broker, as the case may be, to make payment for the allocated Private Placement Shares on the settlement date. The allocated Private Placement Shares will be transferred, on a "delivery-versus-payment" basis, to successful applicants on the settlement date, which is expected to be Monday, 4 December 2017.

16.8.3 All Application Forms submitted must be accompanied by a certified copy of the applicant's identity document.

16.8.4 Failure to make payment as stipulated above, will result in the applicant forfeiting any rights to receive Private Placement Shares, however, this will not affect any of STADIO's rights against the applicant.

16.8.5 The following persons may not participate in the Private Placement:

16.8.5.1 any person who may not lawfully participate in the Private Placement;

16.8.5.2 any investor who is not an Invited Investor; and/or

16.8.5.3 any person acting on behalf of a minor or deceased estate.

16.8.6 No applications will be accepted after 17:00 on Monday, 27 November 2017.

16.8.7 Applications submitted by Invited Investors are irrevocable and may not be withdrawn once received by PSG Capital.

16.8.8 Application Forms must be completed in accordance with the provisions of this Prospectus and the instructions contained in the Application Form, which is attached to this Prospectus (*grey*) and which will be made available to Invited Investors.

16.8.9 Copies or reproductions of the Application Form will be accepted at the discretion of the Directors.

16.8.10 Any alterations to the Application Form must be authenticated by full signature.

16.8.11 Receipts will not be issued for applications, application monies or supporting documents received.

16.8.12 Each application will be regarded as a single application.

16.8.13 Other than as detailed in the Application Form, no documentary evidence of capacity to apply need accompany the Application Form, but STADIO reserves the right to call upon any applicant to submit such evidence for noting and, which evidence will be held on file with STADIO or the Transfer Secretaries or returned to the applicant at the applicant's risk.

16.9 **Issue and allocation of the Private Placement Shares**

16.9.1 All Private Placement Shares subscribed for in terms of the Private Placement will be issued at the expense of STADIO.

16.9.2 It is intended that notice of the allocations will be given by Wednesday, 29 November 2017.

16.10 **Payment and delivery of the Private Placement Shares**

16.10.1 No payment should be submitted with the Application Form delivered to the Sole Bookrunner, PSG Capital. Applicants must make the necessary arrangements to enable their CSDP or Broker to make payment for the allocated Private Placement Shares on the settlement date, which is expected to be Monday, 4 December 2017, in accordance with each applicant's agreement with their CSDP or Broker.

16.10.2 **Invited Investors must ensure that their accounts with their CSDP or Broker is sufficiently funded for payment to be paid in respect of the Private Placement Shares allocated to them in terms of the Private Placement on the date that their Application Form is submitted. Failure to do so may result in their application for Private Placement Shares being rejected.**

16.10.3 The allocated Private Placement Shares will be transferred, on a "delivery-versus-payment" basis, to successful applicants on the settlement date, which is expected to be Monday, 4 December 2017.

16.10.4 The applicant's CSDP or Broker must commit to Strate to the receipt of the applicant's allocation of Private Placement Shares against payment on Monday, 4 December 2017.

16.10.5 On the settlement date, the applicant's allocation of Private Placement Shares will be credited to the applicant's CSDP or Broker against payment during the Strate settlement runs, prior to the opening of the market.

16.10.6 The CSDP or Broker concerned will receive and hold the Dematerialised Private Placement Shares on the applicant's behalf.

16.11 **Representation and warranty**

16.11.1 Any Invited Investor applying for or accepting the Private Placement Shares in the Private Placement, save for Brimstone, shall be deemed to have represented and warranted to STADIO that such Invited Investor was in possession of a copy of this Prospectus at that time and that such Invited Investor is a Black Person.

16.11.2 Any party applying for or accepting Private Placement Shares on behalf of another Invited Investor shall be deemed to have represented to STADIO that they are duly authorised to do so and warrant that they and the purchaser for whom they are acting as agent are duly authorised to do so in accordance with all relevant laws and such Invited Investor guarantees the payment of the Private Placement Issue Price and that a copy of this Prospectus was in the possession of such Invited Investor for whom they are acting as agent.

16.12 **Applicable law**

The Private Placement, applications, allocations and acceptances will be exclusively governed by the laws of South Africa and each Invited Investor will be deemed, by applying for Private Placement Shares, to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Private Placement.

16.13 **Strate**

16.13.1 Shares may be traded on the JSE only in electronic form (as Dematerialised Shares) and will be trading for electronic settlement in terms of Strate immediately following the Listing.

16.13.2 Strate is a system of "paperless" transfer of securities. If you have any doubt as to the mechanics of Strate please consult your Broker, CSDP or other appropriate advisor and you are referred to the Strate website (http://www.strate.co.za) for more detailed information.

16.13.3 Some of the principal features of Strate are:

16.13.3.1 electronic records of ownership replace certificates and physical delivery of certificates;

16.13.3.2 trades executed on the JSE must be settled within 3 Business Days;

16.13.3.3 all investors owning Dematerialised Shares or wishing to trade their securities on the JSE are required to appoint either a Broker or a CSDP to act on their behalf and to handle their settlement requirements; and

16.13.3.4 unless investors owning Dematerialised Shares specifically request their CSDP to register them as an "own-name" holder (which entails a fee), their respective CSDP's or Broker's nominee company holding shares on their behalf, will be the holder (member) of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or Broker (or the CSDP's or Broker's nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or Broker (or the CSDP's or Broker's nominee company), as to how it wishes to exercise the rights attaching to the shares and/or to attend and vote at shareholder meetings.

16.14 **Over-application**

16.14.1 In the event of an over-application for Private Placement Shares, the Board shall, in its sole discretion, determine an appropriate allocation mechanism. In this regard, the Board will take into account the liquidity of the Shares and the potential shareholder base that the Board wishes to achieve.

16.14.2 Depending upon the level of demand, Invited Investors may receive no Private Placement Shares or fewer than the number of Private Placement Shares applied for. Any dealing in Shares prior to delivery of the Private Placement Shares is entirely at the Invited Investor's own risk.

16.15 **Minimum subscription**

The Private Placement is not subject to any minimum subscription.

17. **STATEMENT AS TO ADEQUACY OF CAPITAL**

The Directors are of the opinion that the working capital available to the STADIO Group is adequate for the present requirements of the STADIO Group, that is, for a period of 12 months from the date of issue of this Prospectus.

18. **REPORT BY DIRECTORS AS TO MATERIAL CHANGES**

Save for the Material Acquisitions and the internal group restructuring:

18.1 there have been no other material changes in the financial or trading position of the STADIO Group since the end of its last financial year ended 31 December 2016;

18.2 there have been no other changes in the business or trading objects of the STADIO Group since its incorporation; and

18.3 there have been no other major changes in the nature of property, plant and equipment and in the policy regarding the use thereof.

19. **STATEMENT AS TO LISTING ON THE STOCK EXCHANGE**

19.1 All the issued STADIO Shares are listed on the Main Board of the JSE as a primary listing. No other class of securities is listed on any other exchange.

19.2 The Private Placement Shares will, upon issue, be listed on the Main Board of the JSE.

20. **REPORT BY AUDITORS OF STADIO**

In terms of Regulation 79 of the Companies Regulations, the Auditors are required to prepare a report on the profits and losses, dividends and assets and liabilities of STADIO. In this regard, **Annexure 5** and **Annexure 6** to this Prospectus set out the financial information of STADIO and the Auditors' report in respect thereof.

21. **HISTORICAL AND FORECAST FINANCIAL INFORMATION OF THE STADIO GROUP**

21.1 **Historical financial information of Embury**

A report on the historical financial information of Embury, showing its financial results for the 3 years ended 31 December 2016, 31 December 2015 and 31 December 2014, is presented in **Annexure 2** to this Prospectus and is the responsibility of the Directors. This report has been extracted from Annexure 3 of the Pre-listing Statement. The independent reporting accountant's reports on Annexure 3 of the Pre-listing Statement are contained in Annexure 4 and Annexure 5 of the Pre-listing Statement.

21.2 **Historical financial information of AFDA**

A report on the historical financial information of AFDA, showing its financial results for the 3 years ended 31 December 2016, 31 December 2015 and 31 December 2014, is presented in **Annexure 3** to this Prospectus and is the responsibility of the Directors. This report has been extracted from Annexure 7 of the Pre-listing Statement. An independent reporting accountant's report on Annexure 7 of the Pre-listing Statement is contained in Annexure 8 of the Pre-listing Statement.

21.3 **Historical financial information of Intraframe**

A report on the historical financial information of Intraframe, showing its financial results for the 3 years ended 31 December 2016, 31 December 2015 and 31 December 2014, is presented in **Annexure 4** to this Prospectus and is the responsibility of the Directors. This report has been extracted from Annexure 9 of the Pre-listing Statement. An independent reporting accountant's report on Annexure 9 of the Pre-listing Statement is contained in Annexure 10 of the Pre-listing Statement.

21.4 **Forecast financial information of STADIO**

The forecast financial information of STADIO, as presented in **Annexure 1** to this Prospectus, is the responsibility of the Directors. This report has been extracted from Annexure 13 of the Pre-listing Statement. An independent reporting accountant's report on Annexure 13 of the Pre-listing Statement is contained in Annexure 14 of the Pre-listing Statement.

22. **AUTHORISED SHARES**

STADIO has sufficient authorised but unissued Shares in order to issue the Private Placement Shares.

23. **PROPERTY AND SUBSIDIARIES DISPOSED OF OR TO BE DISPOSED OF**

The STADIO Group has not made any material disposals of any securities in, or the business undertakings of, any other companies, or business enterprises or any immovable properties in the nature of a fixed asset in the 3 years preceding the Last Practicable Date and will not dispose of same within the first 6 months after the issue of this Prospectus.

24. **KING CODE AND CORPORATE GOVERNANCE**

The corporate governance statement and report by the Board in respect of the STADIO Group is set out in **Annexure 21** to this Prospectus.

25. **INTERGROUP FINANCIAL AND OTHER TRANSACTIONS**

25.1 All of the intergroup loan balances between STADIO Group Companies, before elimination on consolidation, are disclosed in **Annexure 18** to this Prospectus.

25.2 Save for the intergroup balances referred to above, there are no material intergroup financial and other transactions between STADIO Group Companies.

26. **MATERIAL ACQUISITIONS**

26.1 Save for the Material Acquisitions, details of which are set out in **Annexure 15** and **Annexure 22** to this Prospectus, the STADIO Group has not undertaken any material acquisitions within the last 3 years and has not concluded any agreements in relation to any proposed material acquisitions.

26.2 Details of the vendors in respect of the Material Acquisitions, appear in **Annexure 16** to this Prospectus.

26.3 No promoter or Director of STADIO had any beneficial interest, direct or indirect, in the Material Acquisitions, or was a member of a partnership, syndicate or other association of persons that had such an interest.

27. **MAJOR AND CONTROLLING SHAREHOLDERS**

27.1 As at the Last Practicable Date, Shareholders who, insofar as is known to STADIO, directly or indirectly, beneficially held 5% or more of the issued share capital of STADIO, are set out below:

Name of Shareholder	Number of Shares	% of Shares in issue
PSG Financial Services Limited	228 210 051	51.0%
Coronation Fund Managers Limited	26 356 430	5.9%

27.2 The Board is not aware of any pre-existing intention of any major Shareholder to dispose of a material number of their Shares at or immediately after the Private Placement.

27.3 Immediately prior to the Unbundling, Curro was the controlling Shareholder of STADIO and held 91.7% of the issued share capital of STADIO. Following the Unbundling, in terms of which Curro unbundled its entire interest in STADIO to its shareholders, PSG Financial Services held approximately 51% of the issued share capital of STADIO and accordingly became its new controlling Shareholder.

27.4 Save for the change in controlling Shareholder resulting from the Unbundling, as referred to in paragraph 27.3 above, there has been no change in controlling shareholder or the trading objects of STADIO or its Major Subsidiaries in the 5 years prior to the Last Practicable Date.

27.5 Immediately prior to the Private Placement, PSG Financial Services held approximately 51% of the issued share capital of STADIO, which interest will be diluted to less than 50% as a result of the issue of the Private Placement Shares. Accordingly, PSG Financial Services will no longer be the controlling Shareholder of STADIO following the implementation of the Private Placement.

28. **ROYALTIES**

No royalties, or items of a similar nature, are payable in respect of STADIO or any of its Subsidiaries.

29. **AUTHORISATIONS**

The following Shareholder resolutions were passed by Curro, as the sole Shareholder of STADIO, prior to the Listing:

29.1 on 14 July 2017, a special resolution was passed, in terms of section 16(1)(c) and section 16(5)(a) of the Companies Act, adopting the MOI;

29.2 on 14 July 2017, a special resolution was passed, converting STADIO from a private company to a public company;

29.3 on 14 July 2017, a special resolution was passed, in terms of section 16(1)(c) and section 16(5)(b)(i) of the Companies Act, changing the name of STADIO from “STADIO Holdings Proprietary Limited” to “STADIO Holdings Limited”;

29.4 on 14 July 2017, a special resolution was passed, in terms of section 36(2)(a) and section 16(1)(c) of the Companies Act, increasing the authorised Share capital of STADIO to 1 000 000 000 ordinary Shares of no par value;

29.5 on 14 July 2017, a special resolution was passed, adopting the STADIO SIT in accordance with the STADIO SIT Deed;

29.6 on 14 July 2017, a special resolution was passed, in terms of section 66(9) of the Companies Act, approving the remuneration of non-executive Directors as set out in paragraph 2.7.6 of this Prospectus, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of STADIO;

29.7 on 14 July 2017, a special resolution was passed, in terms section 45 of the Companies Act, authorising STADIO, as a general approval, to provide any direct or indirect financial assistance which the Board may deem fit to any Director or prescribed officer of STADIO or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, on the terms and conditions and for amounts which the Board may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of STADIO;

29.8 on 14 July 2017, a special resolution in terms section 44 of the Companies Act was passed, authorising STADIO, as a general approval, to provide any direct or indirect financial assistance which the Board may deem fit to any person or entity, on the terms and conditions and for amounts which the Board 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 STADIO or a related or inter-related company or corporation, or for the purchase of any shares or securities of STADIO 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 STADIO;

29.9 on 14 July 2017, a special resolution was passed, authorising STADIO and its Subsidiaries, as a general approval, to repurchase a maximum number of Shares equal to 20% in the aggregate in any one financial year of STADIO's issued share capital, at a price of no more than 10% above the weighted average of the market value of the Shares for the 5 Business Days immediately preceding the date that the transaction is effected, upon such terms and conditions as the Board may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MOI and the JSE Listings Requirements and provided that the general authority shall only be valid until the next annual general meeting of STADIO;

29.10 on 14 July 2017, an ordinary resolution was passed by a 75% majority of the Shareholders, authorising the Board, by way of a general authority, to allot and issue any of STADIO's unissued Shares, in the aggregate equal to not more than 15% of STADIO's issued share capital as at the Listing Date, for cash, at a maximum discount of 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, as they in their discretion may deem fit, without restriction, subject to the provisions of the MOI, the Companies Act and the JSE Listings Requirements and provided that the general authority shall only be valid until the next annual general meeting of STADIO;

29.11 on 23 August 2017, an ordinary resolution was passed by a 75% majority of the Shareholders, authorising the Board in terms of the MOI and the Listings Requirements, by way of a specific authority, to allot and issue the Placement Shares, to Black Persons and to Brimstone in terms of the Private Placement;

29.12 on 23 August 2017, a special resolution in terms of section 41(1) of the Companies Act was passed, authorising the Board, by way of a specific authority, to allot and issue the Placement Shares in terms of the Private Placement to the extent that any of the participants in the Private Placement fall into the category of people listed in section 41(1) of the Companies Act; and

29.13 on 23 August 2017, a special resolution in terms of section 41(3) of the Companies Act was passed, authorising the Board to allot and issue the Placement Shares in terms of the Private Placement and the Shares in terms of the Rights Offer, given that the Placement Shares and/or the Shares issued in terms of the Rights Offer will be equal to or exceed 30% of the voting power of all the Shares held by Shareholders immediately before the implementation of the Private Placement and the Rights Offer.

30. DIVIDENDS

30.1 In terms of the MOI, all distributions and monies due to Shareholders must be held by STADIO in trust for a period of 3 years (or such longer period as the law may prescribe for the prescription of a claim) from the date on which they were declared. All distributions and monies due to Shareholders which remain unclaimed after the aforementioned period, may be declared forfeited by the Directors for the benefit of STADIO and may be invested or otherwise made use of by the Directors for the benefit of STADIO. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit.

30.2 No arrangements exist under which future dividends are waived or are agreed to be waived.

30.3 The Board will declare dividends based on a maximum of 80% of the free cash flow of STADIO per annum, provided that when determining the free cash flow of STADIO, the Board will take into consideration the capital which may be required by STADIO for short to medium term greenfield projects and/or acquisitions.

31. **EXCHANGE CONTROL**

31.1 The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt hereto, please consult your attorney, accountant or professional advisor.

31.2 In terms of the Exchange Control Regulations:

31.2.1 a former resident of the Common Monetary Area who has emigrated, may use emigrant blocked funds to subscribe for Shares detailed in this Prospectus;

31.2.2 all payments in respect of the subscriptions for Shares by an emigrant, using emigrant blocked funds, must be made through the authorised dealer in foreign exchange controlling the blocked assets;

31.2.3 any Shares issued pursuant to the use of emigrant blocked funds, will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios;

31.2.4 Shares subsequently re-materialised and issued in certificated form, will be endorsed "Non-Resident" and will be sent to the authorised dealer in foreign exchange through whom the payment was made; and

31.2.5 if applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for Shares in terms of this Prospectus, emanating from emigrant blocked accounts, will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicants' blocked accounts.

31.3 Shareholders resident outside the Common Monetary Area should note that, where Shares are subsequently re-materialised and issued in certificated form, such share certificates will be endorsed "Non-Resident" in terms of the Exchange Control Regulations.

31.4 **Emigrants from the Common Monetary Area**

31.4.1 A former resident of the Common Monetary Area who has emigrated from South Africa may use blocked Rand to subscribe for Shares.

31.4.2 All payments in respect of the subscription for Shares by emigrants using blocked Rand must be made through the authorised dealer in foreign exchange controlling the block assets.

31.4.3 Statements issued to Dematerialised Shareholders will be restrictively endorsed as "NON-RESIDENT".

31.4.4 If applicable, refund monies in respect of unsuccessful applications, emanating from blocked Rand accounts, will be returned to the authorised dealer administering such blocked Rand accounts for the credit of such applicant's blocked Rand account.

31.4.5 No residents of the Common Monetary Area may, either directly or indirectly, be permitted to receive an allocation as employees of any offshore Subsidiaries.

31.5 **Applicants resident outside the Common Monetary Area**

31.5.1 In terms of the Exchange Control Regulations of South Africa, non-residents of the Common Monetary Area to whom this Prospectus is addressed, may apply for Shares, provided that payment is received in foreign currency or in Rand from a non-resident account. All applications by non-residents in respect of the above must be made through an authorised dealer in foreign exchange. Shares subsequently re-materialised and issued in certificated form, will be endorsed "Non-Resident".

31.5.2 A person who is not resident in the Common Monetary Area should obtain advice as to whether any government and/or legal consent is required and/or whether any other formality must be observed to enable an application to be made in terms of the Prospectus.

31.5.3 This Prospectus is accordingly not an offer in any area or jurisdiction in which it is illegal to make such an offer. In such circumstances, this Prospectus is provided for information purposes only.

32. **GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW**

There is no Governmental protection or investment encouragement law affecting STADIO or its Subsidiaries.

33. **LITIGATION STATEMENT**

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which STADIO is aware, which may have, or have during the 12 months preceding the Last Practicable Date had, a material effect on the financial position of the STADIO Group.

34. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, whose names are set out in the "*Corporate Information*" section of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus which relates to STADIO and, in this regard, 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 Prospectus contains all information required by the JSE Listings Requirements.

35. **CONSENTS**

The Transaction Advisor, Sole Bookrunner and Sponsor, the Auditors and each of the experts, whose names appear in the "*Corporate Information*" section of this Prospectus, have given and have not, prior to the formal approval of this Prospectus by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports, in Prospectus.

36. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection at the registered office of STADIO and at the Stellenbosch and Johannesburg offices of PSG Capital at the addresses referred to in the "*Corporate Information*" section of this Prospectus, during normal office hours from the date of issue of this Prospectus until Thursday, 23 November 2017:

36.1 the MOI;

36.2 the memorandum of incorporation of each Major Subsidiary;

36.3 the STADIO SIT Deed;

36.4 written consent letters by the experts and advisors, as referred to in paragraph 35 of this Prospectus;

36.5 the employment agreements of the executive Directors;

36.6 the Material Acquisition Agreements;

36.7 the Pre-listing Statement;

36.8 a copy of this Prospectus and all annexures hereto;

36.9 the historical financial information of STADIO for the year ended 31 December 2016 in terms of Regulation 79 of the Companies Regulations; and

36.10 the report by the Auditors in terms of Regulation 79 of the Companies Regulations in respect of STADIO.

SIGNED AT DURBANVILLE ON 17 OCTOBER 2017 BY DR CHRIS VAN DER MERWE ON BEHALF OF ALL THE DIRECTORS OF STADIO, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

DR CHRIS VAN DER MERWE

CR van der Merwe
S Totaram
D Singh
RH Stumpf
R Kisten
KS Sithole
PN de Waal
A Mellet (alternate Director to PN de Waal)

SECTION FIVE – INAPPLICABLE OR IMMATERIAL MATTERS

The following paragraphs of Part C of Chapter 4 of the Companies Regulations are not applicable:

1. 77;
2. 78; and
3. 80.

FORECAST FINANCIAL INFORMATION OF STADIO

The definitions and interpretations commencing on page 14 of this Prospectus apply to this ***Annexure 1.***

Set out below are the forecast statements of comprehensive income for STADIO ("**Forecasts**") for the periods ending 31 December 2017, 2018 and 2019 ("**Forecast Periods**"), as extracted from Annexure 13 of the Pre-listing Statement.

The assumptions made and applied in the preparation of the profit forecast, which is considered by the Board of Directors to be material and significant are set out below. The assumptions as set out below are not an exhaustive list, and nor are they intended to be. General assumptions usually applicable to profit forecasts of this nature have not been expressly set out below as such assumptions are considered implicit in the context of the forecast financial information. Due to the nature of assimilating such information, a view is taken by the Board as to the impact of market conditions and/or future events. In the opinion of the Directors, the assumptions below are significant to the forecast as being key factors upon which the financial results of STADIO will depend. However, certain assumptions may not materialise and/or certain unforeseen events may occur or circumstances may arise subsequent to the forecast being made. Accordingly, the actual results achieved for the Forecast Periods may differ from those forecast.

The forecast figures for 2017 include seven months actual results for STADIO and Embury and forecast results for the remaining five months of the year based on the assumptions set out below.

The Forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the Directors. The Forecasts must be read in conjunction with the Independent Reporting Accountant's assurance report, which is presented in Annexure 14 of the Pre-listing Statement.

The Forecasts have been prepared in compliance with IFRS and in accordance with STADIO's accounting policies.

FINANCIAL FORECAST – STADIO GROUP
STATEMENT OF COMPREHENSIVE INCOME

	12 months ending 31 December 2017	12 months ending 31 December 2018	12 months ending 31 December 2019
Student numbers	**12 979**	**14 339**	**16 557**
	R'000	**R'000**	**R'000**
Revenue	141 525	416 945	536 377
Operating expenses	(131 349)	(331 185)	(403 919)
Earnings before interest, taxation, depreciation, amortisation and rent (EBITDAR)	**10 176**	**85 760**	**132 458**
Rental expenses	(6 933)	(17 770)	(18 954)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**3 243**	**67 990**	**113 504**
Depreciation and amortisation	(10 828)	(28 329)	(33 998)
Earnings before interest and taxation (EBIT)	**(7 585)**	**39 661**	**79 506**
Finance income (refer to note 1.2 below)	2 468	35 603	39 066
(Loss)/Profit before taxation	**(5 117)**	**75 264**	**118 572**
Taxation	(2 863)	(21 585)	(33 842)
(Loss)/Profit after taxation before non-controlling interest	**(7 980)**	**53 679**	**84 729**
Non-controlling interest	(2 793)	(12 338)	(15 081)
(Loss)/Profit attributable to owners of the parent	**(10 773)**	**41 341**	**69 649**
Weighted average number of Shares in issue ('000)	476 829	814 534	817 735
Earnings per Share (cents)	(2.3)	5.1	8.5
Headline earnings per Share (cents)	(2.3)	5.1	8.5

MATERIAL ASSUMPTIONS UNDERLYING THE FORECASTS:

1. COMMENTS ON THE FORECAST FINANCIAL INFORMATION:

1.1 The forecast financial information is based on the assumption that circumstances which affect STADIO's business but which are outside the control of the Directors, will not materially alter in such a way as to affect the trading of the STADIO Group.

1.2 In addition, the forecast financial information is based on the assumption that R430 million of the capital to be raised through the Rights Offer and the B-BBEE Transaction, is not yet invested in potential acquisitions that are in various stages of negotiation.

1.2.1 As such no allowance for revenue and earnings growth arising from further strategic acquisitions have been considered in the forecast.

1.2.2 For the purposes of the forecast it has been assumed that the excess unutilised cash of R430 million, will earn interest based on a 1.25% spread above the repurchase rate (repo rate). However, management believe that the return on investment of further potential acquisitions (that are in various stages of negotiation) will yield higher returns than the assumed finance income included in the forecast. The timing of the completion of these acquisitions are however uncertain and consequently have not been included in these forecasts.

1.3 Further to the above, the forecast financial information is based on the assumption that:

1.3.1 there will be continuity in existing management and trading policies;

1.3.2 there will be no change in the present accounting policies; and

1.3.3 the Rights Offer and the B-BBEE Transaction will be fully subscribed.

1.4 In the opinion of the Directors, the above assumptions are significant to the forecasts as being key factors upon which the financial results of the STADIO Group will depend. However, certain assumptions may not materialise and/or certain unforeseen events may occur or circumstances may arise subsequent to the forecasts being made. Accordingly, the results achieved for the periods referred to above may differ from those forecast and the variations may be material.

1.5 The forecast was approved by the Directors of STADIO on 5 September 2017.

2. ASSUMPTIONS THAT ARE UNDER THE CONTROL OF THE DIRECTORS:

2.1 The forecast information is based on information derived from the historical financial information and the Directors' knowledge of and experience in the higher education industry.

2.2 The forecast financial information is compiled utilising the accounting policies of Embury as detailed in Annexure 3 of the Pre-listing Statement. STADIO will adopt the same accounting policies as Embury as set out in Annexure 3 of the Pre-listing Statement.

2.3 The effective date of the acquisition of AFDA is 24 August 2017, but for purposes of the forecast financial information was taken into account from 1 September 2017.

2.4 The STADIO Group will open 2 new campuses in 2018, being Waterfall (Midrand) and Montana (Pretoria), as well as move to new constructed premises in Musgrave (KwaZulu-Natal). All 3 campuses, will initially be utilised by the Embury business to increase its geographic footprint and product offerings. In time, these facilities may be used to promote the further offerings within the STADIO Multiversity, to allow for the optimal use of the STADIO facilities.

2.5 STADIO owns both the land and buildings of the Montana and Musgrave campuses.

2.6 The Waterfall campus is subject to a land rental to the lessor. The STADIO Group will own the leasehold improvement buildings of the Waterfall campus.

2.7 The maximum contact learning capacity of the 3 aforementioned campuses are as follows:

2.7.1 Waterfall (Midrand) – 1 700 contact learnings students;

2.7.2 Montana (Pretoria) – 1 700 contact learning students; and

2.7.3 Musgrave (KwaZulu-Natal) – 2 700 contact learning students.

2.8 The average annual tuition fee increase ranges between 5% and 8% over the various STADIO businesses.

2.9 Operating expenses (that are fixed in nature), excluding staff costs, bad debts, marketing, sales and student recruitment costs, are escalated at a rate of approximately 7% per annum. Material operating expenses include facility expenses, rates and taxes and information technology expenses.

2.10 Staff costs (including academic and administrative staff) that are fixed in nature, are expected to increase by approximately 7% per annum. New staff are appointed dependent on the growth in student numbers, across various programmes as well as the geographic expansion, in the underlying businesses.

2.11 Marketing, sales and student recruitment costs (excluding staff costs) are estimated to be between 8% and 11% of tuition fee revenue.

2.12 Rental expenses are forecast based on actual contractual lease agreements (including contractual increases) which are short term in nature. In the case of the Waterfall campus, the STADIO Group will enter into an agreement to lease the land on which the Waterfall campus is constructed. Given the long-term nature of the lease (initially 12 years with the ability to extend for a further 85.5 years), STADIO has, for the purpose of this forecast financial information, early adopted IFRS 16 to account for the Waterfall lease. Upon the lease commencement, the STADIO Group will recognise a right-of-use asset and lease liability. Details pertaining to IFRS 16 application is set out in note 2.2 of Annexure 3 of the Pre-listing Statement.

2.13 The STADIO Group maintains a small corporate head office that will assist the underlying businesses to achieve their business aims. Fixed head office expenses (including staff costs, general administration costs, rental expenses and expenses related to being a listed company) are expected to escalate at approximately 7% per annum. For the 2017 financial year, once-off costs of approximately R9.1 million will be incurred specifically relating to listing expenses and transaction costs associated with acquisitions that are in various stages of negotiation. Head office expenses for the purposes of the forecast are expected to be as follows:

	2017 R million	2018 R million	2019 R million
STADIO Head Office expenses	**(24)**	**(21)**	**(23)**

2.14 STADIO will raise capital equal to R840 million through the Rights Offer (R640 million) and through the proposed B-BBEE Transaction (R200 million). The capital raised in terms of the Rights Offer will be used to fund the cash settled portion of the purchase considerations payable in terms of the SBS Acquisition (R100 million) and the AFDA Acquisition (R130 million), the further acquisitions which are in various stages of negotiation, the transaction costs related to the various acquisitions as well as the costs of the capital raising and the Listing. The Rights Offer will be underwritten by PSG Financial Services.

2.15 The capital raised in terms of the B-BBEE Transaction will be used to fund the acquisition of land, the development of existing campuses to facilitate growth, for working capital purposes and to build up the capital resources for future opportunities. The B-BBEE Transaction will be underwritten by Brimstone.

2.16 As mentioned in paragraph 1.2 above, approximately R430 million of the aforementioned capital raised is available for further potential acquisitions that are in various stages of negotiation.

2.17 The forecast includes the assumption that a dividend per share of 6.7 cents will be declared and paid to Shareholders in the 2019 financial period. The dividend is based on approximately 80% of the free cash flow available to Shareholders, after considering the investment and working capital requirements of the STADIO Group at that point in time.

3. ASSUMPTIONS THAT ARE NOT UNDER THE CONTROL OF THE DIRECTORS:

3.1 The forecast financial information is based on the assumption that circumstances which affect STADIO's business but which are outside the control of the Directors, will not materially alter in such a way as to affect the trading of the STADIO Group.

3.2 Embury acquires the business of CA Connect with effect from 1 January 2018. Embury expands its faculty offerings to include an Economic and Management Sciences faculty which will include the offering of the PGDA programme, a one year post graduate programme. The PGDA programme is still in the process of obtaining the relevant accreditations from SAICA, the CHE and the DHET.

3.3 We estimate that the time taken for a new campus (specifically Montana and Waterfall) to break even will be between 3 and 4 years. This will impact the EBITDA of the Embury business in the initial years until the new campuses grow through the J-curve.

The impact of the 2 new campuses on overall EBITDA is set out below:

EBITDA (impact of new campuses)	2017 R million	2018 R million	2019 R million
EBITDAR	(8.4)	(13.7)	(1.9)
Rent	(0.9)	(5.7)	(5.8)
EBITDA	**(9.3)**	**(19.4)**	**(7.7)**

3.4 The Forecast includes the offering of new programmes and qualifications that have been developed or are in the process of being developed, but require approval from the CHE and the DHET. The average time for a course to be accredited can range from between 12 and 18 months.

3.5 The forecast includes the acquisition of the Southern Business School with an effective date of 30 September 2017 for accounting purposes. The acquisition is still subject to the approval of the Namibian competition authorities.

3.6 Operating expenses includes bad debt expenses that are calculated as between 3% – 8% of revenue, based on the historical experience of STADIO's underlying businesses and considering the current economic climate.

3.7 The STADIO Group uses different assumptions in determining the forecasts for its businesses offering programmes on a contact learning mode of delivery (i.e. Embury and AFDA) and those businesses using a distance learning mode of delivery (Embury and Southern Business School).

3.8 In determining the forecasts for the contact learning mode of delivery the following assumptions were made:

3.8.1 The growth in first-year student numbers for existing campuses and existing programmes, range on average between 6% and 11%.

3.8.2 For new campuses (i.e. Waterfall and Montana) as well as new programmes (in the Embury business) forecast student numbers are based on management's estimates of student enrolments. These estimates are based on management's experience and marketing research conducted into the needs of the various geographic areas as well as programmes offered.

3.8.3 The throughput rates of students from year to year ranges on average between 70% and 95% dependent on the academic year (i.e. 1st year, 2nd year and 3rd year throughput rates differ across the various businesses) and programmes offered. These assumptions are based on historical trends and managements' knowledge of and experience in the higher education industry.

3.9 In determining the forecasts for the distance learning mode of delivery the following assumptions were made:

3.9.1 The growth in first-year student numbers for the Southern Business School programmes is on average approximately 8.5%.

3.9.2 For businesses where the distance learning mode of delivery is relatively new i.e. Embury, the first-year student growth rates are based on management's estimate of student enrolments. These estimates are based on management's experience and marketing research conducted into the needs of the various geographic areas as well as programmes offered.

3.9.3 The throughput rates of students from year to year range from between 40% and 60% depending on the academic year (i.e. 1st year, 2nd year and 3rd year throughput rates differ across the various brands) and programmes offered. These assumptions are based on historical trends and managements' knowledge of and experience in the higher education industry.

3.10 Tax rates charged by South African and Namibian tax authorities.

HISTORICAL FINANCIAL INFORMATION OF EMBURY FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 2**.*

The historical financial information of Embury, set out below, has been extracted from Annexure 3 of the Pre-listing Statement.

Introduction

The historical financial information of Embury set out below has been extracted from the audited annual financial information of Embury for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 ("**Historical Financial Information**"). The Historical Financial Information is the responsibility of the Directors. The Historical Financial Information was prepared in accordance with IFRS and interpretations adopted by the International Accounting Standards Board ("**IASB**") and were audited by PricewaterhouseCoopers Inc (2016) and Grant Thornton (2015 and 2014), who issued an unqualified audit opinion thereon. The independent reporting accountants' reports on the Historical Financial Information are presented in Annexure 4 and Annexure 5 of the Pre-listing Statement.

Commentary

Embury is a fully accredited private higher education institution that specialises in teacher education, specifically for pre-school and primary school teachers (Foundation and Intermediate Phases).

Embury was established in 1995 and adopts a teaching practice model that sets it apart from all other institutions that train teachers in South Africa. Where other institutions, including public universities, require that students spend about 6 weeks per year doing teaching practice in a school as a single block session, Embury' s students spend one week in class and one week in a school during each of the first three years of its four-year BEd Foundation Phase degree. This means that:

- Embury's students spend much more time in the classroom gaining practical teaching experience than other students doing a BEd degree in South Africa;
- Embury's students experience a continuous flow of the theory and practice of teaching during their studies, rather than a single block session per year;
- Embury's students can therefore continuously reflect on, evaluate and improve on their teaching practice;
- Embury's students can learn from each other's teaching practice experiences during their bi-weekly classroom sessions; and
- Embury receives continuous feedback on its teaching practice processes, methodologies and assessment practices (from student teachers and from schools), which are used to adapt and improve.

In addition to the full-time qualifications, Embury offers a variety of very popular Continuing Professional Teacher Development short courses that are aimed at existing teachers. Embury is in the process of developing and registering a number of new courses and degrees which will include Bachelor of Commerce degrees and a PGDA.

Embury is also converting and registering its campus-based courses into distance learning offerings.

Embury has campuses in Durban accommodating approximately 1 000 students. New campuses will open in Musgrave (KwaZulu-Natal), Montana (Pretoria) and Waterfall (Midrand) in 2018.

Results

The compound annual growth rate for revenue since 2014 is 25.4% which is attributable to new programmes being offered as well as increased demand for continuous profession training and development ("**CPTD**") short courses.

Profit after tax increased to R8.3 million (2015: R5.3 million, 2014: R5.5 million) due to the increase in CPTD revenue, which had higher profit margins than full time qualifications.

Balance sheet

During the 2016 year R72.9 million was spent on property, plant and equipment, which included the acquisition and expansion of the Montana campus, which will open its doors in 2018.

Capital expenditure relating to research and development of new qualifications amounted to R12.2 million.

The funding required for expansion and construction of new campuses was received from its shareholder, Curro, through a loan of R210.7 million. The loan will be capitalised to equity prior to the Listing.

Growth prospects

Embury's head office and main campus building is currently situated in Morningside (Durban) which accommodates 1 000 students. The Durban campus is relocating to a new campus in Musgrave (Durban), which is currently under construction. The new campus will open its doors in 2018 and will accommodate 2 700 students.

Two additional campuses are opening in 2018 in Gauteng, namely Montana and Waterfall which will each accommodate 1 700 students.

A key focus will be placed on expanding distance learning offerings in the Embury group.

The distance learning study method also presents an exciting platform to expand product delivery.

Dividends

No dividends were declared or paid to shareholders during the year (2015: R nil, 2014: R nil).

Directorate

Directors	Designation	Office	Changes
AJF Greyling	Non-executive		Resigned 5 December 2016
JJ Human	Executive	Chief Executive Officer	
HG Louw	Non-executive		Resigned 5 December 2016
S Totaram	Executive *		Appointed 5 December 2016
			* S Totaram was subsequently appointed as a non-executive director with effect from 17 April 2017.
B van der Linde	Non-executive		Resigned 5 December 2016
CR van der Merwe	Non-executive	Chairman of the board	

Events after reporting date

The Directors are not aware of any further matters or circumstances that occurred between the end of the financial year and the date of this report that would require adjustments to the Historical Financial Information.

STATEMENT OF FINANCIAL POSITION

at 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Assets				
Non-current assets		**93 871**	**9 857**	**4 416**
Property, plant and equipment	3	73 806	1 948	2 070
Intangible assets	4	20 065	7 525	976
Deferred tax	5	–	384	1 370
Current assets		**157 988**	**19 325**	**16 494**
Inventories	6	3 807	2 719	2 714
Loans to related parties	7	229	4 227	6 668
Current tax receivable		3 808	1 244	231
Trade and other receivables	8	2 873	3 946	2 675
Cash and cash equivalents	9	147 271	7 189	4 206
Total assets		**251 859**	**29 182**	**20 910**
Equity and liabilities				
Total equity		**26 859**	**18 524**	**13 235**
Share capital	11	–	–	–
Retained Income		26 859	18 524	13 235
Non-current liabilities		**2 857**	**–**	**–**
Deferred tax	5	2 857	–	–
Current liabilities		**222 143**	**10 658**	**7 675**
Loans from related parties	7	210 664	–	21
Income received in advance		7 373	6 846	5 250
Trade and other payables	10	4 106	3 812	2 404
Total liabilities		**225 000**	**10 658**	**7 675**
Total equity and liabilities		**251 859**	**29 182**	**20 910**
Net asset value per share (cents)		22 382 500	15 436 667	11 029 167
Tangible net asset value per share (cents)		5 661 667	9 165 833	10 215 833

STATEMENT OF COMPREHENSIVE INCOME

at 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Revenue	13	47 525	38 539	31 850
Operating expenses		(36 557)	(30 941)	(24 300)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	14	**10 968**	**7 598**	**7 550**
Depreciation and amortisation		(1 045)	(1 041)	(757)
Earnings before interest and tax (EBIT)		**9 923**	**6 557**	**6 793**
Investment revenue	15	1 654	790	854
Finance costs	16	–	–	–
Profit before taxation		**11 577**	**7 347**	**7 647**
Taxation	17	(3 242)	(2 057)	(2 141)
Profit for the year		**8 335**	**5 290**	**5 506**
Other comprehensive income		–	–	–
Total comprehensive income for the year		**8 335**	**5 290**	**5 506**
Earnings per share (cents)		6 945 833	4 408 333	4 588 333
Diluted earnings per share (cents)		6 945 833	4 408 333	4 588 333

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

	Share capital R'000	Retained profit R'000	Total R'000
Balance 1 January 2014	**–**	**7 728**	**7 728**
Profit for the year	–	5 506	5 506
Other comprehensive income	–	–	–
Total comprehensive income	**–**	**5 506**	**5 506**
Balance 31 December 2014	**–**	**13 234**	**13 234**
Profit for the year	–	5 290	5 290
Other comprehensive income	–	–	–
Total comprehensive income	**–**	**5 290**	**5 290**
Balance 31 December 2015	–	**18 524**	**18 524**
Profit for the year	–	8 335	8 335
Other comprehensive income	–	**–**	**–**
Total comprehensive income	**–**	**8 335**	**8 335**
Balance 31 December 2016	–	**26 859**	**26 859**

STATEMENT OF CASH FLOWS

for the year ended 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Cash flow from operating activities		**10 857**	**8 050**	**6 736**
Cash generated from operations	21	11 766	9 345	9 618
Interest income	15	1 654	791	855
Finance costs	16	–	–	–
Income tax paid	22	(2 563)	(2 086)	(3 737)
Cash flow from investment activities		**(85 436)**	**(7 487)**	**(2 350)**
Purchase of property, plant and equipment	3	(72 904)	(938)	(1 381)
Proceeds on disposal of property, plant and equipment		8	–	7
Purchase of trademarks and other intellectual property	4	(309)	(23)	(976)
Expenditure on product development	4	(12 231)	(6 526)	–
Cash flow from financing activities		**214 661**	**2 420**	**(6 217)**
Movement in loans from related parties		214 661	2 420	(6 217)
Total cash movement for the year		**140 082**	**2 983**	**(1 831)**
Cash at the beginning of the year		7 189	4 206	6 037
Cash and cash equivalents at the end of the year	9	**147 271**	**7 189**	**4 206**

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL INFORMATION

The financial information have been prepared on the going concern basis and in accordance with IFRS, the SAICA Financial Reporting Guides and the Companies Act 71 of 2008. The financial information has been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rand.

These accounting policies are consistent with the previous year, except for standards included in note 2.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Embury takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based payments, leasing transactions that are within the scope of IAS17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial information, management is required to make estimates and assumptions that affect the amounts represented in the financial information and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial information. Significant judgements include:

Internally generated training programmes ("Curriculum Development")

Embury is in the process of developing and registering a number of new programmes (degrees, diplomas and higher certificates) as well as converting and registering campus-based courses into distance learning offerings.

Curriculum development costs directly attributable to the development of new curriculum are recorded as intangible assets by Embury when the criteria in note 1.3 have been met.

The assessment as to when these criteria have been met is subjective and capitalisation has been based on management best judgement of facts and circumstances in existence at year end.

The useful lives of curriculum costs capitalised are reviewed on an annual basis.

Useful lives and residual values

The estimated useful lives for property, plant and equipment are set out in note 1.2. Estimated useful lives and residual values are reviewed annually, taking in cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the education industry where the assets are used.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- is probable that future economic benefits associated with the item will flow to Embury; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Not depreciated
Buildings	75 to 90 years
Furniture and fixtures	6 years
Office equipment	6 years
Other fixed assets	6 years
Computer hardware	3 years
Computer software	3 years
Motor Vehicles	5 years
Small assets (Interpretation Note 47)	1 year
Leasehold Improvements	Shorter of the rates above or the lease period

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Development costs previously expensed are not recognised as an asset in subsequent periods if the criteria are subsequently met.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Directly attributable cost that is capitalised as part of intangible assets include curriculum development employee costs, registration and accreditation costs paid directly to the Council for Higher Education and an appropriate portion of relevant overheads.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Average useful life
New curriculum development	Duration of specific course plus two years (to coincide with graduation eligibility timeline)

1.4 **Financial instruments**

Embury classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Financial liabilities at fair value through profit or loss; and
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when Embury becomes a party to the contractual provisions of the instruments.

Embury classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each reporting date Embury assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to Embury, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) related parties

These include loans to and from holding companies, fellow Subsidiaries, Subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with Embury's accounting policy of borrowing costs.

1.5 **Tax**

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 **Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.7 **Inventories**

Inventories are measured at the lower of weighted average cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The weighted average cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 **Share capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.9 **Employee benefits**

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.10 **Revenue**

Revenue from the sale of learning materials is recognised when all the following conditions have been satisfied:

- Embury has transferred to the buyer the significant risks and rewards of ownership of the goods;
- Embury retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to Embury; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to Embury;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Tuition fees are recognised over the period that tuition is provided to students.

Interest is recognised, in profit or loss, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.11 **Cost of sales**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.12 **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.13 **Business combinations**

Embury accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, Embury assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Embury's purposes. This excludes lease agreements and insurance contracts; whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where Embury held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of Embury at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

Business combinations under common control are accounted for at book value at acquisition date.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, Embury has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations. These standards did not have a material impact on Embury's financial information.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 7 Financial Instruments: Disclosure	Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.	1 January 2016
	Annual Improvements 2012-2014 Cycle: Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial information prepared under IAS 34.	1 January 2016
IAS 1, Presentation of Financial information	Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial information.	1 January 2016
IAS 16 Property, Plant and Equipment	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016
IAS 19 Employee Benefits	Annual Improvements 2012-2014 Cycle: Clarification of the requirements of to determine the discount rate in a regional market sharing the same currency.	1 January 2016
IAS 38 Intangible Assets	Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016
	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016

2.2 **Standards and interpretations not yet effective**

Embury has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for Embury's accounting periods beginning on or after 1 January 2017 or later periods. Management is still considering the impact of standards published, but not yet effective.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 9 Financial Instruments	A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition.	1 January 2018
IFRS 15 Revenue from Contracts from Customers	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.	1 January 2018
IFRS 16 Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.	1 January 2019 1 January 2019
	IFRS 16 contains expanded disclosure requirements for lessees.	1 January 2019
	IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.	
IAS 7 Statement of Cash Flows	Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities.	1 January 2017
IAS 12 Income Taxes	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017

NOTES TO THE ANNUAL FINANCIAL INFORMATION

3. PROPERTY, PLANT AND EQUIPMENT

	2016		
	Cost R'000	Accumulated Depreciation R'000	Carrying value R'000
Land	10 099	–	10 099
Buildings	53 579	–	53 579
Leasehold improvements	524	(8)	516
Furniture and fixtures	1 914	(884)	1 030
Office equipment	866	(588)	278
Computer hardware	6 523	(2 421)	4 102
Computer software	3 939	(423)	3 516
Other fixed assets	373	(61)	312
Motor Vehicles	390	(16)	374
Total	**78 207**	**(4 401)**	**73 806**

	2015		
	Cost R'000	Accumulated Depreciation R'000	Carrying value R'000
Land	–	–	–
Buildings	–	–	–
Leasehold improvements	–	–	–
Furniture and fixtures	1 228	(703)	525
Office equipment	752	(508)	244
Computer hardware	2 666	(1 777)	889
Computer software	599	(327)	272
Other fixed assets	59	(41)	18
Motor Vehicles	–	–	–
Total	**5 304**	**(3 356)**	**1 948**

	2014		
	Cost R'000	Accumulated Depreciation R'000	Carrying value R'000
Land	–	–	–
Buildings	–	–	–
Leasehold improvements	–	–	–
Furniture and fixtures	1 136	(531)	605
Office equipment	671	(428)	243
Computer hardware	2 109	(1 138)	971
Computer software	427	(190)	237
Other fixed assets	42	(28)	14
Total	**4 385**	**(2 315)**	**2 070**

Reconciliation of property, plant and equipment – 2016

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Land	–	10 099	–	–	10 099
Buildings	–	53 579	–	–	53 579
Leasehold improvements	–	524	–	(8)	516
Furniture and fixtures	525	686	–	(181)	1 030
Office equipment	243	114	–	(79)	278
Computer hardware	889	3 857	–	(645)	4 101
Computer software	272	3 340	–	(96)	3 516
Other fixed assets	18	315	–	(20)	313
Motor Vehicles	–	390	–	(16)	374
Total	**1 947**	**72 904**	**–**	**(1 045)**	**73 806**

Reconciliation of property, plant and equipment – 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Land	–	–	–	–	–
Buildings	–	–	–	–	–
Leasehold improvements	–	–	–	–	–
Furniture and fixtures	605	93	–	(173)	525
Office equipment	243	81	–	(81)	243
Computer hardware	971	577	(20)	(638)	890
Computer software	237	172	–	(137)	272
Other fixed assets	14	16	–	(13)	18
Motor Vehicles	–	–	–	–	–
Total	**2 070**	**939**	**(20)**	**(1 042)**	**1 948**

Reconciliation of property, plant and equipment – 2014

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Land	–	–	–	–	–
Buildings	–	–	–	–	–
Leasehold improvements	–	–	–	–	–
Furniture and fixtures	537	239	–	(171)	605
Office equipment	181	136	–	(74)	243
Computer hardware	621	755	–	(405)	971
Computer software	89	242	–	(94)	237
Other fixed assets	18	9	–	(13)	14
Motor Vehicles	–	–	–	–	–
Total	**1 446**	**1 381**	**–**	**(757)**	**2 070**

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of Embury.

4. INTANGIBLE ASSETS

	2016		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Trademarks registered	35	–	35
Other intellectual property	298	–	298
Research and development – distance and contact learning programmes	19 732	–	19 732
Total	**20 065**	**–**	**20 065**

	2015		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Trademarks registered	23	–	23
Other intellectual property	–	–	–
Research and development – distance and contact learning programmes	7 502	–	7 502
Total	**7 525**	**–**	**7 525**

	2014		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Research and development – distance and contact learning programmes	976	–	976
Total	**976**	**–**	**976**

Reconciliation of intangible assets – 2016

	2016		
	Opening balance R'000	Additions R'000	Carrying value R'000
Trademarks registered	23	12	35
Other intellectual property	–	298	298
Research and development – distance and contact learning programmes	7 502	12 231	19 732
Total	**7 525**	**12 541**	**20 065**

Reconciliation of intangible assets – 2015

	2015		
	Opening balance R'000	Additions R'000	Carrying value R'000
Trademarks registered	–	23	23
Other intellectual property	–	–	–
Research and development – distance and contact learning programmes	976	6 526	7 502
Total	**976**	**6 548**	**7 525**

Reconciliation of intangible assets – 2014

	2014		
	Opening balance R'000	Additions R'000	Carrying value R'000
Trademarks registered	–	–	–
Other intellectual property	–	–	–
Research and development – distance and contact learning programmes	–	976	976
Total	**–**	**976**	**976**

Other information

Included in additions is expenditure capitalised as internally generated curriculum of R12 231 143 (2015: R6 525 319) (2014: R975 957).

The useful life of trademarks is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for Embury.

5. DEFERRED TAX

	2016 R'000	2015 R'000	2014 R'000
Deferred tax liability			
Property, plant and equipment	(174)	–	–
Pre-paid expenses	(189)	(161)	(100)
Research and development – staff costs	(5 525)	(1 372)	–
Total	**(5 888)**	**(1 533)**	**(100)**
Deferred tax asset			
Provision for Bonus	216	–	–
Income received in advance	2 064	1 917	1 470
Tax losses	751	–	–
Total	**3 031**	**1917**	**1470**
Deferred tax liability	(5 888)	(1 533)	(100)
Deferred tax asset	3 031	1 917	1 470
Total net deferred tax (liability)/asset	**(2 857)**	**(384)**	**1 370**
Reconciliation of deferred tax asset/(liability)			
At the beginning of the year	384	1 370	1 215
Taxable temporary difference – income received in advance	147	447	255
Taxable temporary difference – provision for bonus	216	–	–
Taxable temporary difference – tax losses	751	–	–
(Deductible) temporary difference – PPE	(174)	–	–
(Deductible) temporary difference – prepaid expenses	(28)	(61)	(100)
(Deductible) temporary difference – research and development	(4 153)	(1 372)	–
Total	**(2 857)**	**384**	**1 370**

Recognition of deferred tax asset

Deferred tax asset is recognised for unused tax losses to the extent that probable future taxable profit will be available against which the unused tax losses can be utilised.

6. INVENTORIES

	2016 R'000	2015 R'000	2014 R'000
Textbooks and other learning materials	3 692	2 648	2 670
Canteen stock	67	8	15
Sports equipment	48	63	29
	3 807	**2 719**	**2 714**

There were no inventory write-downs during the period under review.

7. LOANS TO (FROM) RELATED PARTIES

	2016 R'000	2015 R'000	2014 R'000
Almika Properties 90 Proprietary Limited	229	–	(21)

The above loan is unsecured, interest free and has no fixed terms of repayment.

Holding company

Curro Holdings Limited	(210 664)	4 227	6 668

The above loan is unsecured, interest free and has no fixed terms of repayment. The STADIO Group effected an intergroup restructure, by way of an asset for share transfer transaction in terms of section 42 of the Income Tax Act. This restructure included the capitalisation of the Curro loan to STADIO Investment Holdings in exchange for shares in STADIO Investment Holdings and then ultimately in exchange for Shares in STADIO.

Current assets	229	4 227	6 668
Current liabilities	(210 664)	–	(21)
	(210 435)	**4 227**	**6 647**

8. TRADE AND OTHER RECEIVABLES

	2016 R'000	2015 R'000	2014 R'000
Trade receivables	1 990	3 261	2 231
Prepayments	674	565	347
Deposits	157	107	70
Staff costs paid in advance	52	13	17
Other receivables	–	–	10
	2 873	**3 946**	**2 675**

Reconciliation of provision for impairment of trade and other receivables

	2016 R'000	2015 R'000	2014 R'000
Opening balance	–	–	–
Provision for impairment	(739)	(308)	(221)
Amounts written off as uncollectible	739	308	221
	–	**–**	**–**

Interest is charged on overdue accounts at 2% per annum.

Credit periods may vary based on special payment agreements reached with customers but as standard all fees should be settled within 30 days.

No credit insurance is taken out by Embury.

The net carrying values of receivables are considered to be a close approximation of their fair values.

Trade and other receivables past due but not impaired

Trade receivables with renegotiated terms of payment or with acceptable payment history are not considered to be impaired. At 31 December 2016, R1 989 900 (2015: R3 261 532) (2014: 1 738 321) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2016 R'000	2015 R'000	2014 R'000
1 month past due	100	832	272
2 months past due	60	81	32
3 months past due	1 568	1 704	1 355
	1 728	**2 617**	**1 660**

9. CASH AND CASH EQUIVALENTS

	2016 R'000	2015 R'000	2014 R'000
Cash and cash equivalents consist of:			
Cash on hand	5	5	–
Bank balances	1 174	1 505	817
Short Term Deposits	146 092	5 679	3 389
	147 271	**7 189**	**4 206**

The total value of facilities including credit cards available to Embury from Standard Bank of South Africa Limited are approximately R321 000 (2015 and 2014: R236 000). The total amount of undrawn facilities available for future operating activities and commitments are approximately R314 000 (2015 and 2014: R221 000).

10. TRADE AND OTHER PAYABLES

	2016 R'000	2015 R'000	2014 R'000
Trade payables	2 101	3 055	1 894
UNISA royalties	–	–	22
Other payables	–	–	1
Payroll accruals	1 234	757	487
Payroll provisions	771	–	–
	4 106	**3 812**	**2 404**

11. SHARE CAPITAL

	2016	2015	2014
Authorised number of shares:	1 000	1 000	1 000
Ordinary shares with R1 par value	120	120	120

All issued share capital is directly held by Curro, the holding company.

12. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

	2016 Loan and receivables R'000	Total R'000
Loans to related parties	229	229
Trade and other receivables	2 042	2 042
Cash and cash equivalents	147 271	147 271
	149 542	**149 542**

	2015 Loan and receivables R'000	Total R'000
Loans to related parties	4 227	4 227
Trade and other receivables	3 275	3 275
Cash and cash equivalents	7 189	7 189
	14 691	**14 691**

	2014 Loan and receivables R'000	Total R'000
Loans to related parties	6 668	6 668
Trade and other receivables	2 258	2 258
Cash and cash equivalents	4 206	4 206
	13 132	**13 132**

The accounting policies for financial instruments have been applied to the financial liabilities below:

	2016 Financial liabilities at amortised cost R'000	Total R'000
Loans to related parties	210 664	210 664
Trade and other payables	4 106	4 106
	214 770	**214 770**

	2015 Financial liabilities at amortised cost R'000	Total R'000
Trade and other payables	3 812	3 812
	3 812	**3 812**

	2014 Financial liabilities at amortised cost R'000	Total R'00
Loans to related parties	21	21
Trade and other payables	2 405	2 405
	2 426	**2 426**

13. REVENUE

	2016 R'000	2015 R'000	2014 R'000
Gross tuition fees and sale of learning materials	45 755	38 218	31 514
Discount allowed and bursaries	(181)	(159)	(63)
Net tuition fees and sale of learning materials	45 574	38 059	31 451
Canteen Sales	418	383	301
Other income	174	97	98
Conferencing	1 359	–	–
	47 525	**38 539**	**31 850**

14. EARNINGS BEFORE INTEREST AND TAXATION

Embury has identified a number of items which are material due to significance of their nature and/or amount and are separately listed here to provide a better understanding of the financial performance of Embury.

Earnings before interest and taxation for the year is stated after accounting for the following:

	2016 R'000	2015 R'000	2014 R'000
Operating lease charges			
Premises			
– Contractual amounts	2 269	2 031	2 504
Cost of learning materials	6 505	8 641	4 128
Employee costs	17 952	14 595	13 788
(Profit)/Loss on sale of property, plant and equipment	(8)	19	7
Depreciation on property, plant and equipment	1 045	1 041	757

15. INVESTMENT REVENUE

	2016 R'000	2015 R'000	2014 R'000
Interest income			
Investments	1 278	455	404
Student accounts	376	335	450
	1 654	**790**	**854**

16. FINANCE COSTS

	2016 R'000	2015 R'000	2014 R'000
Interest expense			
Creditor	–	–	–

17. TAXATION

	2016 R'000	2015 R'000	2014 R'000
Major components of the tax expense:			
Current			
Local income tax – current period	–	1 072	2 296
Deferred			
Tax Losses	751	–	–
Originating and reversing temporary differences	2 491	985	(155)
	3 242	**2 057**	**2 141**
Reconciliation of the tax expense			
Reconciliation between applicable tax rate and average effective tax rate.			
Applicable tax rate	28%	28%	28%
Non-taxable income	0.0%	0.0%	0.0%
Non-deductible expenses	0.0%	0.0%	0.0%
Tax at the applicable tax rate of 28%	**28%**	**28%**	**28%**

No provision has been made for 2016 tax as Embury has no taxable income. The estimated tax loss available for set off against future taxable income is R2 681 195 (2015: R nil) (2014: R nil)

18. RELATED PARTIES

Relationships

Holding company:	Curro Holdings Limited
Key members of management in common:	AJF Greyling B van der Linde CR van der Merwe HG Louw
Directors:	AJF Greyling B van der Linde CR van der Merwe HG Louw
Supplier:	Almika Properties 90 Proprietary Limited
Key members of management in common:	JJ Human
Directors:	JJ Human

Related party balances

	2016 R'000	2015 R'000	2014 R'000
Loan accounts – Owing (to) by related parties			
Almika Properties 90 Proprietary Limited	229	–	21
Curro	(210 664)	4 227	6 668
Amounts included in trade receivable regarding related parties			
Curro	120	1 423	–
Related party transactions			
Rent paid to related parties			
Almika Properties 90 Proprietary Limited	2 203	2 699	2 491
Fee income received from related parties			
Curro	523	1 422	–

19. DIRECTORS' EMOLUMENTS

Executive

			2016		
	Emoluments R'000	Pensions Paid R'000	Bonuses R'000	Share Options R'000	Total R'000
J J Human ****	1 506	161	261	520	2 447
S Totaram *	1 347	51	821	2 805	5 024
	2 852	**212**	**1 082**	**3 325**	**7 472**

			2015		
	Emoluments R'000	Pensions Paid R'000	Bonuses R'000	Share Options R'000	Total R'000
J J Human	1 139	150	123	154	1 566
	1 139	**150**	**123**	**154**	**1 566**

			2014		
	Emoluments R'000	Pensions Paid R'000	Bonuses R'000	Share Options R'000	Total R'000
J J Human	1 593	–	–	–	1 593
	1 593	**–**	**–**	**–**	**1 593**

Non-Executive

	2016 Emoluments R'000	Pensions Paid R'000	Bonuses R'000	Share Options R'000	Total R'000
A J F Greyling **	2 033	71	1 304	11 430	14 839
H G Louw **	1 694	102	1 132	7 971	10 899
B Van Der Linde **	1 720	77	1 132	7 039	9 968
C R Van Der Merwe ***	2 702	47	1 732	14 617	19 098
	8 149	**298**	**5 300**	**41 058**	**54 806**

Non-Executive

	2015 Emoluments R'000	Pensions Paid R'000	Bonuses R'000	Share Options R'000	Total R'000
A J F Greyling **	1 882	67	1 540	7 264	10 753
H G Louw **	1 566	95	1 066	5 054	7 781
B Van Der Linde **	1 588	72	1 077	4 352	7 090
C R Van Der Merwe ***	2 479	47	1 908	9 119	13 553
	7 515	**280**	**5 591**	**25 789**	**39 175**

Non-Executive

	2014 Emoluments R'000	Pensions Paid R'000	Bonuses R'000	Share Options R'000	Total R'000
A J F Greyling **	1 545	55	946	4 116	6 662
H G Louw **	1 321	79	878	2 813	5 091
B Van Der Linde **	1 337	63	868	2 372	4 640
C R Van Der Merwe ***	1 953	47	1 279	4 865	8 144
	6 156	**244**	**3 971**	**14 166**	**24 537**

* S Totaram was appointed as executive director of Embury from 5 December 2016. She was subsequently appointed as a non-executive director with effect from 17 April 2017. Her remuneration for 2015 and 2016 was paid by Embury's holding company, Curro. The share options received were Curro share options.

** These non-executive directors are employed as executive directors at Curro and remunerated for their services within Curro. They resigned as directors of Embury from 5 December 2016.

*** CR van der Merwe is the non-executive chairperson of Embury's board and also employed as executive director of Curro and remunerated for his services within Curro.

**** The share options received were Curro share options.

20. RISK MANAGEMENT

20.1 Capital risk management

Embury's objectives when managing capital are to safeguard Embury's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of Embury consists of debt, which includes the borrowings disclosed in notes 7 cash and cash equivalents disclosed in note 9, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, Embury may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

20.2 Financial risk management

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

20.3 Liquidity risk

Embury's risk to liquidity is a result of the funds available to cover future commitments. Embury manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses Embury's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	2016			
	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000	Total R'000
Loans to related parties	229	–	–	229
Current tax receivable	3 808	–	–	3 808
Trade and other receivables	2 042	–	–	2 042
Loans from related parties	(210 664)	–	–	(210 664)
Trade and other payables	(4 106)	–	–	(4 106)
	(208 691)	**–**	**–**	**(208 691)**

	2015			
	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000	Total R'000
Loans to related parties	4 227	–	–	4 227
Current tax receivable	1 245	–	–	1 245
Trade and other receivables	3 275	–	–	3 275
Loans from related parties	–	–	–	–
Trade and other payables	(3 812)	–	–	(3 812)
	4 935	**–**	**–**	**4 935**

	2014			
	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000	Total R'000
Loans to related parties	6 668	–	–	6 668
Current tax receivable	231	–	–	231
Trade and other receivables	2 258	–	–	2 258
Loans from related parties	–	(21)	–	(21)
Trade and other payables	(2 405)	–	–	(2 405)
	6 752	**(21)**	**–**	**6 731**

Current tax receivable has been included in the assessment of liquidity risk as overpaid provisional taxes are due and receivable from the South African Revenue Services upon finalisation of the tax return.

20.4 Interest rate risk

Embury's exposure to interest rate risk arises from interest-bearing short term call deposits and investments at rates which are variable.

Interest income is incidental to core operations and Embury's income and operating cash flows are substantially independent of changes in market interest rates.

Curro, the holding company, is the major capital provider.

20.5 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. Embury only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial assets	2016 R'000	2015 R'000	2014 R'000
Loans to related parties	229	4 227	6 668
Trade and other receivables	2 042	3 275	2 675
Cash and cash equivalents	147 271	7 189	4 206
	149 542	**14 691**	**13 549**

20.6 Cash generated from operations

	2016 R'000	2015 R'000	2014 R'000
Profit before tax	11 577	7 347	7 647
Adjustment for non-cash items:			
Depreciation and amortisation	1 045	1 041	757
(Profit)/Loss on disposal of assets	(8)	20	7
Interest income	(1 654)	(791)	(855)
Finance costs	1	–	–
Decrease/(increase) in trade and other receivables	1 073	(1 271)	(582)
Increase in inventories	(1 089)	(4)	399
Increase in trade and other payables	294	1 407	1 348
Increase in income received in advance	527	1 596	910
	11 767	**9 345**	**9 618**

21. TAXATION PAID

	2016 R'000	2015 R'000	2014 R'000
Balance at the beginning of the year	1 245	231	(1 210)
Current taxation recognised in the current year	–	(1 072)	(2 296)
Balance at the end of the year	(3 808)	(1 245)	(231)
	(2 563)	**(2 086)**	**(3 737)**
Comprised of the following:			
Provisional tax paid during the year	(3 808)	(2 318)	–
Refunds received during the year	1 245	232	–
	(2 563)	**(2 086)**	**–**

22. OPERATING LEASE

	2016 R'000	2015 R'000	2014 R'000
Total of future minimum lease payments for each of the following periods:			
Minimum lease payments due on office premises			
– within one year	3 555	2 199	–
– in second to fifth year inclusive	1 155	11 770	–
– later than five years	–	–	–
	4 707	**13 969**	**–**

Operating lease payments represent rentals payable by Embury for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of one year. No contingent rent is payable.

	2016 R'000	2015 R'000	2014 R'000
Minimum lease payments due on new campuses			
– within one year	903	–	–
– in second to fifth year inclusive	102 996	–	–
– later than five years	230 172	–	–
	334 071	**–**	**–**

Operating lease payments represent rentals payable by Embury for its Embury Waterfall premises based in Waterfall Estate, Gauteng. The premises are leased for an initial period of 12 years after which Embury is entitled to renew for a further 86 years. The operating lease commitment includes lease for the initial period of 12 years only.

23. COMMITMENTS

	2016 R'000	2015 R'000	2014 R'000
Authorised capital expenditure			
Authorised and contracted	–	–	–
Authorised but not yet contracted	150 271	72 000	–
	150 271	**72 000**	**–**

Commitments comprise the planned capital expenditure for completing its new campuses in the Musgrave area, Durban, Kwazulu-Natal and the Montana area, Pretoria, Gauteng. These campuses are planned to open for new students in 2018.

24. GOING CONCERN

The financial information has been prepared on the going concern basis since the directors have every reason to believe Embury has adequate resources in place to continue in operation for the foreseeable future.

25. EVENTS AFTER THE REPORTING PERIOD

No significant events have been identified that have occurred since 31 December 2016 that requires disclosure in the annual financial information.

26. HEADLINE EARNINGS RECONCILIATION

	2016 R'000	2015 R'000	2014 R'000
Profit for the year	8 335	5 290	5 506
(Profit)/loss on disposal of assets	(8)	19	(7)
Taxation thereon	2	(5)	2
	8 329	**5 304**	**5 501**
Headline earnings per share (cents)	6 941 033	4 419 733	4 584 133
Diluted headline earnings per share (cents)	6 941 033	4 419 733	4 584 133

HISTORICAL FINANCIAL INFORMATION OF AFDA FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 3**.*

The historical financial information of AFDA, set out below, has been extracted from Annexure 7 of the Pre-listing Statement.

Introduction

The historical financial information of AFDA is set out below has been extracted from the audited annual financial information of AFDA for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 ("**Historical Financial Information**"). The Historical Financial Information is the responsibility of the Directors. The Historical Financial Information was prepared in accordance with IFRS and interpretations adopted by the International Accounting Standards Board ("**IASB**") and was audited by Middel & Partners, who issued an unqualified audit opinion thereon. The independent reporting accountant's report on the Historical Financial Information is presented in Annexure 8 of the Pre-listing Statement.

Commentary

AFDA is a private higher education institution which offers higher certificate and degree programmes that are registered by the Department of Higher Education and Training (DHET) and the South African Qualifications Authority (SAQA). AFDA's programmes are accredited and AFDA participates productively in the ongoing reaccreditation and quality assurance processes of the Council on Higher Education (CHE) to ensure the quality of its programmes.

AFDA offers the following qualifications:

- Bachelor of Live Performance (Honours);
- Bachelor of Motion Picture Medium (Honours);
- Bachelor of Live Performance;
- Bachelor of Motion Picture Medium;
- Bachelor of Commerce;
- Bachelor of Computer Technology;
- Higher Certificate in Film, Television and Entertainment Production

AFDA is one of the leading outcomes-based film schools in the world.

AFDA graduates are taught to conceptualize, create and develop indigenous products and commodities for the local and international market.

In the course of a rich entrepreneurial history dating back to 1994, AFDA has earned a reputation as one of the leading institutions of its kind in the world today. Although AFDA's track record speaks for itself, it continually renews its commitment to facilitate an environment that develops high-quality human and intellectual property with the relevant skills to deal with the rigors of a fast-expanding and ever-changing entertainment industry.

At its fully equipped campuses AFDA trains graduates to contribute to one of the largest growth industries in the world: entertainment. In the globalised economy, cultural exchange is a valuable currency. AFDA graduates are taught to conceptualize, create and develop indigenous products and commodities for the local and international market.

AFDA's students are educated not only to forge profitable and sustainable careers in this market, but are encouraged to develop themselves as employment providers – the cultural entrepreneurs of the future. AFDA's alumni have reinvigorated their industries with the quality of their intellectual property, skill and talent. More than 90% of its Honours alumni are working and employed in their chosen field of specialisation.

AFDA films are exhibited at numerous international festivals and have been broadcast worldwide, winning many prestigious awards, including the Student Academy Award winner and Cannes festival finalist in 2006 and a SAFTA (South African Film and Television Award) in 2007. AFDA is a full member of CILECT – the International Association of Accredited Film and Television Schools.

Results

The compound annual growth rate for revenue since 2014 is 21% and attributable to an increase in student numbers and the offering of new BCom and BCT full-time qualifications.

Profit after tax decreased to R26.3 million (2015: R27.7 million, 2014: R22.0 million) due to the increase in operating expenditure relating to the new campuses in Durban and Port Elizabeth and an impairment loss on loan to related party of R2.3 million.

Footprint and expansion

AFDA has five fully equipped campuses in Johannesburg, Cape Town, Durban, Port Elizabeth and Botswana.

Dividends

A dividend of R0.598 million (2015: R nil, 2014: R nil) per share has been declared during the year.

Events after reporting date

The directors are not aware of any further matters or circumstances that occurred between the end of the financial year and the date of this report that would require adjustments to the Historical Financial Information.

Directors

The directors were G Holmes and BJ Passchier.

Secretary

Mr G Holmes performed the function of company secretary.

STATEMENT OF FINANCIAL POSITION

at 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Assets				
Non-current assets		**74 230**	**70 606**	**48 519**
Plant and equipment	5	–	–	–
Deferred taxation asset	6	2 940	2 064	1 400
Other financial assets	7	57 785	59 511	47 119
Loans to directors	12	13 505	9 031	–
Current assets		**34 329**	**44 132**	**40 202**
Deposits	8	285	285	285
Trade and other receivables	9	5 407	1 502	2 912
Bank and cash	10	28 637	42 345	37 005
Total assets		**108 559**	**114 738**	**88 721**
Equity and liabilities				
Equity		**87 899**	**96 925**	**69 233**
Share capital	11	–	–	–
Retained earnings		87 899	96 925	69 233
Non-current liabilities		**588**	**3 786**	**10 186**
Loans to directors	12	–	3 786	10 186
Operating lease liability		588	–	–
Current liabilities		**20 072**	**14 027**	**9 302**
Trade and other payables	13	4 018	3 371	3 117
Bank overdraft	10	295	191	107
Other financial liabilities	14	9 584	7 645	4 996
Operating lease liability		2	–	–
South African Revenue Services		6 173	2 820	1 082
Total equity and liabilities		**108 559**	**114 738**	**88 721**
Net asset value per share (cents)		148 981 356	164 279 661	117 344 068
Tangible net asset value per share (cents)		148 981 356	164 279 661	117 344 068

STATEMENT OF PROFIT & LOSS & OTHER COMPREHENSIVE INCOME

for the year ended 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Revenue	15	136 197	115 406	92 953
Other operating income	16	1 241	708	789
Operating expenditure		(103 363)	(81 652)	(65 672)
Impairment loss on loan to related party		(2 311)	–	–
Profit on operating activities before interest	17	**31 764**	**34 462**	**28 070**
Investment revenue	18	5 837	4 041	2 513
Finance costs	19	(1)	–	–
Profit before taxation		**37 600**	**38 503**	**30 583**
Taxation	20	(11 332)	(10 811)	(8 602)
Profit for the year		**26 268**	**27 692**	**21 981**
Other comprehensive income		**–**	**–**	**–**
Total comprehensive income for the year		**26 268**	**27 692**	**21 981**
Earnings per share (cents)		44 522 034	46 935 593	37 255 932
Diluted earnings per share (cents)		44 522 034	46 935 593	37 255 932
Dividends per share (cents)		59 820 339	–	–

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

	Share capital R'000	Retained income R'000	Total equity R'000
Opening balance for 2014	**–**	**47 252**	**47 252**
Profit for the year	–	21 981	21 981
Other comprehensive income	–	–	–
Total comprehensive income for the year	**–**	**21 981**	**21 981**
Balance at 31 December 2014	**–**	**69 233**	**69 233**
Profit for the year	–	27 692	27 692
Other comprehensive income	–	–	–
Total comprehensive income for the year	**–**	**27 692**	**27 692**
Balance at 31 December 2015	**–**	**96 925**	**96 925**
Profit for the year	–	26 268	26 268
Other comprehensive income	–	–	–
Total comprehensive income for the year	**–**	**26 268**	**26 268**
Dividends paid	–	(35 294)	(35 294)
Balance at 31 December 2016	**–**	**87 899**	**87 899**

STATEMENT OF CASH FLOWS

for the year ended 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Cash flow from operating activities:				
Profit on operating activities before interest		31 764	34 462	28 070
Adjustment for:				
Operating lease expenditure accrued		589	–	–
Cash generated by operating activities		**32 353**	**34 462**	**28 070**
Changes in working capital		(1 318)	4 313	44
(Increase)/decrease in trade and other receivables		(3 904)	1 411	(2 323)
Increase in trade and other payables		647	253	1 618
Increase in other financial liabilities		1 939	2 649	749
Interest received		5 837	4 041	2 513
Interest paid		(1)	–	–
Taxation paid		(14 150)	(9 737)	(8 420)
Net cash from operating activities		**22 721**	**33 079**	**22 207**
Cash flow from investing activities:				
Increase in investments and loans		(2 747)	(21 423)	(2 124)
Net cash from investing activities		**(2 747)**	**(21 423)**	**(2 124)**
Cash flow from financing activities:				
Decrease in financial liabilities		(3 786)	(6 400)	(6 703)
Dividend paid		(30 000)	–	–
Net cash from financing activities		**(33 786)**	**(6 400)**	**(6 703)**
Total cash movement for the year		**(13 812)**	**5 256**	**13 380**
Cash at the beginning of the year	10	42 154	36 898	23 518
Total cash at the end of the year	10	**28 342**	**42 154**	**36 898**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The historical financial information has been prepared on the going concern basis in accordance with, and in compliance with, IFRS and International Financial Reporting Interpretations Committee ("**IFRIC**") interpretations issued and effective at the time of preparing the historical financial information and the Companies Act 71 of 2008 of South Africa, as amended.

The historical financial information has been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments and incorporate the following principal accounting policies which, except as noted, have been consistently applied in all material respects. They are presented in Rand, which is AFDA's functional currency.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of historical information in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.1 Critical judgement in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the historical financial information, are outlined as follows:

Lease classification

AFDA is party to leasing arrangements as a lessee. The treatment of leasing transactions in the historical financial information is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Deferred tax asset

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Refer to note 6.

2.2 Key sources of estimating uncertainty

Management made estimations for which there is a significant risk of material adjustments as a result of the key estimation assumptions.

Going concern

Management considers key financial metrics to conclude that the going-concern assumption used in compiling the annual historical financial information is relevant. Refer to note 25.

Impairment

AFDA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs. Refer to notes 7 & 21.2.

Contingent liabilities

Management considers the existence of possible obligations which may arise from legal action as well as the possible non-compliance of the requirements of project completion guarantees and other guarantees provided. The estimation of the amount disclosed is based on the expected possible outflow of economic benefits should there be a present obligation. Refer note 22.

3. ACCOUNTING POLICIES

3.1 Property, plant and equipment

Property, plant and equipment are initially recognised at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Property, plant and equipment are subsequently measured at historical cost less accumulated depreciation and impairment losses. These are depreciated on the straight-line basis at rate estimated to write off the cost of assets over their estimated useful lives, on the following bases:

Library	3 years

Depreciation is charged to profit or loss. Gains or losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset is accounted for in profit or loss.

3.2 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
New curriculum development	Duration of specific course plus two years (to coincide with graduation eligibility timeline)

3.3 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

AFDA considers evidence of impairment for receivables and held-to-maturity assets at both a specific asset and collective level. All individually significant receivables and held-to-maturity assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss within operating expenditure and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss.

The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in the profit-or-loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

Non-financial assets, excluding investment property, biological assets, deferred tax assets and inventories, are assessed at each year end to determine whether there is an indication that the carrying amount of the asset may be impaired.

If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset.

If the value in use of an individual asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash-generating unit is the smallest group of identifiable assets that includes the asset that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in profit or loss when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised directly in equity. Impairment loss recognised on cash-generating units are firstly allocated to goodwill and secondly, on pro-rata basis, to the other assets in the cash- generating unit.

With regards to other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro-rata basis to the assets in the unit, excluding goodwill.

Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined if no impairment had been recognised in the past. Reversals of impairment losses are recognised directly in profit or loss.

Financial assets

Financial assets are recognised in the statement of financial position when AFDA becomes party to the contractual provisions of an instrument. Regular way purchases and sales of financial assets are recorded on the trade date.

AFDA derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred Any interest in transferred financial assets that is created or retained by AFDA is recognised as a separate asset or liability.

AFDA has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially measured at their fair value excluding any transaction costs. Subsequently these assets are measured at fair value, with gains or losses recognised in profit or loss. Net gains or losses consist of fair value adjustments and gains and losses on de-recognition and they are included in "other income" or "other expenses". Interest and dividend income are reported separately from net gains or losses.

Interest income calculated using the effective interest rate method, is included in "interest received". Dividend income is recognised when AFDA's right to payment has been established and it is included in "other income".

Cash and cash equivalents are classified as financial assets at fair value through profit or loss. Cash and cash equivalents consists of cash in the bank and short-term deposits, and other short-term investments that are highly liquid and can readily be converted into cash.

Loans and receivables

Loans and receivables (including trade and other receivables, loans to directors & other financial assets)represents non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were not renegotiated.

Loans and receivables are initially measured at fair value, plus transaction costs. Subsequently, items included in this category are measured at the amortised cost, calculated based on the effective interest method, and interest income is included in profit or loss for the period.

Net gains or losses represent reversals of impairment losses, impairment losses and gains and losses on de-recognition. Net gains or losses are included in "other income" or "other expenses".

Short-term receivables with no stated interest rate are measured at the original invoice amount, if the effect of discounting is immaterial.

Impairment losses are recognised on loans and receivables when there is objective evidence of impairment An impairment loss is recognised in profit or loss when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated to this category and not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserved. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

3.4 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.5 Leases

Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Assets held under financial leases are recognised as assets at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets.

The capitalised values of the leased assets are depreciated over the estimated useful lives.

Other leases are operating leases and the leased assets are not recognised in AFDA's statement of financial position. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

3.6 Financial liabilities

Financial liabilities are recognised in AFDA's statement of financial position when AFDA becomes a party to the contractual provisions of the instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss

A financial liability is designated in this category when its accounting treatment in terms of this category results in more relevant information than its accounting treatment in term of another category or it is regarded as a contract that contains one or more embedded derivative.

Financial liabilities at fair value through profit or loss are initially measured at their fair value excluding any transaction cost. Subsequently, these liabilities are measured at fair value with gains and losses recognised in profit or loss. Interest expense is separated from the net gains and losses on these items. Interest expense, calculated using the effective interest method is included in "finance costs". Net gains or losses consist of gains or losses on the de-recognition of items and they are included in "other income" or "other expenses".

Financial liabilities at amortised cost

Financial liabilities at amortised costs (bank overdraft, trade and other payables and other financial liabilities) are subsequently measured at amortised cost, using the effective interest method.

3.7 Provisions

Provisions are recognised when it has a present obligation as a result of a past event, and it is probable that AFDA will be required to settle the obligation. Provisions are measured based on the best estimate of the expenditure required to settle the present obligation at the year end.

Where the effect of the time value of money is material, the amount of the provision is discounted to present value using a pre-tax rate that reflects current assessments of the time value of money. The increase in the amount of the provision as a result of the passage of time is recorded in profit or loss for the period.

3.8 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided, a liability is recognised for the amount expected to be paid if AFDA has a present legal obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.9 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Tuition fees are recognised over the period that tuition is provided.

Enrolment fees and registration fees are recognised on initial registration. Re-registration fees are recognised in the year to which the re-registration relates.

Finance income is recognised as the interest income accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.

Dividend income is recognised when AFDA becomes entitled to the dividend.

3.10 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

3.11 Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the historical financial information is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. NEW STANDARDS AND INTERPRETATIONS

4.1 Standards and interpretations effective and adopted in the current year

In the current year, AFDA has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations. These standards did not have a material impact on AFDA's historical financial information.

Standard	Detail of amendment	Annual periods beginning on or after
IFRS 7 Financial Instruments: Disclosures	Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.	1 January 2016
	Annual Improvements 2012-2014 Cycle: Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial information prepared under IAS 34.	1 January 2016
IAS 1, Presentation of Financial information	Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining that information to disclose in their financial information.	1 January 2016
IAS 16 Property, Plant and Equipment	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016
IAS 19 Employee Benefits	Annual Improvements 2012-2014 Cycle: Clarification of the requirements of to determine the discount rate in a regional market sharing the same currency.	1 January 2016
IAS 38 Intangible Assets	Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016
	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016

4.2 Standards and interpretations not yet effective

AFDA has chosen not to early adopt the following standards and amendments, which have been published and are mandatory for AFDA's accounting periods beginning on or after 1 January 2017 or later periods. The impact of these standards on AFDA's financial statement is still being evaluated.

Standard	Detail of amendment	Annual periods beginning on or after
IFRS 9 Financial Instruments	Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.	1 January 2018
IFRS 15 Revenue from Contracts from Customers	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.	1 January 2018
IFRS 16 Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.	1 January 2019
	IFRS 16 contains expanded disclosure requirements for lessees.	1 January 2019
	IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information about a lessor's risk exposure, particularly to residual value risk.	1 January 2019
IAS 7 Statement of Cash Flows	Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities.	1 January 2017
IAS 12 Income Taxes	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017

5. PLANT AND EQUIPMENT

31 December 2016	Cost	Accumulated depreciation	Carrying value
Library	41	41	–
Total	**41**	**41**	**–**

31 December 2015	Cost	Accumulated depreciation	Carrying value
Library	41	41	–
Total	**41**	**41**	**–**

31 December 2014	Cost	Accumulated depreciation	Carrying value
Library	41	41	–
Total	**41**	**41**	**–**

Reconciliation of carrying values:

31 December 2016	Carrying value at the beginning of the year	Depreciation	Carrying value at the end of the year
Library	–	–	–
Total	**–**	**–**	**–**

31 December 2015	Carrying value at the beginning of the year	Depreciation	Carrying value at the end of the year
Library	–	–	–
Total	**–**	**–**	**–**

31 December 2014	Carrying value at the beginning of the year	Depreciation	Carrying value at the end of the year
Library	–	–	–
Total	**–**	**–**	**–**

6. DEFERRED TAX ASSET

	2016 R'000	2015 R'000	2014 R'000
Income received in advance	2 683	2 064	1 400
Provisions	92	–	–
Operating lease liability	165	–	–
Total	**2 940**	**2 064**	**1 400**
Reconciliation of opening and closing balance:			
Opening balance	2 064	1 400	1 189
Changes to income received in advance	620	664	211
Changes to provisions	91	–	–
Changes to operating lease liability	165	–	–
Closing balance	**2 940**	**2 064**	**1 400**

7. OTHER FINANCIAL ASSETS

	2016 R'000	2015 R'000	2014 R'000
Loan – Intraframe	43 941	43 227	34 369
Loan – Ekosto	13 844	12 902	12 750
Loan – AFDA Botswana	2 311	3 382	–
Impairment of other financial assets	(2 311)	–	–
Total	**57 785**	**59 511**	**47 119**

These unsecured loans have no repayment agreements. The loans are interest free. The loan to AFDA Botswana only carried interest in 2015 at a rate of 20% per annum. The loans to Intraframe and Ekosto have been ceded to ABSA, acting as surety for the bonds over the properties in the related party's companies. The loans are stated at amortised cost. The directors consider that the carrying amount of the loans approximates to their fair value.

An impairment loss on the loan to AFDA Botswana was recognised in profit & loss during 2016.

8. DEPOSITS

Deposits consists of amounts made to Local City Council and to companies, from which properties are currently leased.

9. TRADE AND OTHER RECEIVABLES

	2016 R'000	2015 R'000	2014 R'000
Trade receivables	5 285	1 439	2 812
Other receivables	122	63	100
Total	**5 407**	**1 502**	**2 912**

Credit risk is primarily attributable to its accounts receivable. The amount presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and their assessment of current economic environment. The credit risk on this class of financial asset is considered low. Also disclosed in note 21.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following amounts:

	2016 R'000	2015 R'000	2014 R'000
Cash on hand and balances with banks	28 637	42 345	37 005
Bank overdraft	(295)	(191)	(107)
Total	**28 342**	**42 154**	**36 898**

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit agencies.

11. SHARE CAPITAL

	2016 R'000	2015 R'000	2014 R'000
Authorised – 1 000 ordinary shares of R1.00 each	1	1	1
Issued – 59 ordinary shares of R1.00 each	–	–	–

12. LOANS TO DIRECTORS

	2016 R'000	2015 R'000	2014 R'000
Loan receivable/(payable) – G Holmes	1 521	(3 786)	(6 507)
Loan receivable/(payable) – BJ Passchier	11 984	9 031	(3 679)
Total	**13 505**	**5 245**	**(10 186)**

These unsecured loans carries interest as agreed from time to time, no repayment agreements exists and stated at amortised cost. The directors consider that the carrying amount of the loans to directors approximates to their fair value.

	2016 R'000	2015 R'000	2014 R'000
Non-current assets	13 505	9 031	–
Non-current liabilities	–	(3 786)	(10 186)
Total	**13 505**	**5 245**	**(10 186)**

13. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for ongoing costs. The directors consider that the carrying amount of the trade payables approximates to their fair value.

	2016 R'000	2015 R'000	2014 R'000
Trade payables	827	770	1 063
Other payables	422	296	317
Statutory payables	2 769	2 305	1 737
Total	**4 018**	**3 371**	**3 117**

14. OTHER FINANCIAL LIABILITIES

Other financial liabilities consist of income received in advance from students towards student and registration fees for the following year. The directors consider the carrying amount of these liabilities to approximate the fair value of these items.

15. REVENUE

Revenue comprise the net gross value of student fees invoiced, bursaries and donations received

	2016 R'000	2015 R'000	2014 R'000
Student and registration fees	136 197	115 406	92 953

16. OTHER OPERATING INCOME

	2016 R'000	2015 R'000	2014 R'000
Production research fund income	11	112	22
Bad debt recovery	349	309	329
Management fees received	544	–	–
Administration charges	109	133	61
Graduation and student cards income	38	55	21
Skills development levies refund	56	49	62
Sundry income	134	50	294
Total	**1 241**	**708**	**789**

17. PROFIT ON OPERATING ACTIVITIES BEFORE INTEREST

Profit on operating activities before interest is arrived at after considering the following items:

	2016 R'000	2015 R'000	2014 R'000
Auditors' remuneration	227	168	137
Audit fees	97	99	55
Other services	130	69	82
Bad debts	2 932	2 489	2 472
Directors' emoluments	1 200	1 374	1 166
G Holmes	600	687	583
BJ Passchier	600	687	583
Impairment loss on other financial assets	2 311	–	–
Operating lease payments	12 772	12 772	11 322
Actual payments and accruals	12 182	12 772	11 322
Straight-lining	590	–	–

18. INVESTMENT INCOME

	2016 R'000	2015 R'000	2014 R'000
Interest received on bank accounts	5 595	3 775	2 513
Interest received on trade and other receivables	242	91	–
Interest received on other financial assets	–	175	–
Total	**5 837**	**4 041**	**2 513**

19. FINANCE COST

	2016 R'000	2015 R'000	2014 R'000
Interest paid on bank accounts	(1)	–	–
Total	**(1)**	**–**	**–**

20. TAXATION

	2016 R'000	2015 R'000	2014 R'000
SA normal taxation at 28%	11 332	10 811	8 602
Current tax	12 208	11 474	8 813
Deferred tax	(876)	(663)	(211)
Tax rate reconciliation:			
Accounting profit	37 600	38 503	30 583
Taxation at a rate of 28%	10 528	10 781	8 563
Effect on taxation of:			
Non-deductible expenses for taxation purposes	157	30	39
Non-deductible items of capital losses in nature	647	–	–
Total	**11 332**	**10 811**	**8 602**

21. FINANCIAL RISK MANAGEMENT

21.1 Liquidity risk

AFDA monitors its risk to a shortage of funds using a liquidity model monitoring projected cash flows from operations and projected cash utilised in investing activities. AFDA's objective is to maintain a balance between continuity of funding and flexibility through the use of loans.

The cash flows from debtors and creditors are reasonable well matched in that payments are made to creditors on the same terms and conditions given to customers. It is anticipated that the year-end position will be settled within 30 day time frame.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount R'000	Contractual cash flows R'000	Within 3 months R'000	Within 12 months R'000
31 December 2016				
Financial liabilities	–	–	–	–
Trade and other payables	4 018	(4 018)	(4 018)	–
Bank overdraft	295	(295)	(295)	–
Other financial liabilities	9 585	(9 585)	(9 585)	–
South African Revenue Services	6 172	(6 172)	(5 294)	(878)
31 December 2015				
Financial liabilities	3 787	(3 787)	–	(3 787)
Trade and other payables	3 371	(3 371)	(3 371)	–
Bank overdraft	191	(191)	(191)	–
Other financial liabilities	7 645	(7 645)	(7 645)	–
South African Revenue Services	2 820	(2 820)	–	(2 820)
31 December 2014				
Financial liabilities	10 187	(10 187)	–	(10 187)
Trade and other payables	3 117	(3 117)	(3 117)	–
Bank overdraft	107	(107)	(107)	–
Other financial liabilities	4 996	(4 996)	(4 996)	–
South African Revenue Services	1 082	(1 082)	–	(1 082)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

21.2 Credit risk

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets represents the maximum credit exposure and was as follow at the reporting dates:

	2016 R'000	2015 R'000	2014 R'000
Other financial assets	57 785	59 511	47 119
Loans to directors	13 505	9 031	–
Trade and other receivables	5 407	1 502	2 912
Cash and cash equivalents	28 637	42 345	37 005
Total	**105 334**	**112 389**	**87 036**

Other financial assets and loans to directors

The other financial assets consists of loans made to related parties and are stated at cost. These loans and loans to directors are tested for impairment on an annual basis. The maximum exposure to credit risk at the reporting date is the value of each class of loan mentioned above. AFDA does not hold any collateral as security.

Trade and other receivables

AFDA's exposure to credit risk is mainly influenced by the individual characteristics of each customer. AFDA applies a credit policy under which each new customer is analysed individually for creditworthiness before standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the directors.

Customers who fail to meet the benchmark creditworthiness of AFDA may only transact on a prepayment bases. As a result in the decline in economic environment in 2015, certain purchase limits have been redefined for new customers and customers who displayed previously financial difficulties. AFDA does not require collateral in respect of trade and other receivables.

AFDA impairs trade and other receivables for losses based on specifics that relates to individual receivables.

The ageing of trade receivables at the reporting date that were past due but not impaired was as follows:

	2016 R'000	2015 R'000	2014 R'000
1 to 90 days	845	–	499
Above 90 days	4 440	1 439	2 313
Total	**5 285**	**1 439**	**2 812**

The impairment losses recognised during the year relates to transactions conducted with the customers during the current year. AFDA believes that the amounts past due by more than 90 days are still recoverable, based on historic payment behaviour and analysis of customer credit risk and payments received subsequent to close of year-end.

Cash and cash equivalents

Credit risk that relates to cash and cash equivalents are limited as these funds are held with bank and financial institutions or in physical cash.

21.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect AFDA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

21.4 Interest rate risk

AFDA has all of its interest rate risk that relates to borrowings as variable interest risk and no fixed interest rates. At reporting date, the interest rate profile of AFDA's financial instruments was as follows:

	2016 R'000	2015 R'000	2014 R'000
Financial assets	28 637	42 345	37 005
Financial liabilities	(295)	(191)	(107)
Total	**28 342**	**42 154**	**36 898**

AFDA is exposed to interest rate risk as it borrows and places funds at floating rates. AFDA does not have a fixed interest rate risk policy as it assesses each instrument based on the current economic circumstances. The following table demonstrates the sensitivity to a 0.5% per annum change in variable interest rates, assuming the year end funding position remains unchanged and with all other variables held constant, on AFDA's profit before tax and equity:

Increase in interest rate:	Effect on profit before tax R'000	Effect on equity R'000
31 December 2016		
Cash and cash equivalents	109	79
Bank overdraft	–	–
Total	**109**	**79**
31 December 2015		
Cash and cash equivalents	181	131
Bank overdraft	–	–
Total	**181**	**131**
31 December 2014		
Cash and cash equivalents	12	9
Bank overdraft	–	–
Total	**12**	**9**

Decrease in interest rate:	Effect on profit before tax R'000	Effect on equity R'000
31 December 2016		
Cash and cash equivalents	(109)	(79)
Bank overdraft	–	–
Total	**(109)**	**(79)**
31 December 2015		
Cash and cash equivalents	(181)	(131)
Bank overdraft	–	–
Total	**(181)**	**(131)**
31 December 2014		
Cash and cash equivalents	(12)	(9)
Bank overdraft	–	–
Total	**(12)**	**(9)**

21.5 Capital management

The primary objective of AFDA's capital management is to ensure that it has sufficient funding to support the business' capital requirements and maximise shareholder value. AFDA manages its capital structure and adjusts it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, AFDA may return capital to shareholders or issue new shares. AFDA monitors capital requirements using budgeting and forecasting models rather than maintaining a gearing policy. AFDA's net debt to equity at the reporting date is -0.1 (2015: -0.25; 2014: 0.28).

21.6 Classification of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

31 December 2016	Fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value R'000
Other financial assets	–	57 785	–	57 785	57 785
Loans to director	–	13 504	–	13 504	13 504
Trade and other receivable	–	5 407	–	5 407	5 407
Cash and cash equivalents	28 637	–	–	28 637	28 637
Total	**28 637**	**76 696**	**–**	**105 333**	**105 333**
Trade and other payables	–	–	(4 018)	(4 018)	(4 018)
Bank overdraft	–	–	(295)	(295)	(295)
Total	**–**	**–**	**(4 313)**	**(4 313)**	**(4 313)**

31 December 2015	Fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value R'000
Other financial assets	–	59 511	–	59 511	59 511
Loans to directors	–	9 031	–	9 031	9 031
Trade and other receivable	–	1 502	–	1 502	1 502
Cash and cash equivalents	42 345	–	–	42 345	42 345
Total	**42 345**	**70 044**	**–**	**112 389**	**112 389**
Loan to directors	–	–	(3 786)	(3 786)	(3 786)
Trade and other payables	–	–	(3 371)	(3 371)	(3 371)
Bank overdraft	–	–	(191)	(191)	(191)
Total	**–**	**–**	**(7 348)**	**(7 348)**	**(7 348)**

31 December 2014	Fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value R'000
Other financial assets	–	47 119	–	47 119	47 119
Trade and other receivable	–	2 912	–	2 912	2 912
Cash and cash equivalents	37 005	–	–	37 005	37 005
Total	**37 005**	**50 031**	**–**	**87 036**	**87 036**
Loan to directors	–	–	(10 186)	(10 186)	(10 186)
Trade and other payables	–	–	(3 117)	(3 117)	(3 117)
Bank overdraft	–	–	(107)	(107)	(107)
Total	**–**	**–**	**(13 410)**	**(13 410)**	**(13 410)**

The interest rates used to discount estimated cash flows, when applicable, are based on the government bond yield curve at the reporting date plus an appropriate credit spread and were as follows:

	2016	2015	2014
Loans and borrowings	9.75% – 10.5%	9.25% – 9.75%	9.0% – 9.5%
Bank overdrafts	13.25% – 18.0%	12.8% – 14.1%	12.5% – 13.9%

22. CONTINGENCIES

AFDA has contingent liabilities in respect of bank guarantees, with relation to the borrowings outstanding for Intraframe and Ekosto.

A guarantee has been provided to the Department of Higher Education and Training in the amount of R250 000.

A guarantee has been provided to the landlord, Nuchi Properties Close Corporation in the amount of R54 000 serving as a deposit for a property rented.

A tenant occupying the canteen did not vacate the premises as instructed by AFDA, due to default. The case is scheduled to be heard in the High Court in order to seek an eviction notice. The attorney is of the opinion that AFDA will be successful. A cost estimation to finalise the case is R150 000.

Legal proceedings with a student where AFDA is defending a claim from a student that amounts paid towards tuition fees was not received and is seeking a refund of the student fees and additional amounts totalling R202 100. The attorney is of the view that AFDA will be successful in defending the claim. The cost estimation to finalise the case is R75 000.

23. RELATED PARTY TRANSACTIONS

Relationship	Name
Director and shareholder:	G Holmes
Director and shareholder:	BJ Passchier
Key management:	R Coetzer (Chief Financial Officer) AG Dullaart (Chief Academic Officer)
Entity owned and managed by common shareholders:	Intraframe
Entity owned and managed by common shareholders:	Ekosto
Entity owned and managed by common shareholders:	AFDA Botswana

Related party transactions:		2016 R'000	2015 R'000	2014 R'000
Intraframe	Rent paid	10 882	8 542	7 523
Ekosto	Rent paid	1 837	1 537	1 478
AFDA Botswana	Interest received	–	175	–
AFDA Botswana	Management fees received	544	–	–
G Holmes	Director emoluments	600	687	583
BJ Passchier	Director emoluments	600	687	583
R Coetzer	Short term benefits – salary and allowance	1 320	1 200	960
R Coetzer	Incentive	660	600	480
AG Dullaart	Short-term benefits – salary	864	804	684
AG Dullaart	Incentive	432	402	342

Related party balances:		2016 R'000	2015 R'000	2014 R'000
Intraframe	Loan receivable	43 941	43 227	34 369
Ekosto	Loan receivable	13 844	12 902	12 750
AFDA Botswana	Loan receivable	–	3 382	–
G Holmes	Loan receivable/(payable)	1 521	(3 786)	(6 507)
BJ Passchier	Loan receivable/(payable)	11 984	9 031	(3 679)

24. OPERATING LEASE ARRANGEMENTS

Operating leases – future minimum rentals payable under non-cancellable operating lease:

	< 12 months R'000	1 to 5 years R'000	Total R'000
31 December 2016			
Premises	7 725	15 055	22 780
Equipment	8 806	11 363	20 169
Office equipment	290	368	658
Services	632	824	1 456
Total	**17 453**	**27 610**	**45 063**
31 December 2015			
Premises	6 814	19 899	26 713
Equipment	7 062	13 684	20 746
Office equipment	111	84	195
Total	**13 987**	**33 667**	**47 654**
31 December 2014			
Premises	4 773	10 011	14 784
Equipment	6 039	13 200	19 239
Office equipment	140	129	269
Total	**10 952**	**23 340**	**34 292**

25. GOING CONCERN

The historical financial information has been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that AFDA has adequate financial resources to continue in operation for the foreseeable future and accordingly the historical financial information has been prepared on the going concern basis. The directors have satisfied themselves that AFDA is of sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact AFDA.

26. EVENTS AFTER THE REPORTING PERIOD

No subsequent events have been identified that has not be dealt with in the historical financial information.

27. HEADLINE EARNINGS RECONCILIATION

	2016 R'000	2015 R'000	2014 R'000
Profit for the year	26 268	27 692	21 981
Impairment loss	2 311	–	–
Taxation thereon	–	–	–
	28 579	**27 692**	**21 981**
Headline earnings per share (cents)	48 438 983	46 935 593	37 255 932
Diluted headline earnings per share (cents)	48 438 983	46 935 593	37 255 932

HISTORICAL FINANCIAL INFORMATION OF INTRAFRAME FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 4**.*

The historical financial information of Intraframe, set out below, has been extracted from Annexure 9 of the Pre-listing Statement.

Introduction

The historical financial information of Intraframe set out below has been extracted from the audited annual financial information of Intraframe for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 ("**Historical Financial Information**"). The Historical Financial Information is the responsibility of the Directors. The Historical Financial Information was prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board ("**IASB**") and was audited by Middel & Partners, who issued an unqualified audit opinion thereon. The independent reporting accountant's report on the Historical Financial Information is presented in Annexure 10 to the Pre-listing Statement.

Commentary

The principle business of the group is that of owning and renting moveable and immovable property.

Results

Revenue increased by 19% to R11.4 million (2015: R9.6 million, 2014: R8.9 million) and consists of rental income from AFDA.

Balance sheet

Additions to moveable property were made to audio and camera equipment, computer equipment and editing equipment amounting to R7.5 million (2015: R9.2 million, 2014: R8.2 million), which is rented to AFDA to support the learning environment.

Capital expenditure to its investments properties of R16.0 million (2015: R8.1 million, 2014: R3.5 million) was made to increase capacity for growth in student numbers.

Dividends

No dividend has been paid or declared during the year (2015: R0, 2014: R0).

Events after reporting date

The directors are not aware of any further matters or circumstances that occurred between the end of the financial year and the date of this report that would require adjustments to the Historical Financial Information.

Directors

The directors were G Holmes and BJ Passchier.

Secretary

Mr G Holmes performed the function of company secretary.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Assets				
Non-current assets		**102 530**	**87 235**	**72 647**
Goodwill	6	659	659	659
Plant and equipment	7	21 716	21 622	18 209
Investment properties	8	80 155	61 244	53 779
Investment in Subsidiary	9	–	–	–
Other financial assets	10	–	3 710	–
Current assets		**3 567**	**10 837**	**864**
Trade and other receivables	11	42	72	76
SARS – VAT		3 129	2 045	634
Tax receivable		219	108	–
Cash and Cash equivalents	12	177	8 612	154
Total assets		**106 097**	**98 072**	**73 511**
Equity and liabilities				
Equity		**19 813**	**20 772**	**21 165**
Share capital	13	–	–	–
Retained earnings		19 813	20 772	21 165
Non-current liabilities		**84 351**	**76 103**	**51 650**
Other financial liabilities	14	57 785	56 129	47 119
Borrowings	15	22 529	16 532	1 540
Deferred taxation	16	4 037	3 442	2 991
Current liabilities		**1 933**	**1 197**	**696**
Trade and other payables	17	223	87	73
Current portion of borrowings	15	1 710	1 096	565
Tax payable		–	14	58
Total equity and liabilities		**106 097**	**98 072**	**73 511**
Net asset value per share (cents)		33 581 356	35 206 780	35 872 881
Tangible net asset value per share (cents)		33 581 356	35 206 780	35 872 881

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Revenue		**11 426**	**9 600**	**8 892**
Sale of Equipment		–	3 508	–
Cost of sales		–	(3 508)	–
Gross profit		**11 426**	**9 600**	**8 892**
Other Income		214	137	373
Fair value adjustment to investment property		2 897	(662)	(533)
Impairment loss of loan		(3 239)	–	–
Operating expenditure		(9 622)	(8 411)	(6 658)
Profit on operating activities before interest	18	**1 676**	**664**	**2 074**
Finance income	19	3	203	17
Finance costs	20	(1 944)	(256)	(83)
(Loss) profit before taxation		**(265)**	**611**	**2 008**
Taxation	21	(694)	(823)	(613)
(Loss) profit after taxation		**(959)**	**(212)**	**1 395**
Other comprehensive income		–	–	–
Total comprehensive (loss) income for the year		**(959)**	**(212)**	**1 395**
(Loss) profit attributable to:				
Owners of the parent		**(959)**	**(212)**	**1 395**
Total comprehensive (loss) income attributable to:				
Owners of the parent		**(959)**	**(212)**	**1 395**
Earnings per share (cents)		(1 625 424)	(359 322)	2 364 407
Diluted earnings per share (cents)		(1 625 424)	(359 322)	2 364 407

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

	Share capital R'000	Retained income R'000	Total equity R'000
Opening balance for 2014	–	20 066	20 066
Prior period error	–	(296)	(296)
Restated Opening balance	**–**	**19 770**	**19 770**
Total comprehensive income for the year	–	1 395	1 395
Balance at 31 December 2014	–	**21 165**	**21 165**
Prior period error	–	(181)	(181)
Restated Opening balance	**–**	**20 984**	**20 984**
Total comprehensive loss for the year	–	(212)	(212)
Balance at 31 December 2015	–	**20 772**	**20 772**
Total comprehensive loss for the year	–	(959)	(959)
Balance at 31 December 2016	–	**19 813**	**19 813**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December

	Notes	2016 R'000	2015 R'000	2014 R'000
Cash flow from operating activities:				
Profit on operating activities before interest		1 676	663	2 074
Adjustment for:				
Fair value adjustment		(2 896)	662	533
Profit on disposal of asset		(215)	–	–
Impairment loss of loan		3 239	–	–
Depreciation		7 386	5 760	4 896
Cash generated by operating activities		**9 190**	**7 085**	**7 503**
Changes in working capital		(920)	(1 573)	319
(Increase)/decrease in trade and other receivables		30	4	(74)
Increase in trade and other payables		134	14	(197)
(Increase)/decrease in VAT refundable		(1 084)	(1 591)	590
Interest received		2	203	17
Interest paid		(1 944)	(256)	(83)
Taxation paid		(221)	(525)	(181)
Net cash from operating activities		**6 107**	**4 934**	**7 575**
Cash flow from investing activities:		**(22 809)**	**(21 010)**	**(11 687)**
Additions to plant and equipment		(7 506)	(9 173)	(8 154)
Additions to investment property		(16 014)	(8 127)	(3 544)
Proceeds on disposal of plant and equipment		240	–	11
Increase in other financial asset		471	(3 710)	–
Increase in investment in Subsidiaries		–	–	–
Cash flow from financing activities:		**8 267**	**24 534**	**4 228**
Increase in other financial liabilities		1 656	9 010	2 124
Increase in borrowings		6 611	15 524	2 104
Total cash movement for the year		**(8 435)**	**8 458**	**116**
Cash at the beginning of the year	11	8 612	154	38
Total cash at the end of the year	11	**177**	**8 612**	**154**

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

for the year ended 31 December

1. BASIS OF PREPARATION

The historical financial information has been prepared on the going concern basis in accordance with, and in compliance with, IFRS and International Financial Reporting Interpretations Committee ("**IFRIC**") interpretations issued and effective at the time of preparing the historical financial information and the Companies Act 71 of 2008 of South Africa, as amended.

The historical financial information has been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments and incorporate the following principal accounting policies which, except as noted, have been consistently applied in all material respects. They are presented in Rand, which is the group's functional currency.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of historical information in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.1 Critical judgement in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the historical financial information, are outlined as follows:

Lease classification

The group is party to leasing arrangements as a lessee and as a lessor. The treatment of leasing transactions in the historical financial information is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Deferred tax asset

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Refer to note 15.

Deferred taxation on investment property

Management have reviewed the investment property portfolio of Intraframe in order to determine the appropriate rate at which to measure deferred tax. Investment property is measured at fair value. The manner of recovery of the carrying amount, i.e. through use or sale, affects the determination of the deferred tax assets or liabilities. IFRS assumes that the carrying amount of investment property is recovered through sale rather than through continued use. Management considered the business model of the portfolio and concluded that the assumption is not rebutted and that the deferred taxation should be measured on the sale basis.

2.2 Key sources of estimating uncertainty

Management made estimations for which there is a significant risk of material adjustments as a result of the key estimation assumptions.

Estimation of fair value of investment property

The best evidence of fair value is current prices in an active market for similar assets. In the absence of such information, the group determines the amount within a range of reasonable fair value estimates. In making its judgement, information from a variety of sources are considered. Refer to note 8.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives are determined based on Intraframe's replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGUs (or group of CGUs) to which goodwill has been allocated. Refer to note 5.

Going concern

Management considers key financial metrics to conclude that the going-concern assumption used in compiling the historical financial information is relevant. Refer to note 25

Impairment

Intraframe reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs. Refer to notes 9 & 21.2

Contingent liabilities

Management considers the existence of possible obligations which may arise from legal action as well as the possible non-compliance of the requirements of project completion guarantees and other guarantees provided. The estimation of the amount disclosed is based on the expected possible outflow of economic benefits should there be a present obligation. Refer note 23.

3. FAIR VALUE MEASUREMENT

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the historical financial information is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. ACCOUNTING POLICIES

4.1 Consolidation

Basis of consolidation

The consolidated historical financial information incorporate the historical financial information of Intraframe and all Subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of Subsidiaries are included in the consolidated historical financial information from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the historical financial information of Subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated Subsidiaries are identified and recognised separately from the group’s interest therein, and are recognised within equity. Losses of Subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of Intraframe.

Where a Subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

4.2 Goodwill

Goodwill arising on consolidation or purchase of the business represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of the Subsidiary/business at the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or circumstances indicate that the carrying value may be impaired. For the purposes of impairment testing goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units or group of units.

Impairment is determined by assessing the recoverable amount of cash-generating unit or group of units, to which goodwill relates.

Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying value an impairment loss is recognised. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or the loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

4.3 Property, plant and equipment

Property, plant and equipment are initially recognised at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Property, plant and equipment are subsequently measured at historical cost less accumulated depreciation and impairment losses. These are depreciated on the straight-line basis at rate estimated to write off the cost of assets over their estimated useful lives, on the following bases:

Item	Average useful life
Audio and camera equipment	5 to 6 years
Computer equipment	3 years
Edit equipment	4 years
Furniture and fittings	6 years
Motor vehicle	5 years
Costume, make-up and styling	5 years
Leasehold improvements	Term of lease

Depreciation is charged to profit or loss. Gains or losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset is accounted for in the income statement.

4.4 Investment property

Investment property, which is property held to earn rent and/or capital appreciation. Investment property is measured initially at its cost, including related transactions. Beyond initial recognition, the property is stated at its fair value at the balance sheet date. Gains and losses arising from changes in the fair value of investment property are included in the profit or loss for the period in which they arise.

4.5 Impairment

If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset.

If the value in use of an individual asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash-generating unit is the smallest group of identifiable assets that includes the asset that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in profit or loss when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised directly in equity. Impairment loss recognised on cash-generating units are firstly allocated to goodwill and secondly, on pro-rata basis, to the other assets in the cash-generating unit.

With regards to other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro-rata basis to the assets in the unit, excluding goodwill.

Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined if no impairment loss had been recognised in the past. Reversals of impairment losses are recognised directly in profit or loss.

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The group considers evidence of impairment for receivables and held-to-maturity assets at both a specific asset and collective level. All individually significant receivables and held-to-maturity assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in the profit-or-loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

Non-financial assets, excluding investment property, biological assets, deferred tax assets and inventories, are assessed at each year end to determine whether there is an indication that the carrying amount of the asset may be impaired.

4.6 Financial assets

Financial assets are recognised in the balance sheet when the group becomes party to the contractual provisions of an instrument. Regular way purchases and sales of financial assets are recorded on the trade date.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially measured at their fair value excluding any transaction costs. Subsequently these assets are measured at fair value, with gains or losses recognised in profit or loss. Net gains or losses consist of fair value adjustments and gains and losses on derecognition and they are included in "other income" or "other expenses". Interest and dividend income are reported separately from net gains or losses.

Interest income calculated using the effective interest rate method, is included in "interest received". Dividend income is recognised when the group's right to payment has been established and it is included in "other income".

Cash and cash equivalents are classified as financial assets at fair value through profit or loss. Cash and cash equivalents consists of cash in the bank and short-term deposits, and other short-term investments that are highly liquid and can readily be converted into cash.

Loans and receivables

Loans and receivables (including trade and other receivables and other financial assets) represents non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were not renegotiated.

Loans and receivables are initially measured at fair value, plus transaction costs. Subsequently, items included in this category are measured at the amortised cost, calculated based on the effective interest method, and interest income is included in profit or loss for the year.

Net gains or losses represent reversals of impairment losses, impairment losses and gains and losses on derecognition. Net gains or losses are included in "other income" or "other expenses".

Short-term receivables with no stated interest rate are measured at the original invoice amount, if the effect of discounting is immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated to this category and not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserved. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

4.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

4.8 Leases

Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Assets held under financial leases are recognised as assets at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets.

The capitalised values of the leased assets are depreciated over the estimated useful lives.

Other leases are operating leases and the leased assets are not recognised in the group's statement of financial position. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Rentals receivable under operating leases are recorded as income on a straight-line basis over the term of the relevant lease.

4.9 Financial liabilities

Financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities at fair value through profit or loss

A financial liability is designated in this category when its accounting treatment in terms of this category results in more relevant information than its accounting treatment in term of another category or it is regarded as a contract that contains one or more embedded derivative.

Financial liabilities at fair value through profit or loss are initially measured at the fair value excluding any transaction cost. Subsequently, these liabilities are measured at fair value with gains and losses recognised in profit or loss. Interest expense is separated from the net gains and losses on these items.

Interest expense, calculated using the effective interest method is included in "finance costs". Net gains or losses consist of gains or losses on the derecognition of items and they are included in "other income" or "other expenses".

Financial liabilities at amortised cost

Financial liabilities at amortised costs (bank overdraft, trade and other payables and other financial liabilities) are subsequently measured at amortised cost, using the effective interest method.

4.10 Provisions

Provisions are recognised when it has a present obligation as a result of a past event, and it is probable that the group will be required to settle the obligation. Provisions are measured based on the best estimate of the expenditure required to settle the present obligation at year end.

Where the effect of the time value of money is material, the amount of the provision is discounted to present value using a pre-tax rate that reflects current assessments of the time value of money. The increase in the amount of the provision as a result of the passage of time is recorded in profit or loss for the year.

4.11 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the group has a present legal obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4.12 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable from rentals of moveable and immovable assets provided in the normal business, net of discounts and value added tax.

Finance income is recognised as the interest income accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.

Dividend income is recognised when the group becomes entitled to the dividend.

4.13 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

5. NEW STANDARDS AND INTERPRETATIONS

5.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations. These standards did not have a material impact on Intraframe's historical financial information.

Standard	Detail of amendment	Annual periods beginning on or after
IFRS 7 Financial Instruments: Disclosures	Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.	1 January 2016
	Annual Improvements 2012-2014 Cycle: Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial information prepared under IAS 34.	1 January 2016
IAS 1, Presentation of Financial information	Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining that information to disclose in their financial information.	1 January 2016
IAS 16 Property, Plant and Equipment	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016
IAS 19 Employee Benefits	Annual Improvements 2012-2014 Cycle: Clarification of the requirements of to determine the discount rate in a regional market sharing the same currency.	1 January 2016
IAS 38 Intangible Assets	Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016
	Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016

5.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and amendments, which have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2017 or later periods. The impact of these standards on the group's historical financial information is still being evaluated.

Standard	Detail of amendment	Annual periods beginning on or after
IFRS 9 Financial Instruments	Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.	1 January 2018
IFRS 15 Revenue from Contracts from Customers	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.	1 January 2018
IFRS 16 Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.	1 January 2019
	IFRS 16 contains expanded disclosure requirements for lessees.	1 January 2019
	IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information about a lessor's risk exposure, particularly to residual value risk.	1 January 2019
IAS 7 Statement of Cash Flows	Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities.	1 January 2017
IAS 12 Income Taxes	Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017

6. GOODWILL

	2016 Cost/ Carrying value R'000	2015 Cost/ Carrying value R'000	2014 Cost/ Carrying value R'000
Recognised at acquisition of a Subsidiary	659	659	659

When testing goodwill for impairment, the recoverable amount is determined using the fair value less cost to sell method. The fair value less cost to sell was based on the net asset value of the Subsidiary, it being engaged in the business of rental of movable and immovable assets. This method is deemed appropriate by the directors as the value of Intraframe, as a going concern, is largely determined by the assets that it owns. The directors believe that any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed the recoverable amount.

The fair value measurement for the determination of the recoverable amount of goodwill by using the fair value less cost to sell method, has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

7. PROPERTY PLANT AND EQUIPMENT

	2016		
	Cost/ valuation R'000	Accumulated Depreciation R'000	Carrying value R'000
Audio and camera equipment	35 993	23 819	12 174
Computer Equipment	4 574	2 947	1 627
Edit equipment	9 685	6 890	2 795
Furniture and fittings	6 935	3 900	3 035
Motor Vehicles	166	133	33
Costume, make-up and styling	146	126	20
Leasehold improvements	3 594	1 562	2 032
Total	**61 093**	**39 377**	**21 716**

	2015		
	Cost/ valuation R'000	Accumulated Depreciation R'000	Carrying value R'000
Audio and camera equipment	33 929	20 145	13 784
Computer Equipment	3 614	2 606	1 008
Edit equipment	8 958	6 212	2 746
Furniture and fittings	5 511	3 240	2 271
Motor Vehicles	166	126	40
Costume, make-up and styling	137	118	19
Leasehold improvements	2 664	910	1 754
Total	**54 979**	**33 357**	**21 622**

	2014		
	Cost/ valuation R'000	Accumulated Depreciation R'000	Carrying value R'000
Audio and camera equipment	28 800	16 521	12 279
Computer Equipment	2 868	2 046	822
Edit equipment	7 356	5 476	1 880
Furniture and fittings	4 185	2 769	1 416
Motor Vehicles	166	100	66
Costume, make-up and styling	128	110	18
Leasehold improvements	2 304	576	1 728
Total	**45 807**	**27 598**	**18 209**

Reconciliation of property, plant and equipment – 2016

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Audio and camera equipment	13 784	2 589	(5)	(4 193)	**12 175**
Computer Equipment	1 009	1 414	(11)	(785)	**1 627**
Edit equipment	2 745	1 080	(11)	(1 019)	**2 795**
Furniture and fittings	2 270	1 484	–	(720)	**3 034**
Motor Vehicles	40	–	–	(7)	**33**
Costume, make-up and styling	20	9	–	(9)	**20**
Leasehold improvements	1 754	930	–	(652)	**2 032**
Total	**21 622**	**7 506**	**(27)**	**(7 385)**	**21 716**

Reconciliation of property, plant and equipment – 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Audio and camera equipment	12 279	5 129	–	(3 624)	**13 784**
Computer Equipment	822	746	–	(559)	**1 009**
Edit equipment	1 880	1 601	–	(736)	**2 745**
Furniture and fittings	1 416	1 326	–	(471)	**2 271**
Motor Vehicles	66	–	–	(27)	**39**
Costume, make-up and styling	19	9	–	(8)	**20**
Leasehold improvements	1 727	361	–	(334)	**1 754**
Total	**18 209**	**9 172**	**–**	**(5 759)**	**21 622**

Reconciliation of property, plant and equipment – 2014

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Audio and camera equipment	9 668	5 323	(7)	(2 705)	**12 279**
Computer Equipment	745	571	(3)	(491)	**822**
Edit equipment	1 256	1 541	–	(917)	**1 880**
Furniture and fittings	1 336	545	–	(465)	**1 416**
Motor Vehicles	91	–	–	(25)	**66**
Costume, make-up and styling	25	–	–	(6)	**19**
Leasehold improvements	1 840	174	–	(287)	**1 727**
Total	**14 961**	**8 154**	**(10)**	**(4 896)**	**18 209**

8. INVESTMENT PROPERTIES

	2016 R'000	2015 R'000	2014 R'000
Opening balance	**61 245**	**53 779**	**50 768**
Additions – subsequent expenditure	16 014	8 127	3 544
Gain (loss) from fair value adjustment	2 896	(662)	(533)
Closing balance	**80 155**	**61 244**	**53 779**

Investment properties consist of portion 1 of erf 64 Braamfontein Werf, Province of Gauteng. The property has been encumbered by a first mortgage bond (note 15). The fair value of this property was performed by Promax Valuation Services, who are external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The directors consider the valuation to approximate the fair value of the property.

Investment property consists of property at erf 25436 Cape Town, measuring 7,019 m². The property has been encumbered by a first mortgage bond, (note 15). A second property is situated at erf 15744, Cape Town, measuring 489 m². Both these properties are registered in the name of the Subsidiary company. The fair value of this property was performed by Capitol Property Valuations CC who are external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The directors consider the valuation to approximate the fair value of these properties.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The fair value for investment properties were determined based on the capitalised income method which comprises the comparative approach of income and expenses parameters pertaining to the properties. A nett operating income derived is capitalised into perpetuity at a market related yield. The capitalisation factor is determined by applying and analysing recent comparable sales as well as taking the inherent income characteristics of the properties into consideration.

The most significant inputs to the valuation process, all of which are unobservable, are the estimated rental per square meter, expense factor, vacancy rate and the capitalisation rate. The estimated fair value increases if: the estimated rental increases, vacancy levels decline or if capitalisation rates decline.

In estimating the fair value of the properties, the highest and best use is their current use.

9. INVESTMENT IN SUBSIDIARY

Ekosto is a wholly owned Subsidiary of Intraframe. Ekosto is also the only Subsidiary within the group. The remainder of the information is presented only at the company level.

10. OTHER FINANCIAL ASSETS

	2016 R'000	2015 R'000	2014 R'000
Loan to AFDA Botswana	3 239	3 710	–
Accumulated impairment loss	(3 239)	–	–
Total	**–**	**3 710**	**–**

The loan bears interest at an interest rate of twenty percent per annum. No repayment terms have been determined. The loan will not be recalled within the next twelve months, unless the entity is no longer able to continue as a going concern. The loan is secured over equipment sold to the entity. The directors consider that the carrying amount of the other financial assets approximates to their fair value.

11. TRADE AND OTHER RECEIVABLES

	2016 R'000	2015 R'000	2014 R'000
Trade receivables	34	63	76
Other receivables	8	8	–
Total	**42**	**71**	**76**

The credit risk on this class of financial asset is considered to be low. Also disclosed in note 22.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following amounts:

	2016 R'000	2015 R'000	2014 R'000
Cash on hand and balances with banks	177	8 612	154
Bank overdraft	–	–	–
Total	**177**	**8 612**	**154**

Cash at banks earn interest at floating rates based on daily bank deposit rates. The group's exposure to interest rate risk for financial assets is disclosed in note 22.

13. SHARE CAPITAL

	2016 R'000	2015 R'000	2014 R'000
Authorised – 1 000 ordinary shares of R1.00 each	–	–	–
Issued – 59 ordinary shares of R1.00 each	–	–	–

14. OTHER FINANCIAL LIABILITIES

	2016 R'000	2015 R'000	2014 R'000
Loan – AFDA	57 785	56 129	47 119

This loan is unsecured and no agreement as to repayment exists. The loan bears interest at a rate mutually agreed by the parties. The loan is stated at amortised cost. The directors consider that the carrying amount of the loans approximates to their fair value.

15. BORROWINGS

	2016 R'000	2015 R'000	2014 R'000
Bond – ABSA	24 239	17 628	2 105
Less: Current portion under current liabilities	(1 710)	(1 096)	(565)
Total	**22 529**	**16 532**	**1 540**

These liabilities are repayable in variable monthly instalments depending on the amount outstanding, over periods of 120 months each. The liabilities bear interest at the Prime Rate. The liabilities are secured over investment properties with a carrying value as per note 8.

16. DEFERRED TAX

Deferred tax (assets) liabilities	2016 R'000	2015 R'000	2014 R'000
Investment property	4 089	3 442	2 991
Tax losses available for set off against future taxable income	(52)	–	–
Total net deferred tax liability	**4 038**	**3 442**	**2 991**
Reconciliation of opening and closing balance:			
Opening balance	3 442	2 991	3 091
Fair value adjustments to investment property	648	(114)	(100)
Increase in tax loss available for set off against future taxable income	(52)	–	–
Change in capital gains inclusion rate	–	565	–
Closing balance	**4 038**	**3 442**	**2 991**

17. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for ongoing costs. The directors consider that the carrying amount of the trade payables approximates to their fair value.

	2016 R'000	2015 R'000	2014 R'000
Trade payables	221	87	72
Other payables	2	–	1
Total	**223**	**87**	**73**

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. Exposure to liquidity risk is disclosed in note 22.

18. PROFIT ON OPERATING ACTIVITIES BEFORE INTEREST

Profit on operations before interest is arrived at after taking the following items into account:

	2016 R'000	2015 R'000	2014 R'000
Auditors' remuneration	90	59	55
Audit fees	41	33	26
Other services	49	26	29
Depreciation	7 386	5 760	4 896
Audio and camera equipment	4 110	3 260	2 705
Computer equipment	785	559	491
Edit equipment	1 020	736	917
Furniture and fittings	720	472	465
Leasehold improvements	735	698	286
Motor vehicle	7	27	25
Costume, make-up and styling	9	8	7
Operating cost directly attributable to investment property	1 205	1 409	1 152

19. INVESTMENT INCOME

	2016 R'000	2015 R'000	2014 R'000
Interest received on bank accounts	1	–	17
Interest received on SARS	2	1	–
Interest received on other financial assets	–	202	–
Total	**3**	**203**	**17**

20. FINANCE COST

	2016 R'000	2015 R'000	2014 R'000
Borrowings	1 944	244	81
SARS	–	12	2
Total	**1 944**	**256**	**83**

21. TAXATION

	2016 R'000	2015 R'000	2014 R'000
SA normal taxation at 28%	694	823	613
Current tax	97	373	713
Deferred tax	597	450	(100)

Tax Reconciliation

	2016 R'000	2015 R'000	2014 R'000
Accounting profit	(266)	610	2 008
Taxation rate at 28%	(74)	171	562
Effect on taxation of:			
Expenses not deductible for tax purposes	930	17	–
Proportional tax on capital (losses)/gains	(162)	37	51
Change to capital gains inclusion rate	–	598	–
	694	**823**	**613**

The estimate tax loss available for set off against future taxable income is R187 252.

22. FINANCIAL RISK MANAGEMENT

22.1 Liquidity risk

The group monitors its risk to a shortage of funds using a liquidity model monitoring projected cash flows from operations and projected cash utilised in investing activities. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and hire purchase agreements.

The cash flows from debtors and creditors are reasonably well matched in that payments are made to creditors on the same terms and conditions given to customers. It is anticipated that the year-end position will be settled within a 30-day time frame.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	2016			
	Carrying amount R'000	Contractual Cash flows R'000	Within 3 months R'000	Within 12 months R'000
Other financial liabilities	57 785	(57 785)	–	–
Borrowings	24 239	(33 833)	(268)	(3 759)
Trade and other payables	222	(222)	(222)	–
	82 246	**(91 840)**	**(490)**	**(3 759)**

	2015			
	Carrying amount R'000	Contractual Cash flows R'000	Within 3 months R'000	Within 12 months R'000
Other financial liabilities	56 129	(56 129)	–	–
Borrowings	17 628	(27 663)	(692)	(2 075)
Trade and other payables	87	(87)	(87)	–
	73 844	**(83 879)**	**(779)**	**(2 075)**

	2014			
	Carrying amount R'000	Contractual Cash flows R'000	Within 3 months R'000	Within 12 months R'000
Other financial liabilities	47 119	(47 119)	–	–
Borrowings	2 105	(2 453)	(141)	(424)
Trade and other payables	73	(73)	(73)	–
	49 297	**(49 645)**	**(214)**	**(424)**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

22.2 Credit risk

Credit risk is primarily attributable to the group's accounts receivable. The amount presented in the statement of financial position is net of impairment, based on management's prior experience and their assessment of the economic environment.

Credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets represents the maximum credit exposure and were as follow at the reporting date:

	2016 R'000	2015 R'000	2014 R'000
Other financial assets	–	3 710	–
Trade and other receivables	42	72	75
Cash and cash equivalents	177	8 612	154
	219	**12 394**	**229**

Other financial assets

The other financial assets consists of a loan made to a related party and are stated at cost. The loan is tested for impairment on an annual basis. The maximum exposure to credit risk at the reporting date is the value of each class of loan mentioned above. The group does not hold any collateral as security.

Trade and other receivables

The group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The group applies a credit policy under which each new customer is analysed individually for creditworthiness before standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the directors.

Customers who fail to meet the benchmark creditworthiness of Intraframe may only transact on a prepayment bases.

The group impairs trade and other receivables for losses based on specifics that relates to individual receivables. No previous default from customers let the group to believe that no impairment allowance is necessary in respect of trade receivables.

There were no trade receivables at the reporting date that were past due but not impaired.

22.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Currency risk

The group is not exposed to currency risk on loans made, denominated in a foreign currency. Loans made to entities outside of the borders of South Africa is denominated in South African Rand.

Interest rate risk

The group has all of its interest rate risk which relates to borrowings as variable interest risk and no fixed interest rates. At the reporting date the interest rate profile of the group's financial instruments was as follows:

	2016 R'000	2015 R'000	2014 R'000
Financial assets	177	8 612	154
Financial liabilities	(24 239)	(17 628)	(2 104)

The group is exposed to interest rate risk as it borrows and places funds at floating rates. The group does not have a fixed interest rate risk policy as it assesses each instrument based on the current economic circumstances. The following table demonstrates the sensitivity to a 0.5% per annum change in variable interest rates, assuming the year end funding position remains unchanged and with all other variables held constant, on the group's profit before tax:

	2016 R'000	2015 R'000	2014 R'000
Increase			
Cash and cash equivalents	1	43	1
Interest bearing loans and borrowings	(119)	(77)	(18)
Decrease			
Cash and cash equivalents	(1)	(43)	(1)
Interest bearing loans and borrowings	119	77	18

22.4 Capital management

The primary objective of the group's capital management is to ensure that it has sufficient funding to support the business' capital requirements and maximise shareholder value.

The group manage its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders or return capital to shareholders.

The group monitors capital requirements using budgeting and forecasting models rather than maintaining a gearing policy.

23. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

31 December 2016	Fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value R'000
Trade and other receivable	–	42	–	42	42
Cash and cash equivalents	177	–	–	177	177
Total	**177**	**42**	**–**	**219**	**219**
Other financial liabilities	–	–	(57 785)	(57 785)	(57 785)
Borrowings	–	–	(24 239)	(24 239)	(24 239)
Trade and other payables	–	–	(223)	(223)	(223)
Total	**–**	**–**	**(82 247)**	**(82 247)**	**(82 247)**

31 December 2015	Fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value R'000
Other financial assets	–	3 710	–	3 710	3 710
Trade and other receivable	–	72	–	72	72
Cash and cash equivalents	8 612	–	–	8 612	8 612
Total	**8 612**	**3 782**	**–**	**12 394**	**12 394**
Other financial liabilities	–	–	(56 129)	(56 129)	(56 129)
Borrowings			(17 628)	(17 628)	(17 628)
Trade and other payables	–	–	(87)	(87)	(87)
Total	**–**	**–**	**(73 844)**	**(73 844)**	**(73 844)**

31 December 2014	Fair value through profit or loss R'000	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000	Fair value R'000
Trade and other receivable	–	76	–	76	76
Cash and cash equivalents	154	–	–	154	154
Total	**154**	**76**	**–**	**230**	**230**
Other financial liabilities	–	–	(47 119)	(47 119)	(47 119)
Borrowings			(2 105)	(2 105)	(2 105)
Trade and other payables	–	–	(73)	(73)	(73)
Total	**–**	**–**	**(49 297)**	**(49 297)**	**(49 297)**

The interest rates used to discount estimated cash flows, when applicable, are based on the government bond yield curve at the reporting date plus an appropriate credit spread and were as follows:

	2016	2015	2014
Loans and borrowings	9.75% – 10.5%	9.25% – 9.75%	9.0% – 9.5%
Bank overdrafts	13.25% – 18.0%	12.8% – 14.1%	12.5% – 13.9%

24. CONTINGENCIES

The group has contingent liabilities in respect of bank guarantees, with relation to the borrowings outstanding.

The South African Revenue Services have not allowed all the VAT inputs claimed for a specific period, as a result of not receiving the supportive documentation. An objection with the supportive documentation was lodged with the South African Revenue Services. The VAT receivable account was not reduced with an amount of R350,000 pending the outcome of the objection.

25. RELATED PARTY TRANSACTIONS

Relationship	Name
Director and shareholder:	G Holmes
Director and shareholder:	BJ Passchier
Entity owned and managed by common shareholders:	AFDA
Entity owned and managed by common shareholders:	Ekosto
Entity owned and managed by common shareholders:	AFDA Botswana

Trading transactions:

Related party transactions:		2016 R'000	2015 R'000	2014 R'000
AFDA	Rent received	10 759	8 842	7 895
AFDA Botswana	Sale of equipment	–	3 508	–
AFDA Botswana	Interest Received	–	202	–

Amounts owed by/(to) related parties

Related party balances:		2016 R'000	2015 R'000	2014 R'000
AFDA	Loan payable	(57 785)	(56 129)	(47 119)
Ekosto	Loan receivable	–	–	–
AFDA Botswana	Loan receivable	–	3 710	–

26. GOING CONCERN

The historical financial information has been prepared on the going concern basis, since the directors have every reason to believe that the group have adequate resources in place to continue with operations for the foreseeable future.

27. OPERATING LEASE ARRANGEMENTS

27.1 As lessee

Operating leases – future minimum rentals payable under non-cancellable operating lease:

31 December 2016	< 12 months R'000	1 to 5 years R'000	Total R'000
Parking areas	18	–	18

31 December 2015	< 12 months R'000	1 to 5 years R'000	Total R'000
Parking areas	–	–	–

31 December 2014	< 12 months R'000	1 to 5 years R'000	Total R'000
Parking areas	–	–	–

27.2 As lessor

Operating leases – future minimum rentals receivable under non-cancellable operating lease:

	< 12 months R'000	1 to 5 years R'000	More than 5 years R'000	Total R'000
31 December 2016				
Premises	4 003	4 900	–	8 903
Equipment	8 806	11 363	–	20 169
Total	**12 809**	**16 263**	**–**	**29 072**
31 December 2015				
Premises	3 703	7 801	–	11 504
Equipment	8 850	20 940	–	29 790
Total	**12 553**	**28 741**	**–**	**41 294**
31 December 2014				
Premises	3 019	9 112	1 025	13 156
Equipment	5 628	16 883	–	22 511
Total	**8 647**	**25 995**	**1 025**	**35 667**

28. SUBSEQUENT EVENTS

No subsequent events have been identified that have not been dealt with in the historical financial information.

29. PRIOR PERIOD ERROR

Prior period error relates to Value Added Taxation claimed from South African Revenue Services, which have not been allowed in the past and despite efforts of objections, these items now have reached the statutory date of expiration and may no longer be claimed. Taxation has not been taken into account.

	2016 R'000	2015 R'000	2014 R'000
SARS – VAT & retained earnings – decrease	–	(180)	(296)

30. HEADLINE EARNINGS RECONCILIATION

	2016 R'000	2015 R'000	2014 R'000
(Loss)/profit for the year	(959)	(212)	1 395
Impairment loss	3 239	–	–
Fair value adjustment (gain)/loss	(2 897)	662	533
(Profit)/loss on disposal of assets	(215)	8	–
Taxation thereon	709	(151)	(119)
	(123)	**307**	**1 809**
Headline earnings per share (cents)	(207 193)	521 433	3 065 550
Diluted headline earnings per share (cents)	(207 193)	521 433	3 065 550

HISTORICAL FINANCIAL INFORMATION OF STADIO FOR THE YEAR ENDED 31 DECEMBER 2016 IN TERMS OF REGULATION 79 OF THE COMPANIES REGULATIONS

The definitions and interpretations commencing on page 14 of this Prospectus apply to this ***Annexure 5****.*

In terms of Regulation 79 of the Companies Act, **Annexure 5** includes the historical consolidated and standalone profits of STADIO for the financial year ended 31 December 2016 and its consolidated and standalone statement of financial position as at 31 December 2016. STADIO was incorporated during 2016 and therefore no preceding years comparatives.

EXTRACT FROM THE INCOME STATEMENTS AND STATEMENTS OF CHANGES IN EQUITY OF STADIO FOR THE FINANCIAL YEAR ENDED:

	31 December 2016 R
Profit before tax	
Consolidated	–
Standalone	–
Profit after tax	
Consolidated	–
Standalone	–
Ordinary share dividend paid (consolidated and standalone)	–

CONSOLIDATED AND STAND-ALONE STATEMENT OF FINANCIAL POSITION OF STADIO

31 December 2016	**Group R**	**Stand-alone R**
ASSETS		
Non-current assets	**120**	**240**
Investment in subsidiary	–	120
Loans granted to related party	120	120
Total assets	**120**	**240**
EQUITY AND LIABILITIES		
Equity and liabilities		
Share capital	120	120
Total equity	**120**	**120**
Non-current liabilities	**–**	**120**
Loans from related party	–	120
Total equity and liabilities	**120**	**240**

Loss-making subsidiaries

STADIO Investment Holdings was the only subsidiary of STADIO with no income statement transactions and therefore no statement of profit of loss.

REPORT BY THE AUDITORS IN TERMS OF REGULATION 79 OF THE COMPANIES REGULATIONS IN RESPECT OF STADIO

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 6**.*

The Directors
STADIO Holdings Limited
Unit 13
San Domenico
10 Church Street
Durbanville
7550

Report of factual findings by the auditor in terms of Regulation 79 of the Companies Act to the directors of STADIO Holdings Limited.

PricewaterhouseCoopers ("**PwC**" or "**we**") is the appointed auditor of STADIO Holdings Limited ("**STADIO**"), a company incorporated in South Africa. Regulation 79 to the Companies Act, No. 71 of 2008, as amended ("**Companies Act**") requires a report by the auditor of a company to be included in a prospectus contemplated in Regulation 56 of the Act, and for such report to address the matters set out in Regulation 79 to the Companies Act.

We have performed the procedures agreed with STADIO and enumerated below, with respect to the financial information of STADIO required in terms of Regulation 79 to the Companies Act.

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist STADIO on the following historical financial information included in the prospectus of STADIO to be issued on or about Monday, 30 October 2017 ("**Prospectus**") and are summarised as follows:

1. agree on the consolidated and stand-alone profit before tax and the consolidate and stand-alone profit after tax in respect of the year ended 31 December 2016, as included in the Regulation 79 financial information to the audited financial statements for the year ended 31 December 2016;
2. agree on the asset and liability balances, as included in the Regulation 79 financial information to the audited financial statements for the year ended 31 December 2016;
3. agree on the ordinary share dividends paid by STADIO in respect of the financial year ended 31 December 2016, the year immediately preceding the issue of the Prospectus, as included in the Regulation 79 financial information to the audited financial statements for the year ended 31 December 2016;
4. read the minutes of meetings of the board of directors of STADIO ("**Board**") since the date of the last annual financial statements, and up to the date of this report, to identify any matters regarding material changes in assets or liabilities; and
5. obtain a letter of representation from management confirming that there have been no material changes in the assets and liabilities of STADIO and its subsidiaries since the date of the last annual financial statements.

We report our findings below:

1. we have agreed the consolidated and stand-alone profit before tax and the consolidated and stand-alone profit after tax in respect of the year ended 31 December 2016, as included in the Regulation 79 financial information to the audited financial statements for the year ended 31 December 2016;
2. we have agreed the consolidated and standalone asset and liability balances, as included in the Regulation 79 financial information to the audited annual financial statements for the year ended 31 December 2016;
3. we have agreed the consolidated and stand-alone ordinary share dividend paid by STADIO, as included in the Regulation 79 financial information to the audited annual financial statements for the year ended 31 December 2016;
4. we have read the minutes of meetings of the Board since 31 December 2016, and up to the date of this report, to identify any matters regarding material changes in assets and liabilities. No such material changes were identified except for those matters already disclosed in the Prospectus and in the pre-listing statement of STADIO dated and issued on 15 September 2017 ("**Pre-listing Statement**"); and
5. obtained a letter of presentation from management confirming that there have been no material changes in the assets and liabilities of STADIO since 31 December 2016 except those matters already disclosed in the Prospectus and in the Pre-listing Statement.

Because the above procedures do not constitute either an audit, review or other assurance engagement made in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements, we do not express any assurance on the financial information required in terms of Regulation 79 to the Companies Act of STADIO.

Had we performed additional procedures or had we performed an audit or review of, or other assurance engagement on the financial information required in terms of Regulation 79 to the Companies Act of STADIO in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties.

This report relates only to the accounts and items specified above and does not extend to any financial statements of STADIO, taken as a whole.

D de Jager
Director
Chartered Accountant (SA)

Stellenbosch
17 October 2017

SEGMENTED FINANCIAL INFORMATION OF THE STADIO GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2017

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 7**.*

SEGMENTED FINANCIAL INFORMATION OF STADIO FOR THE 6 MONTHS ENDED 30 JUNE 2017

Condensed segmental report attributable to Curro's higher education division (including STADIO and Embury) for Curro's interim results for the 6 months ended 30 June 2017:

	% change	Unaudited 30 June 2017 6 months R'000	Unaudited 30 June 2016 6 months R'000	Audited 31 Dec 2016 12 months R'000
Student numbers	32%	1 112	840	840
Revenue	26%	34 670	27 134	47 525
Operational EBITDA	(33%)	5 740	8 393	10 968
Net head office expenditure	n/a	(6 587)	–	–
EBITDA margin	n/a	(3%)	33%	23%
Headline earnings*	n/a	(2 837)	6 710	8 335
Headline earnings per share (cents)*	n/a	(0.7)	1.8	2.1
Earnings per share (cents)*	n/a	(0.7)	1.8	2.1
Total assets	(2%)	254 607	44 920	251 859
Total liabilities	(3%)	231 587	19 684	224 999

Note:

* Headline earnings, earnings per share (EPS) and headline earnings per share (HEPS) for segmental reporting purposes has been adjusted for the comparative periods, 6 months ended 30 June 2016 and for the year ended 31 December 2016. The headline earnings, EPS and HEPS for Curro remained unchanged as per the audited financial statements for the year ended 31 December 2016.

RELEVANT PROVISIONS OF THE MOI

This **Annexure 8** contains extracts of various salient provisions from the MOI, as required under the JSE Listings Requirements and the Companies Regulations. In each case, the numbering and wording below matches that of the applicable provisions in the MOI.

For a full appreciation of the provisions of the MOI, Shareholders are referred to the full text of the MOI, which is available for inspection, as provided for in paragraph 36 of this Prospectus.

EXTRACTS FROM THE MOI OF STADIO

6. **ISSUE OF SHARES AND VARIATION OF RIGHTS**

6.1 The Company is authorised to issue –

6.1.1 1 000 000 000 (one billion) Ordinary Shares, of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to –

6.1.1.1 vote on any matter to be decided by the Shareholders of the Company and to 1 (one) vote in the case of a vote by means of a poll;

6.1.1.2 participate proportionally in any distribution made by the Company; and

6.1.1.3 receive proportionally the net assets of the Company upon its liquidation;

6.1.2 such number of each of such further classes of Shares, if any, as are set out in Schedule 1 hereto subject to the preferences, rights, limitations and other terms associated with each such class set out therein.

6.2 For purposes of clause 6.1, *pari passu* shall have the meaning attributed thereto in terms of the JSE Listings Requirements.

6.3 The Board shall not have the power to –

6.3.1 increase or decrease the number of authorised Shares of any class of the Company's Shares;

6.3.2 create any new class or classes of authorised but unissued Shares;

6.3.3 consolidate and reduce the number of the Company's issued and authorised Shares of any class;

6.3.4 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;

6.3.5 convert any class of Shares into one or more other classes of Shares;

6.3.6 reclassify any classified Shares that have been authorised but not issued;

6.3.7 classify any unclassified Shares that have been authorised but not issued;

6.3.8 determine the preferences, rights, limitations or other terms of any Shares; or

6.3.9 change the name of the Company,

and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.

6.4 All Securities of a class shall rank *pari passu* in all respects.

6.5 The Company has the power, subject to the authority of a special resolution as contemplated in clause 6.3 to subdivide its Shares of any class. Such subdivision may be effected through a mere splitting of, and consequential increase in, the authorised and issued Shares of the relevant class, and without an issue of new Shares and an increase of its capital.

6.6 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share as contemplated in this Memorandum of Incorporation. The variation of any preferences, rights, limitations and other terms associated with any class of Shares as set out in this Memorandum of Incorporation may be enacted only by an amendment of this Memorandum of Incorporation approved by special resolution adopted by the Ordinary Shareholders. If any amendment of the Memorandum of Incorporation relates to the variation of any preferences, rights, limitations or any other terms attaching to any other class of Shares already in issue, such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting. In such instances, the holders of such Shares will be allowed to vote at the meeting of Ordinary Shareholders subject to clause 22.2. No resolution of Shareholders in respect of such amendment shall be proposed or passed, unless a special resolution of the holders of the Shares of that class approve the amendment.

6.7 The authorisation and classification of Shares, the creation of any class of Shares, the conversion of one class of Shares into one or more other classes, the consolidation of Securities, the sub-division of Securities, the change of the name of the Company, the increase of the number of authorised Securities, and, subject to clause 6.6, the variation of any preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements, to the extent required, save if such an amendment is ordered by a court in terms of sections 16(1)(a) and 16(4) of the Act.

6.8 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7) of the Act.

6.9 The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.

6.10 The Board may, subject to clauses 6.11 and 6.16, issue Shares at any time, but only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.

6.11 Subject to clause 6.17, the Board may not issue unissued Ordinary Shares unless such Ordinary Shares have first been offered to existing Ordinary Shareholders in proportion to their shareholding (on such terms and in accordance with such procedures as the Board may determine), unless the relevant issue of Ordinary Shares –

6.11.1 is for the acquisition of assets, whether by means of an acquisition issue or a vendor consideration placing; or

6.11.2 is an issue pursuant to options or conversion rights; or

6.11.3 is an issue in terms of an approved share incentive scheme; or

6.11.4 is an issue of shares for cash (as contemplated in the JSE Listings Requirements), which has been approved by the Shareholders by ordinary resolution, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, in accordance with the JSE Listings Requirements and subject to the applicable corporate action being approved by the JSE, to the extent that such approval is required under the JSE Listings Requirements, provided that, if such Shareholder approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company or for 15 (fifteen) months from the date of the passing of the ordinary resolution, whichever is the earlier, and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting; or

6.11.5 is in terms of a rights offer or otherwise falls within a category in respect of which it is not, in terms of the JSE Listings Requirements, a requirement for the relevant Shares to be so offered to existing Ordinary Shareholders; or

6.11.6 is otherwise undertaken in accordance with an authority approved by Ordinary Shareholders in general meeting, subject to the applicable corporate action being approved by the JSE, to the extent that such JSE approval is required under the JSE Listings Requirements,

provided that fractions of Shares will not be issued and that any fractions of Shares will be rounded or otherwise dealt with in accordance with the JSE Listings Requirements. After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares offered, the Directors may, subject to the foregoing provisions, issue such Shares in such manner as they consider most beneficial to the Company. For the avoidance of doubt, as Shareholders are entitled to participate in proportion to their Shareholding in any rights offer or dividend reinvestment undertaken by the Company, neither such rights offer or dividend reinvestment, nor the issuing of any Shares pursuant thereto will require Shareholder approval under this clause 6.11.

6.12 The Directors may exclude any Shareholders or category of Shareholders from an offer contemplated in clause 6.11 if and to the extent that they consider it necessary or expedient to do so because of legal impediments or compliance with the laws or the requirements of any regulatory body of any territory, outside of South Africa, that may be applicable to the offer.

6.13 Alterations of share capital, authorised shares and rights attaching to a class/es of Shares; all issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition to the foregoing provisions, be undertaken in accordance with the JSE Listings Requirements. For the avoidance of doubt, Shareholders in a general meeting may authorise the Board to grant options to subscribe for unissued Shares, as the Board in its discretion deems fit, provided that such corporate action has, to the extent required under the JSE Listings Requirements, been approved by the JSE.

6.14 All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must be freely transferable and must, notwithstanding the provisions of section 40(5) of the Act, but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Company for the issuance of such Securities.

6.15 Subject to sections 40(5) to 40(7) of the Act, when the Company has received the consideration approved by the Board for the issuance of any Shares –

6.15.1 those Shares are fully paid up; and

6.15.2 the Company must issue those Shares and cause the name of the holder to be entered onto the Company's Securities Register in accordance with sections 49 to 56 of the Act.

6.16 Notwithstanding anything to the contrary contained in this Memorandum of Incorporation, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, if and to the extent that this may be required in terms of section 41(3) of the Act, require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

6.17 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation (as is set out in clause 6.11), no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.

13. **DEBT INSTRUMENTS**

The Board may authorise the Company to issue secured or unsecured debt instruments as set out in section 43(2), but no special privileges associated with any such debt instruments as contemplated in section 43(3) may be granted, and the authority of the Board in such regard is accordingly limited by this Memorandum of Incorporation.

14. **CAPITALISATION SHARES**

14.1 The Board shall have the power and authority to –

14.1.1 approve the issuing of any authorised Shares as capitalisation Shares;

14.1.2 issue Shares of one class as capitalisation Shares in respect of Shares of another class; and

14.1.3 resolve to permit Shareholders to elect to receive a cash payment in lieu of a capitalisation Share,

provided that such issue is effected in accordance with the requirements of section 47 and has been approved by the JSE to the extent required under the JSE Listings Requirements and that the JSE Listings Requirements have otherwise been complied with.

14.2 The Board may not resolve to offer a cash payment in lieu of awarding a capitalisation share, as contemplated in clause 14.1.3, unless the Board –

14.2.1 has considered the Solvency and Liquidity Test as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and

14.2.2 is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution.

16. **FINANCIAL ASSISTANCE**

The Board may authorise the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any such Securities, as set out in (and in accordance with) section 44, and the authority of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

17. **ACQUISITION BY THE COMPANY OF ITS OWN SHARES**

17.1 Subject to the JSE Listings Requirements, the provisions of the Act, including section 48, and the further provisions of this clause 17 –

17.1.1 the Board may determine that the Company acquire a number of its own Shares; and

17.1.2 the board of any subsidiary of the Company may determine that such subsidiary acquire Shares of the Company, but –

17.1.2.1 not more than 10% (ten percent), in aggregate, of the number of issued Shares of any class may be held by, or for the benefit of, all of the subsidiaries of the Company, taken together; and

17.1.2.2 no voting rights attached to those Shares may be exercised while the Shares are held by that subsidiary and it remains a subsidiary of the Company.

17.2 Any decision by the Company to acquire its own Shares must satisfy the JSE Listings Requirements and the requirements of section 46 and, accordingly, the Company may not acquire its own Shares unless –

17.2.1 for as long as it is required in terms of the JSE Listings Requirements, the acquisition has been approved by a special resolution of the Shareholders, whether in respect of a particular repurchase or generally approved by Shareholders and unless such acquisition otherwise complies with sections 5.67 to 5.81 of the JSE Listings Requirements (or such other sections as may be applicable from time to time);

17.2.2 the acquisition –

17.2.2.1 is pursuant to an existing legal obligation of the Company, or a court order; or

17.2.2.2 the Board, by resolution, has authorised the acquisition;

17.2.3 it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition; and

17.2.4 the Board, by resolution, has acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition.

17.3 A decision of the Board referred to in clause 17.1.1 –

17.3.1 must be approved by a special resolution of the Shareholders if any Shares are to be acquired by the Company from a Director or prescribed officer of the Company, or a person related to a Director or prescribed officer of the Company; and

17.3.2 is subject to the requirements of sections 114 and 115 if considered alone, or together with other transactions in an integrated series of transactions, it involves the acquisition by the Company of more than 5% (five percent) of the issued Shares of any particular class of the Company's Shares.

17.4 Notwithstanding any other provision of this Memorandum of Incorporation, the Company may not acquire its own Shares, and no subsidiary of the Company may acquire Shares of the Company if, as a result of that acquisition, there would no longer be any Shares of the Company in issue other than –

17.4.1 Shares held by one or more subsidiaries of the Company; or

17.4.2 convertible or redeemable Shares.

26. **COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS**

26.1 **Number of Directors**

26.1.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled, by ordinary resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate.

26.1.2 All Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.

26.1.3 Every person holding office as a Director, prescribed officer, company secretary or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of Schedule 5 to the Act, continue to hold that office.

26.2 **Election of Directors**

26.2.1 In any election of Directors –

26.2.1.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and

26.2.1.2 in each vote to fill a vacancy –

26.2.1.2.1 each vote entitled to be exercised may be exercised once; and

26.2.1.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate.

26.2.2 The Company shall only have elected Directors and there shall be no appointed or *ex officio* Directors as contemplated in section 66(4).

26.3 **Eligibility, Resignation and Rotation of Directors**

26.3.1 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

26.3.2 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 26.3.2 –

26.3.2.1 at each annual general meeting referred to in clause 20.2.1, 1/3 (one third) of the non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office, provided that if a Director is appointed as an executive Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors;

26.3.2.2 the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

26.3.2.3 a retiring Director shall be eligible for re-election;

26.3.2.4 the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 25;

26.3.2.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 20.4.2 to 20.4.5 (inclusive) will apply *mutatis mutandis* to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.

26.3.3 The Board shall, through its nomination committee if such committee has been constituted in terms of clause 32, provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. Sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the Director is to be proposed to allow nominations to reach the Company's office from any part of South Africa.

26.4 **Powers of the Directors**

26.4.1 The Board has the power to –

26.4.1.1 fill any vacancy on the Board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the Shareholders, in accordance with clause 26.1.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and

26.4.1.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1),

and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 26.4.

26.4.2 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them. Any reference to a power of attorney herein shall include any other form of delegation including the right to sub-delegate.

26.4.3 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.

26.4.4 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

26.4.5 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 26.4.1.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

26.4.6 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 26.4.5, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

26.5 **Directors' Interests**

26.5.1 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.

26.5.2 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

26.5.3 Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) have a personal financial interest in any matter to be considered by the Board.

26.5.4 Save where the Directors have obtained the prior approval of the JSE to so propose such a resolution, the proposal of any resolution to Shareholders in terms of sections 20(2) and 20(6) to permit or ratify an act of the Directors that is inconsistent with any limitation or restriction imposed by this Memorandum of Incorporation, or the authority of the Directors to perform such an act on behalf of the Company, is prohibited.

26.6 **Alternate Directors**

26.6.1 A Director may –

26.6.1.1 appoint another Director to act as alternate Director in his place and during his absence; and

26.6.1.2 remove such alternate Director.

26.6.2 A person so appointed or elected shall, except as regards authority to appoint an alternate Director and remuneration, be subject in all respects to the terms and conditions existing in respect of the other Directors of the Company.

26.6.3 Each alternate Director, whilst so acting, shall be entitled to –

26.6.3.1 receive notices of all meetings of the Directors or of any committee of the Directors of which the person for whom he acts as alternate is a member;

26.6.3.2 attend and vote at any such meeting at which the person for whom he acts as alternate is not personally present;

26.6.3.3 generally exercise and discharge all the functions, powers and duties of the person for whom he acts as alternate in such person's absence as if he were a Director.

26.6.4 An alternate Director shall *ipso facto* cease to be an alternate Director if the person for whom he acts as alternate ceases for any reason to be a Director, provided that if any Director retires by rotation or otherwise, but is re-elected at the same meeting, any alternate of him who was appointed or elected as such immediately before his retirement shall remain in office as though he had not retired.

26.6.5 Any appointment or removal of an alternate Director shall be effected by written notice delivered at the principal place of business of the Company and signed by the appointer, if applicable.

26.6.6 The remuneration of an alternate Director shall be payable only out of the remuneration payable to the Director for whom he acts as alternate and he shall have no claim against the Company for any remuneration.

26.6.7 An alternate Director shall not be required to hold any qualifying Shares.

28. **DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE**

28.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.

28.2 Any Director who –

28.2.1 serves on any executive or other committee; or

28.2.2 devotes special attention to the business of the Company; or

28.2.3 goes or resides outside South Africa for the purpose of the Company; or

28.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,

may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

28.3 The Directors may also be paid all their travelling and other expenses properly and necessarily incurred by them in connection with –

28.3.1 the business of the Company; and

28.3.2 attending meetings of the Directors or of committees of the Directors of the Company.

28.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

29. **EXECUTIVE DIRECTORS**

29.1 The Directors may from time to time appoint –

29.1.1 managing and other executive Directors (with or without specific designation) of the Company;

29.1.2 any Director to any other executive office with the Company,

as the Directors may think fit, for a period as the Directors may think fit, (provided that, for so long as it may be required by the Act or the JSE Listings Requirements, the appointment of a managing or other executive Director in terms of clause 29.1.1, must be confirmed by the Shareholders at the next annual general meeting of the Company) and may from time to time remove or dismiss such persons from office and appoint another or others in his or their place or places.

29.2 Any Director appointed in terms of clause 29.1.1 –

29.2.1 shall (subject to the provisions of the contract under which he is appointed), whilst he continues to hold that position or office, not be subject to retirement by rotation; and

29.2.2 shall, subject to the provisions of any contract between himself and the Company, be subject to the same provisions as to disqualification and removal as the other Directors of the Company. If he ceases to hold office as a Director, his appointment to such position or executive office shall *ipso facto* terminate, without prejudice to any claims for damages which may accrue to him as a result of such termination.

29.3 The remuneration of a Director appointed to any position or executive office in terms of clause 29.1.1 –

29.3.1 shall be determined by a disinterested quorum of the Directors or a remuneration committee appointed by the Directors;

29.3.2 shall be in addition to or in substitution of any ordinary remuneration as a Director of the Company, as the Directors may determine;

29.3.3 may consist of a salary or a commission on profits or dividends or both, as the Directors may direct.

29.4 The Directors may from time to time entrust to and confer upon an executive Director for the time being such of the powers exercisable in terms of this Memorandum of Incorporation by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as they think expedient; and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

31. **BORROWING POWERS**

31.1 Subject to the provisions of clause 31.2 and the other provisions of this Memorandum of Incorporation, the Directors may from time to time –

31.1.1 borrow for the purposes of the Company such sums as they think fit; and

31.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.

31.2 The Directors shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can so procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by –

31.2.1 the Company; and

31.2.2 all the subsidiaries for the time being of the Company (excluding moneys borrowed or raised by any of such companies from any other of such companies but including the principal amount secured by any outstanding guarantees or suretyships given by the Company or any of its subsidiaries for the time being for the indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised),

shall not exceed the aggregate amount at that time authorised to be borrowed or secured by the Company or the subsidiaries for the time being of the Company (as the case may be).

35. **DISTRIBUTIONS**

35.1 Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution –

35.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or

35.1.2 is authorised by resolution of the Board, in compliance with the JSE Listings Requirements,

provided that if such distribution is a repayment of capital, the Company shall not be entitled to make such distribution on the basis that it may be called up again.

35.2 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.

35.3 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.

35.4 The Directors may from time to time declare and pay to the Shareholders such interim distributions as the Directors consider to be appropriate.

35.5 All distributions are to be declared by the Directors in accordance with the provisions of the Act.

35.6 All distributions and monies due to Shareholders must be held by the Company in trust for a period of 3 (three) years (or such longer period as the law may prescribe for the prescription of a claim) from the date on which they were declared. All distributions and monies due to Shareholders which remain unclaimed after the aforementioned period, may be declared forfeited by the Directors for the benefit of the Company and may be invested or otherwise made use of by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit.

35.7 Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to –

35.7.1 the holder at his registered address; or

35.7.2 in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or

35.7.3 such person and at such address as the holder or joint holders may in writing direct.

35.8 Every such cheque or warrant shall –

35.8.1 be made payable to the order of the person to whom it is addressed; and

35.8.2 be sent at the risk of the holder or joint holders.

35.9 The Company shall not be responsible for the loss in transmission of any cheque or warrant or of any document (whether similar to a cheque or warrant or not) sent by post as aforesaid.

35.10 A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a Share held by such holder or joint holders.

35.11 When such cheque or warrant is paid, it shall discharge the Company of any further liability in respect of the amount concerned.

35.12 A distribution may also be paid in any other way determined by the Directors, including by way of electronic funds transfer, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.

35.13 Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part –

35.13.1 by the distribution of specific assets; or

35.13.2 by the issue of Shares, debentures or securities of the Company or of any other company; or

35.13.3 in cash; or

35.13.4 in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.

35.14 Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.

35.15 The Directors may –

35.15.1 determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and

35.15.2 vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.

35.16 Any distribution must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.

39. AMENDMENT OF MEMORANDUM OF INCORPORATION

39.1 Subject to the provisions of clause 6.6, this Memorandum of Incorporation may only be altered or amended (including any alteration or amendment that changes the name of the Company) by way of a special resolution of the Ordinary Shareholders in accordance with section 16(1)(c), except if such amendment is in compliance with a Court order as contemplated in section 16(1)(a) as read with section 16(4).

39.2 An amendment of this Memorandum of Incorporation will take effect from the later of –

39.2.1 the date on, and time at, which the notice of amendment contemplated in section 16(7) is filed with the Commission; and

39.2.2 the date, if any, set out in the said notice of amendment,

save in the case of an amendment that changes the name of the Company, which will take effect from the date set out in the amended registration certificate issued by the Commission.

SALIENT TERMS OF THE STADIO SIT

This **Annexure 9** contains extracts of various provisions from the STADIO SIT Deed. In each case, the numbering and wording below matches that of the applicable provisions in the STADIO SIT Deed. For a full appreciation of the provisions of the STADIO SIT Deed, Shareholders are referred to the full text of the STADIO SIT Deed, which is available for inspection, as provided for in paragraph 36 of this Prospectus.

2. CONSTITUTION AND OBJECT OF TRUST

2.1 The Company and the First Trustees hereby constitute the STADIO Group Share Incentive Trust.

2.2 The Company as donor, donates to and settles upon the Trustees the cash sum of R1 000 (one thousand Rand) upon trust for the purpose of constituting the Trust upon the terms and conditions set out in this Trust Deed.

2.3 The Trust fund from time to time shall comprise the amount so settled on the Trustees, any additions and accruals thereto, and any other property (including, monies and Shares) vested for the time being in the Trustees upon trust in terms of this Deed.

2.4 The main object and purpose of the Company adopting the Share Scheme is to incentive and retain Employees and to this extent the Share Scheme as contemplated in this Trust Deed will not to be used for trading purposes. The Trust is adopted to facilitate and govern 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 by awarding to them in terms of the Share Scheme the opportunity to acquire and obtain the benefit of Shares in the Company.

2.5 The parties accept the rights, benefits, privileges, duties and obligations arising or imposed on them, as the case may be, in terms of this Trust Deed. A Beneficiary shall be deemed to have accepted such rights, benefits, privileges, duties and obligations arising or imposed upon him in terms hereof upon acceptance of any Option in terms of this Trust Deed.

4. TRUSTEES

4.1 Pieter Nicolaas De Waal and Andries Mellet are hereby appointed as the First Trustees of the Trust and they accept such appointment by their signatures to this Deed, including, without limitation, their obligation to administer the Trust property from time to time and to further the object of the Trust in accordance with the provisions of this Deed.

4.2 The number of Trustees shall at all times not be less than 2 (two) nor more than 5 (five).

4.3 A Trustee may not be or become a Beneficiary under this Trust whilst acting as a Trustee.

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

6. TERMINATION OF OFFICE AS A TRUSTEE

Each Trustee shall remain in office until such Trustee ceases to hold office as contemplated in this clause 6. A Trustee shall cease to hold office as such upon –

6.1 such Trustee's estate being sequestrated; or

6.2 such Trustee having become incapacitated in law to hold the office of trustee, in the circumstances as contemplated in section 20(2) of the Trust Property Control Act; or

6.3 such Trustee having been removed from office at any time if the Board is of the opinion that such Trustee is not fulfilling his role as contemplated herein; or

6.4 the Board giving 1 (one) calendar month's notice in writing to such Trustee that such Trustee has been removed from office; or

6.5 such Trustee having resigned at any time on giving 1 (one) calendar month's notice in writing to the Company, provided that the Board may, at the request of a Trustee, waive the full period of notice; or

6.6 such Trustee becoming disqualified, in terms of the Act or any other law or regulation, from holding an appointment as a director of a company (or similar position); or

6.7 such Trustee having been removed from a position of trust or as a trustee from another trust with similar provisions as described in this clause 6; or

6.8 such Trustee becoming a Participant under the Scheme.

7. SUCCESSION AND APPOINTMENT OF TRUSTEES

7.1 Upon any Trustee succeeding to office as Trustee, he shall, in his representative capacity, automatically become vested with the assets and liabilities of the Trust and in every way, with immediate effect, take the place of and assume the powers and duties of the Trustee whom he has succeeded.

7.2 On any Trustee ceasing to hold office for any reason whatsoever, the Board may, subject to clause 4, appoint a successor, but who may not be –

7.2.1 a Beneficiary;

7.2.2 an executive Director of the Company; or

7.2.3 disqualified from holding such office by virtue of the provisions of clause 6,

as a Trustee to fill the vacancy.

7.3 The Board shall be entitled from time to time to appoint additional trustees, subject to the maximum number of Trustees and other restrictions provided for in clauses 4 and 7.2 above.

8. POWERS OF TRUSTEES

8.1 The Trustees shall, in addition to such other powers as may be conferred upon them by law or in terms of this Deed (whether express or implied), and subject to any other provisions of this Deed and any applicable peremptory statutory or regulatory provisions have the following powers –

8.1.1 to implement the main object and purpose of the Trust as contemplated in clause 2.4;

8.1.2 to implement the principles of the Share Scheme;

8.1.3 to acquire Shares for purpose of the Share Scheme, either by original subscription, purchase through the market or otherwise, exchange or any other means, and upon such terms as they in their discretion may deem fit, provided that –

8.1.3.1 any Shares purchased through the market or otherwise will not be taken into account when calculating the number of Shares utilised by the Share Scheme;

8.1.3.2 the provisions of sections 3.63 to 3.74 of the JSE Listings Requirements apply *mutatis mutandis* to any dealings by the Trustees, save for the circumstances pursuant to section 3.92 being present; and

8.1.4 Shares may not be purchased during a prohibited period (as defined in the JSE Listings Requirements), unless the Scheme has in place a purchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Shares independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the purchase programme submitted to the JSE;

8.1.5 to acquire any other marketable securities, whether in the Company or otherwise, either by original subscription, purchase (including the purchase of securities through the stock market or otherwise in order to satisfy any obligations in terms of the Scheme), exchange or any other means, and upon such terms as they in their discretion may deem fit provided that the acquisition thereof falls within, or is ancillary to, the scope of the main object and purpose of the Trust as contemplated in clause 8.1.5;

8.1.6 to sell, exchange, donate, alienate, pledge, encumber or in any other manner deal with, dispose of or transfer Shares or the marketable securities as contemplated in 8.1.5 upon such terms as they in their discretion may deem fit;

8.1.7 to participate in any Rights Offer or Capitalisation Issue (including any dividend capitalisation issue) of the Group Companies or in respect of any other company (to the extent applicable);

8.1.8 to buy back Shares or other marketable securities from Participants and to sell such Shares or marketable securities to the Company if the Company lawfully wishes to acquire its own Shares or other Group Company shares or to acquire such marketable securities;

8.1.9 to acquire assets for such purposes and upon such terms as they in their discretion may deem fit, provided that the acquisition of such assets falls within, or is ancillary to, the scope of the main object and purpose of the Trust as contemplated in clause 2.4;

8.1.10 to take and act upon any expert or professional advice that may be required for any purposes of the Scheme;

8.1.11 subject to any applicable statute, to open and operate accounts of all descriptions with registered financial institutions as may be required for the efficient administration of the Scheme;

8.1.12 to draw, accept, make or endorse cheques, bills of exchange or promissory notes for and on behalf of the Trust in administering the Scheme;

8.1.13 to exercise all rights conferred by shares and any other assets beneficially held by the Trust including voting rights, rights of conversion and redemption, rights to take up further allotments of shares (including by way of rights or Capitalisation Issues) and the like as they in their discretion may deem fit. As indicated in clause 37.4, Shares held by the Trust will not have their votes at general or annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements;

8.1.14 to invest the surplus moneys of the Trust in such investments as they in their discretion may determine and to realise any such investment and to reinvest the proceeds thereof;

8.1.15 subject to the provisions of the Act, and with the prior written approval of the Board, to borrow or raise moneys from Group Companies or any other third party for the purposes of the Share Scheme (including for the purposes of subscribing for or purchasing Shares or other marketable securities), on such terms as they in their discretion may deem fit;

8.1.16 to delegate to any person the performance of any acts which they are entitled to perform or exercise under this Deed;

8.1.17 subject to the provisions of the Act, and with the prior written approval of the Board, to make loans to any persons (including Participants), whether interest-bearing or otherwise or whether secured or unsecured, for any purpose considered by the Trustees to be within, or is ancillary to, the scope of the main object and purpose of the Trust as contemplated in clause 2.4;

8.1.18 instead of acting personally, to employ, and to pay, any attorney or any other person to transact business or do any act of whatsoever nature to be done pursuant to this Deed provided that any reasonable payment made in terms hereof shall be refunded to the Trustees by the Trust and/or the Company; and

8.1.19 to exercise such further rights, powers and authorities as may from time to time be conferred upon them under the Share Scheme or by resolution of the Board or, if applicable, by Shareholders in general meeting.

8.2 The Trustees shall have –

8.2.1 full capacity to contract on behalf of the Trust, subject always to such limitations, if any, as may be imposed by this Deed, provided that, subject to any applicable statute, they will under no circumstances be personally liable in respect of any such contract; and

8.2.2 *locus standi in judicio* and be capable of bringing, defending, opposing, withdrawing, settling and/or otherwise acting in connection with any proceedings whatsoever in or before any court, or in any arbitration, or before any other forum, provided that all costs reasonably incurred by them in that regard shall be for the account of the Trust;

8.2.3 without in any way derogating from the powers and authorities hereinbefore vested in the Trustees, such ancillary and/or additional powers as shall be necessary or requisite (including the power to sign all necessary or requisite documentation) to enable them from time to time to deal with all matters pertaining to the Trust and the Share Scheme hereunder in such manner as they shall in their discretion deem advisable in the interests of the Trust and/or any Beneficiary hereunder;

8.2.4 the power to pay any surplus funds held by the Trust from time to time (after discharging liabilities and having made provision for contingent liabilities) to the Company; and

8.2.5 the power, in their sole discretion, to resolve to distribute any income and/or capital assets of the Trust to the Company in which event such income and/or capital assets shall vest in the Company in the financial year in which such resolution was passed.

9. QUORUM OF TRUSTEES

A quorum for a meeting of Trustees shall be a majority of the Trustees for the time being in office. If there are only 2 (two) trustees in office, a quorum shall be both trustees.

10. VOTING OF TRUSTEES

Decisions of Trustees shall be passed by majority of votes of the Trustees present at the meeting, provided that in the event that there are, at any time, only 2 (two) Trustees in office, a decision of the Trustees shall be the unanimous decision of both of them.

11. MEETINGS AND RESOLUTIONS OF TRUSTEES

11.1 Reasonable notice shall be given to all the Trustees of all meetings of the Trustees. The Trustees shall meet together for the despatch of business and otherwise regulate their meetings as they think fit.

11.2 The Trustees may from time to time elect a chairman (who shall not have a casting vote) to hold office for such period or periods as they may determine.

11.3 A Trustee may, subject to clause 11.1, at any time summon a meeting of Trustees.

11.4 A resolution in writing signed by all the Trustees shall be as valid and effectual as if it had been passed at a meeting of the Trustees duly called and constituted. Any such resolution may consist of several documents in like form each signed by one or more Trustees, and shall be deemed to have been passed on the date on which it was signed by the last Trustee who signed it.

11.5 The Trustees shall keep minutes of their meetings in writing and all resolutions passed by the Trustees shall be duly minuted.

12. DUTIES OF TRUSTEES

The Trustees, in addition to any other duty imposed by this Deed or by any law having jurisdiction over this Deed and the Share Scheme, shall –

12.1 award Options to Employees as directed by the Board;

12.2 cause proper records and books of account to be kept of the business and affairs of the Trust and the Trustees' administration thereof, which records and books shall be in the custody of such person as is designated by the Trustees from time to time, on behalf of the Trustees;

12.3 perform such other duties as the Board may from time to time prescribe;

12.4 keep separate accounts in respect of –

12.4.1 all moneys lent and advanced by Group Companies or any other third parties to the Trust, and all Shares acquired pursuant to such loans;

12.4.2 any Options awarded and all sales of Shares arising pursuant to the exercise of such Options in terms of the Share Scheme;

12.5 keep separate records in respect of each Beneficiary, which shall reflect –

12.5.1 the details of the Options awarded to such Beneficiary;

12.5.2 the number of Options exercised by such Beneficiary;

12.5.3 the liability of such Beneficiary in respect of the exercise of Options;

12.5.4 all payments made by such Beneficiary in respect of the exercise of Options; and

12.5.5 the number of Shares held by such Beneficiary;

12.6 cause to be prepared by an accountant appointed by the Trust, as soon as reasonably possible after the end of each financial year of the Trust, a balance sheet and income statement, which accounts shall be prepared in accordance with generally accepted accounting practice; and

12.7 as soon as possible after the completion of the accounts referred to in clause 12.6, deliver to the Company copies of such accounts, duly signed by the Trustees.

14. REMUNERATION OF TRUSTEES

14.1 The Trustees may receive for their services as trustees such remuneration as may from time to time be approved by the Board.

14.2 The Trustees shall be entitled to be reimbursed for all expenses incurred by them in connection with the execution of their duties as trustees, including, if for any reason they are at any time required to furnish security, the costs from time to time of furnishing such security.

16. ACQUISITION BY TRUST AND FINANCIAL ASSISTANCE TO THE TRUST

16.1 The Board may from time to time offer Shares to the Trust or grant options to such Shares to the Trust in respect of Shares which do not exceed the scheme allocation determined in terms of clause 19 below. The Shares referred to in this clause 6.1, or any options in respect thereof are intended to enable the Trustees (in addition to any other Shares acquired by the Trust in terms of this Deed) to fulfil any obligations to Participants from time to time in terms of this Deed. The provisions of clause 19 shall apply *mutatis mutandis* to any applicable provisions of this clause 16.1.

16.2 Subject to the provisions of this Deed, the purchase or subscription price of Shares acquired by the Trust pursuant to the Share Scheme, the costs incurred in the acquisition of such Shares, any duties payable upon the transfer of Shares, any disbursements and expenditure incurred by the Trustees in their capacity as such, any amount due to the Trustees in terms of clause 14, any amount in respect of which a Trustee has been lawfully indemnified in terms of clause 15 and any money required to effect any loans under the Share Scheme or repayment of any previous borrowings by the Trustees shall be met out of –

16.2.1 loans to be made to the Trust by any of the Group Companies in accordance with the provisions of sections 44 and 45 of the Act;

16.2.2 contributions, awards or funds other than in the form of a loan, to be provided to the Trust by any of the Group Companies;

16.2.3 loans by third parties (plus any interest thereon) to the Trust to be procured by the Board upon such terms as the Board is able to arrange having due regard to the provisions of sections 44 and 45 of the Act; and

16.2.4 the Trust's own resources, if any,

as the Board may from time to time direct. The Company undertakes to ensure that the Trust shall at all times be in a position to fund the acquisition by it (whether by purchase or subscription) of Shares under the Share Scheme.

16.3 Any loss incurred by the Trust pursuant to the implementation of the Share Scheme shall be borne by the Company or the applicable Group Company(ies) unless the Board determines to the contrary.

16.4 The Trust shall not be entitled to any capital gain or profit on any transactions undertaken by it (including in relation to any Shares) and no such capital gain or profit shall accrue to it, unless the Board determines in writing to the contrary. The Trust (unless the Board determines in writing to the contrary) shall cede and transfer to the Company or the applicable Group Company(ies) from time to time upon request, as a *quid pro quo* for clauses 16.3 and 16.4, its right to any capital gain or profit, which may arise from any such transaction undertaken by it.

18. AWARDING OF OPTIONS

18.1 The Board, subject to clause 19.4, may from time to time instruct and authorise the Trustees in writing to award Options to such Employees selected by it to participate in this Scheme ("**the Resolution**"). The Resolution shall specify the name of the Employee, the number of Options, the Option Date, the Strike Price 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 persons named in the Resolution, which award shall be in writing and specify the number of Options, the Option Date, the Strike Price, the obligation of the Participant to adhere strictly to the terms of this Deed (which shall be made available at all times to any Participant) and any other relevant terms and conditions as may be determined by the Trustees, provided that, should the Initial Options be awarded, the number, Vesting Dates and Strike Prices of those Initial Options shall be as set out in **Annexure A** hereto.

18.2 All Options shall be subject to the provisions of the Trust Deed.

18.3 The Board shall determine Employees selected to participate in this Scheme and the number of Options awarded to such Employees based on the main object and purpose of the Trust (as contemplated in clause 2.4) and having regard to incentivising Employees based on recommendations by management and directors of the Company and/or any other Group Companies, to the extent applicable.

18.4 The frequency of the awarding of Options (including any new or additional Options from time to time) shall be determined by the Board from time to time.

18.5 The Board shall be under no obligation to award any Options to Employees or to award the same or similar number of Options to Employees.

19. PARTICIPATION ALLOCATION AND AMOUNT

19.1 The persons eligible for participation in the Share Scheme shall be such Employees determined in accordance with the provisions of this Trust Deed.

19.2 The *modus operandi* in terms whereof the Trust procures or acquires Options or Shares for the purposes hereof shall be in terms of clause 16.1 above or as otherwise determined between the Board and the Trustees.

19.3 The maximum aggregate number of Shares that may be utilised for the purposes of this Share Scheme, shall not exceed –

19.3.1 40 246 572 (forty million two hundred and forty-six thousand five hundred and seventy-two) Shares; or

19.3.2 such other number of Shares, as approved by the Board and, to the extent that such approval is required under the JSE Listings Requirements or other law, by Shareholders.

19.4 The maximum number of Shares that may be acquired by any one Beneficiary in terms of the Share Scheme, shall not exceed –

19.4.1 8 049 314 (eight million forty-nine thousand three hundred and fourteen) Shares; or

19.4.2 such other number of Shares, as approved by the Board and, to the extent that such approval is required under the JSE Listings Requirements or other law, by Shareholders.

19.5 The limits contained in clauses 19.3 or 19.4 are subject to any adjustment in terms of clause 26 below.

19.6 Save as expressly indicated otherwise in this Trust Deed, Scheme Shares shall in all respects rank *pari passu* with ordinary issued Shares of the Company, including as to voting, dividend, transfer and other rights and as to rights arising on a liquidation of the Company.

19.7 The Company shall make timeous application for any listing on the JSE of the Scheme Shares (to the extent applicable).

20. OPTIONS

20.1 An Option –

20.1.1 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;

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

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

20.1.4 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. Such exercise shall include a physical address (and, if available, a telefax number or e-mail address), which address (and telefax number or e-mail address) shall constitute the *domicilium citandi et executandi* of such Beneficiary for all purposes in terms of the Scheme. Any notice addressed to the said *domicilium* of such Beneficiary shall, if sent by prepaid registered post, be deemed to have been received on the 5th (fifth) day after posting (unless the contrary is proved) and shall, if delivered by hand to a responsible person during ordinary business hours, be deemed to have been received on the day of delivery (unless the contrary is proved) and shall, if sent by telefax or e-mail, be deemed to have been received on the date of despatch (unless the contrary is proved). Notwithstanding anything to the contrary contained in this clause 20.1.4 any notice actually received by a Beneficiary shall be an adequate notice for the purposes hereof notwithstanding the fact that it was not sent to or delivered to the said *domicilium* of the Beneficiary;

20.1.5 shall, as to the number thereof awarded from time to time to any Beneficiary, be determined by the Board, in its discretion;

20.1.6 may be awarded from time to time during the existence of the Scheme (subject always to clause 19);

20.1.7 may only be exercised in respect of 100 (one hundred) Shares or multiples thereof at a time, or in full (if permitted in terms of this Deed);

20.1.8 shall, pursuant to the exercise of an Option, be settled upon a Beneficiary only by way of the delivery of Shares and a Beneficiary shall not be entitled to receive cash in lieu of Shares (it being recorded that, for the purposes of International Financial Reporting Standard 2, the aforegoing shall be an equity-settled share-based payment transaction);

20.1.9 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 this Trust Deed; and

20.1.10 shall be governed by the provisions of this Trust Deed, to which the Beneficiary shall strictly adhere.

20.2 Save to any extent contemplated to the contrary in this Trust Deed, the risk in the Scheme Shares shall pass to the Beneficiary on the exercise of the Option.

20.3 Ownership or any other vested rights in and to the Scheme Shares shall only pass to the Beneficiary on delivery in terms of clause 23 and against payment of the Strike Price and fulfilment of any other obligations of the Beneficiary in terms of this Deed.

20.4 Delivery and registration of Scheme Shares to a Beneficiary shall only take place subject to compliance with the provisions of clause 20.3 and any other applicable provisions of this Deed.

20.5 An Option shall immediately lapse –

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

20.5.2 prior to the exercise of the Option, if 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

20.5.3 prior to the exercise of the Option, if 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 contemplated in terms of clause 25 below; or

20.5.4 to the extent contemplated in terms of this Trust Deed; or

20.5.5 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 (sixty) days of such voluntary surrender, sequestration or attachment.

20.6 Neither an Option, nor any rights awarded thereunder may be transferred, ceded, pledged or alienated in any way whatsoever, save as may be expressly permitted in terms of this Trust Deed.

21. OPTION EXERCISE

21.1 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 –

21.1.1 25% (twenty-five percent) thereof vesting as at the 2nd (second) anniversary of the Option Date ("**First Vesting Date**");

21.1.2 25% (twenty-five percent) thereof vesting as at the 3rd (third) anniversary of the Option Date ("**Second Vesting Date**");

21.1.3 25% (twenty-five percent) thereof vesting as at the 4th (fourth) anniversary of the Option Date ("**Third Vesting Date**"); and

21.1.4 25% (twenty-five percent) thereof vesting as at the 5th (fifth) anniversary of the Option Date ("**Fourth Vesting Date**"),

provided that the Vesting Dates of the Initial Options will be as set out in **Annexure A** hereto.

21.2 An Option must be exercised during the applicable Exercise Period of such Option ("**Option Exercise Date**") and such exercise, and the Scheme Shares acquired pursuant to such exercise, shall be governed by the applicable provisions of this Trust Deed. For the avoidance of any doubt, and having regard to the provisions of clauses 20.5.1 and 21.1, 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 30 (thirty) days of each of such First Vesting Date, Second Vesting Date, Third Vesting Date and Fourth Vesting Date (as the case may be). Likewise, for the avoidance of any doubt, the Exercise Period for an Initial Option shall be within 30 (thirty) days of the Vesting Date (as specified in **Annexure A** hereto) of such Initial Option.

21.3 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 (including in respect of any dates or time limits contemplated in clauses 20, 21, 24 or 26 hereof) or the manner for effecting payment thereof.

21.4 Failure by a Beneficiary to exercise an Option timeously in accordance with the provisions of this clause 21 shall result in the lapsing of such Option.

21.5 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.

24. FINANCIAL ASSISTANCE TO BENEFICIARIES

24.1 Subject to the provisions of the Act and in amplification of clauses 8.1.15 and 8.1.17, in respect of any Beneficiary (or the relevant executor or legal representative of a Beneficiary's deceased estate) ("**Borrower**") who has exercised all or part of his Options in such manner as is contemplated in terms of this Trust Deed, the Trustees ("**Lender**") shall, in their absolute and unfettered discretion, with the prior written approval of the Board, be entitled 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 this Trust Deed, which obligations shall include, *inter alia*, the payment of the Strike Price in respect of such Options so exercised and any Beneficiary Taxation ("**the loan**"), subject to the following terms and conditions –

24.1.1 the Borrower shall be required to provide the Lender with a deposit equal to at least 10% (ten percent) of the loan value in cash on the applicable Option Exercise Date;

24.1.2 the Borrower shall be required, in a separate agreement, to pledge *in securitatem debiti* such number of Shares (whether or not they are the Scheme Shares to be delivered to the Borrower as contemplated in this clause 24) as is equal to (or more than) 130% (one hundred and thirty percent) of the loan value, unless the Trustees on reasonable grounds decide otherwise, with the value of such security to be calculated in *mutatis mutandis* the same manner as the Strike Price ("**the security**");

24.1.3 to the extent that the value of the security as calculated by the Lender continues to fall below aforementioned percentage in clause 24.1.2 above for a period of at least 5 (five) business days, the Lender shall be entitled to forthwith perfect all or part of the security so as to reduce any outstanding balance in respect the loan and in so doing restore the requisite percentage cover, to the extent additional security is not provided by the Borrower;

24.1.4 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 and be payable annually by the Borrower;

24.1.5 the capital amount outstanding in respect of the loan, together with all interest accrued thereon, must be paid in full within 3 (three) years of such capital amount having been advanced to the Borrower by the Lender;

24.1.6 subject to the provisions of clause 25 and notwithstanding the provisions of clause 24, 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 accrues thereon shall become due and payable within 7 (seven) days of written notice thereof by the Lender to the Borrower and interest at the prime rate of interest plus 3% (three percent) shall be payable on any outstanding amount unless the Lender resolves otherwise. The Lender shall furthermore be entitled forthwith to perfect all or part of the security so as to effect repayment of the full loan amount, including interest that may be outstanding.

24.2 Notwithstanding the aforegoing, 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 (subject to such aforementioned instructions as may be received from the Board).

33. AMENDMENTS TO THE TRUST DEED

33.1 Subject to –

33.1.1 the approval by Shareholders, 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

33.1.2 compliance with any applicable law and the JSE Listing Requirements (including the provisions contained in paragraph 14.1 of Schedule 14 of the JSE Listing Requirements),

this 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 of an ordinary resolution to this effect, which resolution shall be approved by not less than a 75% (seventy-five percent) majority of the votes cast in respect of such resolution by all Shareholders present in person or by proxy at the general meeting to approve such resolution and duly authorised to vote in terms of paragraph 14.2 of Schedule 14 of the JSE Listings Requirements.

33.2 Subject to clause 33.1, if the implementation of any provision of this Deed is rendered impossible or impracticable by reason of any change in law at any time after the signing of this Deed, the Board shall have the power, with the approval of the Trustees, to amend this Deed in such manner as will result in it being capable of practical implementation in terms of the law then in force so as to result in the Trust, the Group and the Participants enjoying such rights as confer, in the opinion of the Auditors (acting as experts and not as arbitrators and whose determination shall be final and binding) for the time being of the Company, substantially the same degree of benefit on them as would have been enjoyed by them but for such amendments and change in law.

36. TERMINATION OF THE TRUST

36.1 The Trustees shall be entitled in their discretion to terminate the Trust –

36.1.1 should all Options awarded by it to Employees have been exercised and the Trust has received payment in full of any amounts owed to it by the Participants; or

36.1.2 the Board resolves that the Trust shall be terminated; or

36.1.3 should the Company, the Trustees and the Participants (if any) who have vested rights in terms of this Deed, agree in writing to terminate the Trust.

36.2 Upon termination of the Trust, the Trustees shall be entitled in their discretion to release the assets of the Trust and wind-up the affairs of the Trust and pay over to the Company any surplus funds (after having discharged all liabilities) remaining in the Trust. The provision of this clause 36.2 shall apply *mutatis mutandis* to any Shares held by the Trust upon the termination thereof.

36.3 Upon termination of the Trust, the Trustees shall be entitled in their discretion to transfer any income or capital (on terms and conditions to be determined by the Board and the Trustees) of the Trust to the Company.

36.4 Should the amount paid by the Trustees to the Company in terms of this clause 36 fall short of any indebtedness of the Trust to the Company and/or its Subsidiaries, the Trustees shall be relieved of all liability for such shortfall, which loss shall be constituted as a loss to be borne by the Company and/or its Subsidiaries.

36.5 The Trustees shall consult with the Board prior to implementing any aspects of this clause 36 and shall as far as reasonably possible take into consideration any determination of the Board.

DIRECTOR PROFILES

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 10**.*

Dr Christiaan Rudolph van der Merwe (Chris) **Chief executive officer** B. Prim (Ed), B.Ed, M.Ed (*Cum laude*), PhD in Education Appointed: 1 July 2017 Nationality: South African **Board committees:** Social and ethics committee	**Expertise and experience:** Chris matriculated at the High School J.G. Meiring in 1979 whereafter he studied at the University of Stellenbosch and completed the degree B.Prim (Education) at the end of 1983. He accepted his first teaching post at Gene Louw Primary School in 1986 and obtained a Bachelor's degree in Education from the University of South Africa (UNISA) in 1988, before becoming the Head of Department in 1992. In this year, he also obtained a Master's degree in Education (*Cum laude*). In 1993, whilst teaching at Gene Louw Primary School, he started a closed corporation named "SkoolCor", which produced electronic learning modules as a surrogate for text books and supplied them to schools throughout South Africa. In 2008 The Shuttleworth Foundation purchased more than 1 000 learning modules and today they form an integral part of its Open Source Methodology. Chris became the deputy principal of Fanie Theron Primary School in 1997 and in the same year he obtained a doctorate in education at the University of Stellenbosch. During 1998 Chris founded the Curro Private School in a church in Durbanville, which opened its doors with 28 learners. In 1999, he constructed Curro Durbanville's campus and in January 2000 approximately 320 learners started the academic year on this new campus. Since 1999 Chris has been the chief executive officer of Curro, a JSE listed company, which has grown to approximately 128 schools, with in excess of 47 000 learners and a market capitalisation of approximately R20 billion. In 2017 Chris stepped down as chief executive officer of Curro but will continue to serve as a non-executive director and eventually chairperson of the board of directors of Curro.
Samara Totaram (Samara) **Chief financial officer** CA(SA), CFA Appointed: 18 April 2017 Nationality: South African **Board committees:** Social and ethics committee	**Expertise and experience:** Samara, a qualified chartered accountant, completed her articles with Deloitte & Touche (in South Africa and New York) and then spent 18 months at the Royal Bank of Scotland in London prior to joining PSG Capital in 2007. In 2010 Samara was appointed as a director of PSG Capital and was primarily involved in new listings, capital raisings and other commercial transactions, merger and acquisitions and general corporate finance consulting. In October 2010, she joined Thembeka Capital Limited (Thembeka), a PSG Group supported B-BBEE investment company, and was appointed as its managing director in 2013. Samara drove the unlocking of value for Thembeka's black shareholders. Samara joined Curro in October 2014 as the managing director of the Meridian venture and also served as a member of the Curro executive committee until December 2016. In January 2017 Samara transferred to the higher education division of the Curro group as its chief financial officer. Samara has served on the board of directors of many listed and non-listed companies and has chaired both the audit committee and the social and ethics committee of various companies.
Dr Divya Singh (Divya) **Chief academic officer** BA (Law); LL.B (cum laude); LL.M; LL.D; Masters in Tertiary Education Management (with Honours) Appointed: 27 June 2017 Nationality: South African	**Expertise and experience:** Divya is an admitted advocate of the High Court of South Africa, having practiced for her own account for seven years. She is a Certified Ethics Officer by The Ethics Institute and the Executive Director of Globethics.net Southern Africa. She has served variously as an additional Magistrate, assessor in the High Court, and consultant to the South African Law Commission. Divya was a professional academic for the past twenty-six years. The last position held was Vice Principal Advisory and Assurance Services at the University of South Africa (UNISA) where she was responsible for Legal Services, Risk and Compliance, the Ethics Office, Communications and Marketing and the Institutional Information Office (Data Protection and Privacy). Divya also served in the capacity of Registrar Governance as well as the Deputy Registrar, taking responsibility for institutional student administration. Divya's research profile (in summary) includes more than 30 articles in accredited journals, ten book chapters, one book (co-edited), and in the last two years (2015 to 2016) she presented 15 conference papers and keynote presentations, locally and globally. She has been the editor of two academic journals and an editor of Butterworths Judgment-Online (JOL). She has received awards domestically and internationally for academic contribution and community service and engagement, as well as stakeholder recognition. Divya has a track record of service on boards, Commissions of Enquiry, and audit committees in the public sector where she served variously as chairperson or ordinary member of the committees and panels. She has initiated and facilitated co-operative and stakeholder relationships with local, continental and international partners with significant success and achievement. Divya joined the Curro group's higher education division as its chief academic and compliance officer in 2017.

Dr Rolf Heinrich Stumpf (Rolf) **Independent non-executive Director** BA (Mathematics and Statistics); Hons (Statistics); MA (Statistics); Ph.D (Statistics) Appointed: 1 May 2017 Nationality: South African **Board committees:** Audit and risk committee Remuneration committee	**Expertise and experience:** Rolf was previously vice-chancellor and chief executive officer of the Nelson Mandela Metropolitan University in Port Elizabeth, vice-rector at the University of Stellenbosch and the president and chief executive officer of the Human Sciences Research Council (HSRC). Before that he was Deputy Director-General of the Department of National Education. Rolf served, amongst others as executive officer of the Universities and Technikons Advisory Council (AUT), the SA Council on Education, and the Scientific Advisory Council, chair of the Committee of Heads of Science Councils and a commissioner in the National Commission on Higher Education (NCHE). He also served as a member of the Board of the Research and Technology Foresight Study of the Department of Arts, Culture, Science and Technology and was a member of the Council on Higher Education. He is a member of the Higher Education Quality Committee's board and its executive committee, and was a member of Higher Education South Africa's executive committee and chair of its finance and audit committees. He has recently been appointed to Unisa's Council and is also a member of the Academy of Science of South Africa. Rolf is the author of a number of scientific articles in the field of statistics (qualitative data analysis) and co-author of a book on graphical exploratory data analysis. He also authored and co-authored a large number of policy reports in the field of education, especially in higher education. He has read numerous papers on higher education policy both nationally and internationally.
Renganayagee Kisten (Roji) **Independent non-executive Director** B.Admin; B.Admin (Hons); MDP (Stell. Bus. School); GMP (Harvard Bus. School) Appointed: 1 May 2017 Nationality: South African **Board committees:** Audit and risk committee Remuneration committee Social and ethics committee (chairperson)	**Expertise and experience:** Roji spent most of her working career at Old Mutual group, including Nedcor Bank. Her work experience includes amongst others: Asset management in both listed and unlisted entities, Local and international capital raising for unlisted funds, Stakeholder management within South Africa and the rest of the African Continent, investor relations and managing enterprise development finance. Roji serves as a Director of Cookhouse Renewable Energy Wind Fund and Assupol Holdings. She serves on various boards as an independent non-executive director. She is chairperson of the Cookhouse Community Windfarm Trust, a director of the Nelson Mandela Bay Metro's Agency MBDA (Mandela Bay Development Agency) Board and the African Leadership Network and a trustee of the Imam Abdullah Haroon Trust. She also serves as an independent non-executive director on the board of CSG Holdings Limited (a JSE listed company). She has a B.Admin (Hons) degree from Stellenbosch Business School and completed the General Management Programme at Harvard Business School.
Khayelihle Sibusiso Sithole (Khaya) **Independent non-executive Director** CA(SA) Appointed: 1 May 2017 Nationality: South African **Board committees:** Audit and risk committee (chairperson) Social and ethics committee	**Expertise and experience:** Khaya, a member of the South African Institute of Chartered Accountants (SAICA) and the Institute of Directors; studied at the University of KwaZulu-Natal and completed his CA articles with the FirstRand group working in the Retail Banking, Investment Banking, Asset Management and Insurance Divisions of the FirstRand group. He was appointed as the Executive Assistant to the chief financial officer of OUTsurance SA in 2009. He joined the University of KwaZulu-Natal (UKZN) in 2011 and lectured Financial Accounting and Taxation at undergraduate and postgraduate levels. He was also the Programme Manager of the SAICA UKZN Thuthuka Programme and served on the SAICA Eastern Region's Transformation and Education Committee from 2011 to 2014. In 2012, he was the youngest academic member appointed to the Senate of UKZN, the National Board of Directors for ABASA and the SAICA Eastern Region Council. He serves as a director of various private companies and chaired the audit committee of the WITS University Retirement Fund. In 2015, he was appointed as a non-executive director of Tshikululu Social Investments, a social investment management company responsible for the management and distribution of CSI funds for listed companies. He is a mentor on the Shanduka Black Umbrellas Programme which makes him responsible for the mentorship of start-up businesses and evaluation of business plans submitted to Shanduka. He also serves on the Advisory Panel for Shanduka Black Umbrellas. From 2015 to 2017, he served on the executive committee of the SAICA Young CA Network in Gauteng. Khaya is an editor of three textbooks, namely Graded Questions on Income Tax (Mitchell & Mitchell), Gripping GAAP (Service & Kolitz) and Gripping GAAP – Graded Questions (Service). He also headed up the 2012 editorial working group for the SAICA Legislation Handbook on behalf of SAICA and LexisNexis.

	Khaya lectured Financial Accounting on the CA stream at WITS University and served as the Thuthuka Project director for the WITS University School of Accountancy. In 2014, he was commissioned by the University of Cape Town to participate in the FASSET-funded Bukela Ufunde programme which provides Financial Reporting lectures in African languages to students throughout South Africa. His primary passion is the mentorship of students, the advancement of the profession amongst black communities and the promotion of principle-based teaching in Financial Reporting. In 2016, he became the second South African to be awarded the Academic Fellowship by the International Accounting Standards Board for 2017/18 in London. Since January 2017, Khaya has been a graduate student at the Said Business School at the University of Oxford, UK.
Pieter Nicolaas de Waal (Nico) **Non-executive Director** BEng (Mech), MBA Appointed: 1 May 2017 Nationality: South African **Board committees:** Remuneration committee (chairperson)	**Expertise and experience:** Nico holds an MBA from IESE Business School of the University of Navarre, Spain and a B.Eng in Mechanical Engineering (*Cum laude*), from the University of Stellenbosch. Nico joined the PSG group in 2011 and currently serves as the chief executive officer of PSG Private Equity and as a member of the PSG Group executive committee. Prior to joining the PSG group, Nico served as a management consultant and then executive at SABMiller plc from 2008 to 2010. He also served as a management consultant at McKinsey & Company, Inc. from 2001 to 2007 and specialized in strategy and operations. He started his career as an Engineer at Baker Hughes Inc. in Scotland and the Middle East in the oil and gas exploration industry from 1998 to 2000. In his capacity as CEO of the PSG Private Equity team, Nico has served and continues to serve on the board of many listed and unlisted companies. This included serving as the chairman of IQuad Group Limited from June 2011 to November 2011 as well as serving as a non-executive director of CSG Holdings Limited since June 2011. Nico also serves as a director of NRGP Holdings Proprietary Limited (trading as Energy Partners) and was appointed as a non-executive director of Alaris Holdings Limited in October 2014.
Andries Mellet (Dries) **Alternate non-executive Director to PN de Waal** CA(SA), B Compt Hons Appointed: 1 May 2017 Nationality: South African **Board committees:** Remuneration committee (alternate to chairperson)	**Expertise and experience:** Dries qualified as chartered accountant after completing his articles with PwC and has been working for the PSG Group since 2010. Dries was the financial director of mCubed Holdings Limited from October 2010 to February 2011 and Capevin Holdings Limited from April 2012 to November 2013. Dries served as secretary to the PSG Group exco and joined the PSG Alpha team in 2012. Dries served and continues to serve on the board of a number of PSG Group related companies.

OTHER DIRECTORSHIPS

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 11**.*

The table below sets out the names of the companies and other entities of which STADIO's Directors, as well as the directors of its Major Subsidiaries are or have been Directors, members or partners during the 5 years preceding the Last Practicable Date.

Director	Name of Company or Entity	Nature of Business	Capacity	Active/ Resigned
CR van der Merwe	Curro Holdings Limited	Private education provider	Non-executive director	Active
	Campus and Property Management Company Proprietary Limited	Property holding	Alternate director	Resigned
	Embury Institute for Higher Education Proprietary Limited	Private higher education provider	Non-executive director	Active
	TLP Investments One Six Eight Proprietary Limited	Investment	Director	Active
	Curro Eiendomme Proprietary Limited	Property holding	Trustee	Resigned
	Interactive Curriculum Services Proprietary Limited	Learning materials	Director	Resigned
S Totaram	Milpark Investments SPV Proprietary Limited	Investment	Director	Active
	Milpark BEE SPV Proprietary Limited	Investment	Director	Active
	Dipeo Capital Proprietary Limited	Investment	Non-executive director	Active
	PSG Capital Proprietary Limited	Investment	Non-executive director	Active
	Stadio Investment Holdings Proprietary Limited	Investment	Director	Active
	Stadio Corporate Services Proprietary Limited	Corporate Services	Director	Active
	Embury Institute for Higher Education Proprietary Limited	Private higher education provider	Non-executive director	Active
	African Unity Insurance Proprietary Limited	Investment	Non-executive director	Resigned
	AIC Holding Company Proprietary Limited	Investment	Non-executive director	Resigned
	K2011115194 (RF) Proprietary Limited	Investment	Director	Resigned
	K2011115199 (RF) Proprietary Limited	Investment	Director	Resigned
	K2011130441 (South Africa) (RF) Proprietary Limited	Investment	Director	Resigned
	K2012031173 (South Africa) Proprietary Limited	Investment	Incorporator	Resigned
	K2012031173 (South Africa) Proprietary Limited	Investment	Director	Resigned
	K2012069321 (South Africa) Proprietary Limited	Investment	Director	Resigned
	Kaap Agri Proprietary Limited	Investment	Non-executive director	Resigned
	Plurispace Proprietary Limited	Investment	Director	Resigned
	Rumiclox Proprietary Limited	Investment	Director	Resigned
	Rumisys Investments (RF) Proprietary Limited	Investment	Director	Resigned
	Thembeka Advisory Proprietary Limited	Investment	Director	Resigned
	Thembeka Capital (RF) Proprietary Limited	Investment	Director	Resigned
	Thembeka Capital (RF) Proprietary Limited	Investment	Company Secretary	Resigned
	Thembeka Fin Holdings Proprietary Limited	Investment	Director	Resigned
	Thembeka Fin Holdings Proprietary Limited	Investment	Director	Resigned
	Thembeka Financial Services Proprietary Limited	Investment	Director	Resigned
	Thembeka ICT Proprietary Limited	Investment	Director	Resigned
	Thembeka Market Holdings Proprietary Limited	Investment	Director	Resigned
	Thembeka NWK Holdings Proprietary Limited	Investment	Director	Resigned
	Thembekafund I Proprietary Limited	Investment	Director	Resigned
	Tunica Trading 159 (RF) Proprietary Limited	Investment	Director	Resigned
	Spirit Capital Proprietary Limited	Investment	Non-executive director	Resigned
	Clusten 52 Proprietary Limited	Investment	Non-executive director	Resigned
	SOUTHAFRICA.IO Proprietary Limited	Investment	Director	Resigned
	SOUTHAFRICA.IO Holdings Proprietary Limited	Investment	Director	Resigned
	Campus and Property Management Company Proprietary Limited	Property holding	Director	Resigned
	Meridian Operations Company (RF) NPC	Private education provider	Director	Resigned
D Singh	None	None	None	None
RH Stumpf	Kwelokhozi CC	Nature Conservation	Member	Active
R Kisten	CSG Proprietary Limited	Industrial services	Director	Active
	Mandela Bay Development Agency (MBDA) Proprietary Limited	Municipal development agency	Director	Active
	Assupol Holdings Limited	Life insurance	Director	Active
	Cookhouse Windfarm Proprietary Limited	Renewable energy	Director	Active

Director	Name of Company or Entity	Nature of Business	Capacity	Active/ Resigned
KS Sithole	Corusca Proprietary Limited	Accounting	Director	Active
	Buddy for Change Proprietary Limited	Student mentorship	Director	Active
	Examcraft Proprietary Limited	Education	Director	Active
	MW Dludla FMCG Proprietary Limited	Investment	Director	Active
	Lefika La Phodiso – The Art Therapy Institute Proprietary Limited	Aftercare	Director	Active
PN Waal	NRGP Holdings Proprietary Limited	Energy	Director	Active
	Impaq Education Proprietary Limited	Education	Chairman	Active
	The Stellenbosch Nanofiber Company Proprietary Limited	Material science	Director	Active
	PSG Private Equity Proprietary Limited (*In process of changing its name to: PSG Alpha Investments*)	Investment holdings	Director	Active
	Friedshelf 1365 (RF) Proprietary Limited	Investment	Director	Active
	PSG Africa Holdings Proprietary Limited (*In process of deregistration/liquidation*)	Investment	Director	Active
	Alaris Holdings Limited	Technology	Non-executive director	Active
	ITSI Holdings Proprietary Limited	Education	Alternate director	Active
	Spirit Capital Proprietary Limited	Investment	Director	Active
	CA Sales Holdings Proprietary Limited	Fast moving consumer goods	Director	Active
	PSG Private Equity Consortium (RF) Proprietary Limited (*In process of deregistration/liquidation*)	Investment	Director	Active
	Education Insights Innovations Proprietary Limited	Education	Director	Active
	Malinois Investments Proprietary Limited	Investment	Director	Active
	Futurelearn Proprietary Limited	Education	Director	Active
	Nixonzara Investments Proprietary Limited	Investment	Director	Active
	Paladin Capital Limited	Investment	Director	Active
	CSG Holdings Limited	Outsourcing	Director	Resigned
	Extron Trading Proprietary Limited ("*CA Sales Holdings*")	Investment	Director	Resigned
	PSG Private Equity Consortium Proprietary Limited	Investment	Director	Resigned
	Entrepo Holdings Proprietary Limited (*Namibian Company*)	Financial services	Director	Resigned
	Protea Gietery Proprietary Limited	Industrial	Director	Resigned
	Poynting Holdings Limited	Technology	Director	Resigned
A Mellet	Alaris Holdings Limited	Radio frequency technology	Non-executive director	Active
	Siyavula Education Proprietary Limited	Education products and services	Non-executive director	Active
	ITSI Holdings Proprietary Limited	Education products and services	Non-executive director	Active
	Clusten 52 Proprietary Limited	Investment	Non-executive director	In process of deregistration
	MyMostAwesome Proprietary Limited	Investment	Non-executive director	Active
	HeyCarter Proprietary Limited	New car buying platform	Non-executive director	Active
	PSG Private Equity Consortium (RF) Proprietary Limited	Investment	Director	Active
	Capevin Holdings Limited	Investment	Financial director	Resigned
	Propell Specialised Finance Proprietary Limited	Financial services	Non-executive director	Resigned
	Propell Group Proprietary Limited	Financial services	Non-executive director	Resigned
	Propell Sectional Title Solution Proprietary Limited	Financial services	Non-executive director	Resigned
	Friedshelf 1363 (RF) Proprietary Limited	Investment	Director	Active
	Nieuco Properties 1075 Proprietary Limited	Investment	Director	Active
	Melandri Investments Proprietary Limited	Investment	Director	Active
	Merset Beleggings Proprietary Limited	Investment	Director	Active
	Amakwenkwe Beleggings Proprietary Limited	Investment	Director	Active
	Setha's Eiendomme Proprietary Limited	Investment	Director	Active
	Carmellie Investments Proprietary Limited	Investment	Director	Active
	Potato Seed Production Proprietary Limited	Farming	Director	Resigned

Director	Name of Company or Entity	Nature of Business	Capacity	Active/ Resigned
JJ Human	Embury Institute for Higher Education Proprietary Limited	Private higher education provider	Director	Active
	Almika Properties 90 Proprietary Limited	Property	Director	Active
	Human Boerdery BK	Farming	Member	Active
	62 Alpine Heath CC	Property	Member	Active
	67 Queen Mary Avenue Proprietary Limited	Property	Director	Active
	Embury Botswana Proprietary Limited	Investment	Director	Active
BJ Passchier	Intraframe Proprietary Limited	Owning and renting moveable and immoveable property	Director	Active
	Ekosto 1067 Proprietary Limited	Owning and renting moveable and immoveable property	Director	Active
	AFDA Botswana Proprietary Limited	Private Higher Education	Director	Active
	The South African School of Motion Picture Medium and Live Performance Proprietary Limited	Private Higher Education	Director	Active
G Holmes	Intraframe Proprietary Limited	Owning and renting moveable and immoveable property	Director	Active
	Ekosto 1067 Proprietary Limited	Owning and renting moveable and immoveable property	Director	Active
	AFDA Botswana Proprietary Limited	Private Higher Education	Director	Active
	The South African School of Motion Picture Medium and Live Performance Proprietary Limited	Private Higher Education	Director	Active
DN Hartshorne	Stadio Investment Holdings Proprietary Limited	Investment	Director	Active
	Stadio Corporate Services Proprietary Limited	Corporate Services	Director	Active
	Divan Hartshorne Beleggings Proprietary Limited	Property	Director	Active
	Hartshorne International Dental and Medical Supplies Proprietary Limited	Dental Supplies	Director	Active

DIRECTORS OF MAJOR SUBSIDIARIES

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 12**.*

The table below contains particulars of the directors of STADIO's Major Subsidiaries:

STADIO INVESTMENT HOLDINGS PROPRIETARY LIMITED

Full name	Age	Capacity	Business Address
Samara Totaram	39	Chief financial officer	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Divan Nel Hartshorne	35	Executive director	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550

EMBURY INSTITUTE FOR HIGHER EDUCATION PROPRIETARY LIMITED

Full name	Age	Capacity	Business Address
Jacobus Johannes Human	52	Chief executive officer	119 Lilian Ngoyi Road, Morningside, Durban, 4001
Christiaan Rudolph van der Merwe	55	Non-executive Director	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550
Samara Totaram	39	Non-executive Director	Unit 13, San Domenico, 10 Church Street, Durbanville, 7550

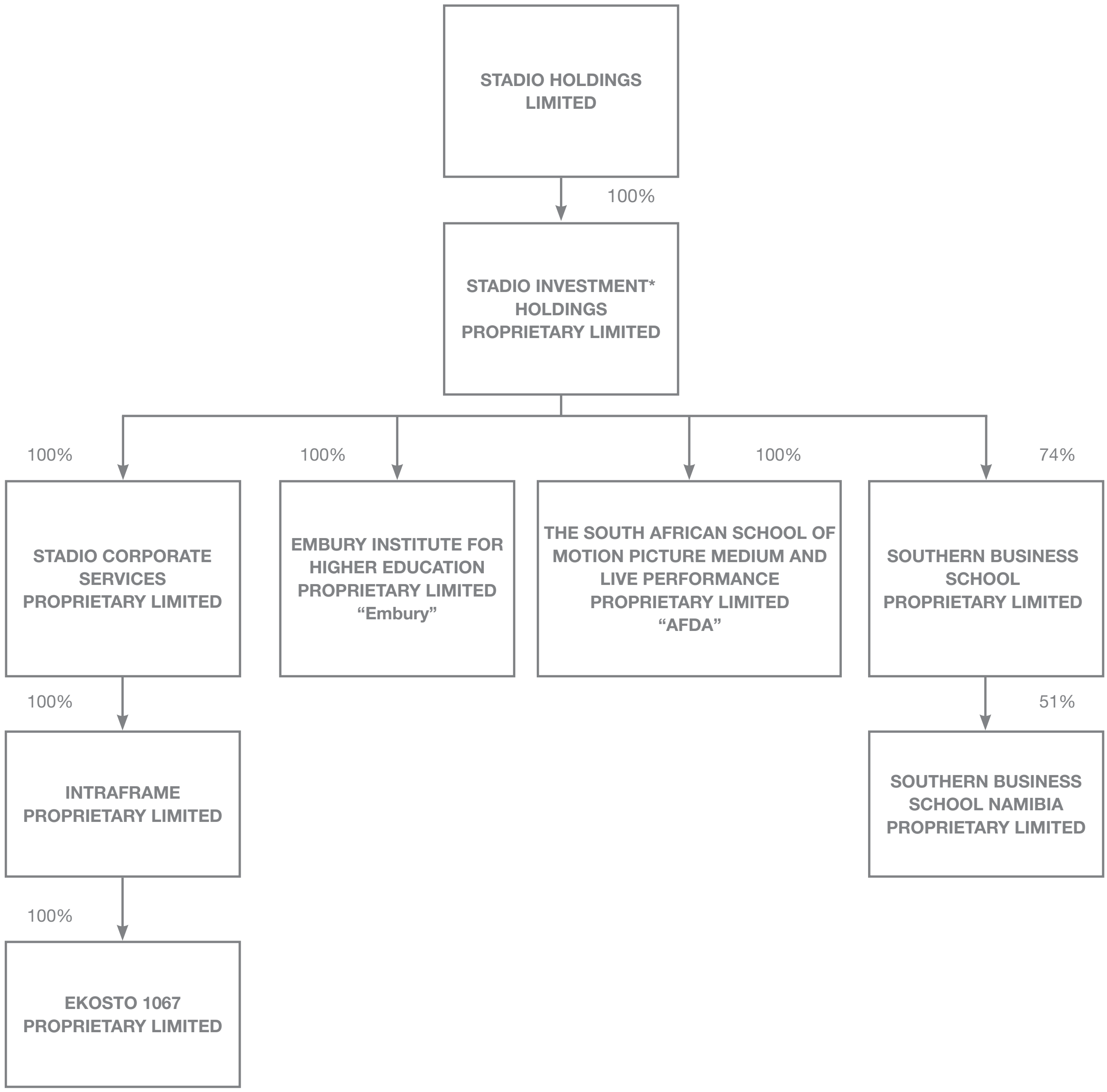
THE SOUTH AFRICAN SCHOOL OF MOTION PICTURE MEDIUM AND LIVE PERFORMANCE PROPRIETARY LIMITED

Full name	Age	Capacity	Business Address
Bata Judah Passchier	60	Executive Director	Suite 30, Fourth Floor, Katherine and West building, 114 West Street, Sandton, 2031
Garth Holmes	59	Executive Director	Suite 30, Fourth Floor, Katherine and West building, 114 West Street, Sandton, 2031

STRUCTURE OF THE STADIO GROUP

The definitions and interpretations commencing on page 14 of this Prospectus apply to this ***Annexure 13****.*

The STADIO Group structure after the implementation of the SBS Acquisition, which is anticipated to be completed prior to 31 October 2017, is set out below:



* *Embury Botswana (Proprietary) Limited is 100% owned by STADIO Investment Holdings, but is dormant and will be deregistered in due course.*

DETAILS OF SUBSIDIARIES OF STADIO

The definitions and interpretations commencing on page 14 of this Prospectus apply to this ***Annexure 14****.*

The table below sets out the details of the Subsidiaries of STADIO as at the Last Practicable Date:

Subsidiary Name	Registration Number	Place of Incorporation	Incorporation Date	Issued share capital held	Nature of Business
STADIO Investment Holdings Proprietary Limited	2016/371414/07	South Africa	25 August 2016	100% held by STADIO	Investment holding company
Embury Institute for Higher Education Proprietary Limited	2004/031722/07	South Africa	28 October 2004	100% held by STADIO Investment Holdings	Private higher education provider
STADIO Corporate Services Proprietary Limited	2017/219978/07	South Africa	19 May 2017	100% held by STADIO Investment Holdings	Management and property holding company
The South African School of Motion Picture Medium and Live Performance Proprietary Limited	1999/024588/07	South Africa	4 November 1999	100% held by STADIO Investment Holdings	Private higher education provider
Intraframe Proprietary Limited	2002/017794/07	South Africa	24 July 2002	100% held by STADIO Corporate Services	Property and asset holding company
Embury Botswana (Proprietary) Limited	CO 2016/136	Botswana	5 January 2016	100% held by STADIO Investment Holdings	Dormant company*
Milpark Investments SPV Proprietary Limited	2017/431887/07	South Africa	28 September 2017	100% held by STADIO Investment Holdings	Investment holding company
Milpark BEE SPV Proprietary Limited	2017/431862/07	South Africa	28 September 2017	100% held by STADIO Investment Holdings	Dormant company*

* *These companies are 100% owned by STADIO Investment Holdings, but are dormant and will be deregistered in due course.*

MATERIAL ACQUISITIONS

The definitions and interpretations commencing on page 14 of this Prospectus apply to this ***Annexure 15****.*

Nature of interest acquired	Date transferred into name of STADIO Group	Disposing party	Price paid in cash (R'000)	Price paid in securities (R'000)	Price paid in respect of goodwill	Loans incurred to finance acquisition (R'000)
100% of the issued shares of AFDA and 100% of the issued shares of Intraframe.	24 August 2017	Bata Judah Passchier and Garth Holmes	180 000	120 000	Note 1	130 000
74% of the issued shares of the Southern Business School. (STADIO Investment Holdings will not acquire the shares directly from the SBS Vendor as it will subscribe for same in the Southern Business School).	As soon as the conditions precedent are fulfilled.	Christian Phillipus David Vorster	100 000	100 000	Note 1	100 000
100% of the issued shares of MBS Education Investments (which will be acquired by Milpark Investments SPV in which STADIO will have an effective 70% interest).	As soon as the conditions precedent are fulfilled.	Coöperative Apollo Global Netherlands U.A. and Encosolve Proprietary Limited	224 000 Note 2	Not applicable	Note 1	Not applicable

Note 1 – The Purchase Price Allocation (PPA) exercise has not been finalised as at the Last Practicable Date.

Note 2 – The R224 million represents STADIO's 70% portion of the total purchase price of R320 million.

DETAILS OF VENDORS

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 16**.*

AFDA VENDORS

Name of Vendor	Bata Judah Passchier, with South African identity number 570201 5014 083.
Address of Vendor	Suite 30, Fourth Floor, Katherine and West building, 114 West Street, Sandton, 2031.
Asset acquired from Vendor	50% of the issued shares of AFDA and 50% of the issued shares of Intraframe.
Date asset originally acquired by Vendor	The business was founded by the AFDA Vendors in 1994. AFDA was incorporated in 1999 and Intraframe was incorporated in 2002.
Price paid to Vendor (including transaction costs plus deferred and contingent considerations)	R150 million (with the possibility of a further Top-up Consideration being payable in the event that certain recurring headline earning targets are met by AFDA).
Effective date of acquisition of assets	24 August 2017
Were book debts guaranteed by Vendor?	No.
Were normal warranties provided by Vendor?	Yes, a comprehensive set of warranties, standard for transactions of this nature, was provided by the Vendor.
Were restraints imposed on Vendor under the acquisition?	Yes, the Vendor is restrained from competing with AFDA from the date on which the AFDA Acquisition was implemented until the 3rd anniversary of the date on which the Vendor ceases to be a director of AFDA.
Did the acquisition involve any liability for accrued taxation?	No.
Have the assets been transferred into the name of STADIO or one of its Subsidiaries?	No.
Have the assets been ceded or pledged?	No.
Details of how the value of the securities was determined?	STADIO conducted a due diligence investigation and determined the fair market value the assets and business of AFDA and Intraframe.
Direct or indirect beneficial interest of any promotor or Director in the transaction	Not applicable.
The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director.	No applicable.

Name of Vendor	Garth Holmes, with South African identity number 571126 5054 087.
Address of Vendor	Suite 30, Fourth Floor, Katherine and West building, 114 West Street, Sandton, 2031.
Asset acquired from Vendor	50% of the issued shares of AFDA and 50% of the issued shares of Intraframe.
Date asset originally acquired by Vendor	The business was founded by the AFDA Vendors in 1994. AFDA was incorporated in 1999 and Intraframe was incorporated in 2002.
Price paid to Vendor (including transaction costs plus deferred and contingent considerations)	R150 million (with the possibility of a further Top-up Consideration being payable in the event that certain recurring headline earning targets are met by AFDA).
Effective date of acquisition of assets	24 August 2017
Were book debts guaranteed by Vendor?	No.
Were normal warranties provided by Vendor?	Yes, a comprehensive set of warranties, standard for transactions of this nature, was provided by the Vendor.
Were restraints imposed on Vendor under the acquisition?	Yes, the Vendor is restrained from competing with AFDA from the date on which the AFDA Acquisition was implemented until the 3rd anniversary of the date on which the Vendor ceases to be a director of AFDA.
Did the acquisition involve any liability for accrued taxation?	No.

Have the assets been transferred into the name of STADIO or one of its Subsidiaries?	No.
Have the assets been ceded or pledged?	No.
Details of how the value of the securities was determined?	STADIO conducted a due diligence investigation and determined the fair market value the assets and business of AFDA and Intraframe.
Direct or indirect beneficial interest of any promotor or Director in the transaction	Not applicable.
The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director.	No applicable.

SBS VENDOR

Name of Vendor	Christian Phillipus David Vorster, with South African identity number 670912 5061 085.
Address of Vendor	Plot 10, R28, Diswilmar, Krugersdorp, 1739.
Asset acquired from Vendor	74% of the issued shares of the Southern Business School. (STADIO Investment Holdings did not acquire the shares directly from the SBS Vendor as it subscribed for same in the Southern Business School).
Date asset originally acquired by Vendor	The business was founded by the SBS Vendor in 1996. The Southern Business School was incorporated in 2002.
Price paid to Vendor (including transaction costs plus deferred and contingent considerations)	R 200 million.
Effective date of acquisition of assets	Once the conditions precedents set out in the SBS Acquisition Agreements have been fulfilled, which is anticipated as being prior to 31 October 2017.
Were book debts guaranteed by Vendor?	No.
Were normal warranties provided by Vendor?	Yes, a comprehensive set of warranties, standard for transactions of this nature, was provided by the Vendor.
Were restraints imposed on Vendor under the acquisition?	Yes, the Vendor will be restrained from competing with the Southern Business School from the date on which the SBS Acquisition is implemented until the 3rd anniversary of the date on which the Vendor ceases to be a director, shareholder or employee of the Southern Business School.
Did the acquisition involve any liability for accrued taxation?	No.
Have the assets been transferred into the name of STADIO or one of its Subsidiaries?	No.
Have the assets been ceded or pledged?	No.
Details of how the value of the securities was determined?	STADIO conducted a due diligence investigation and determined the fair market value the assets and business of the Southern Business School.
Direct or indirect beneficial interest of any promotor or Director in the transaction	Not applicable
The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director.	No applicable.

MILPARK VENDORS

Name of Vendor	Coöperative Apollo Global Netherlands U.A.
Address of Vendor	Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.
Asset acquired from Vendor	74.9% of the issued shares of MBS Education Investments.
Date asset originally acquired by Vendor	Unknown.
Price paid to Vendor (including transaction costs plus deferred and contingent considerations)	Unknown.
Effective date of acquisition of assets	Once the conditions precedents set out in the Milpark Acquisition Agreement have been fulfilled.
Were book debts guaranteed by Vendor?	No.
Were normal warranties provided by Vendor?	Yes, a comprehensive set of warranties, standard for transactions of this nature, was provided by the Vendor.
Were restraints imposed on Vendor under the acquisition?	No.
Did the acquisition involve any liability for accrued taxation?	No.
Have the assets been transferred into the name of STADIO or one of its Subsidiaries?	No.
Have the assets been ceded or pledged?	No.
Details of how the value of the securities was determined?	STADIO conducted a due diligence investigation and determined the fair market value the assets and business of Milpark and MBS Education Investments.
Direct or indirect beneficial interest of any promotor or Director in the transaction	Not applicable.
The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director.	No applicable.

Name of Vendor	Encosolve Proprietary Limited
Address of Vendor	5th Floor, Protea Place, Corner Protea Road and Dreyer Street, Claremont, Cape Town, 7708, South Africa.
Asset acquired from Vendor	25.1% of the issued shares of MBS Education Investments.
Date asset originally acquired by Vendor	Unknown.
Price paid to Vendor (including transaction costs plus deferred and contingent considerations)	Unknown.
Effective date of acquisition of assets	Once the conditions precedents set out in the Milpark Acquisition Agreement have been fulfilled.
Were book debts guaranteed by Vendor?	No.
Were normal warranties provided by Vendor?	Yes, a comprehensive set of warranties, standard for transactions of this nature, was provided by the Vendor.
Were restraints imposed on Vendor under the acquisition?	No.
Did the acquisition involve any liability for accrued taxation?	No.
Have the assets been transferred into the name of STADIO or one of its Subsidiaries?	No.
Have the assets been ceded or pledged?	No.
Details of how the value of the securities was determined?	STADIO conducted a due diligence investigation and determined the fair market value the assets and business of Milpark and MBS Education Investments.
Direct or indirect beneficial interest of any promotor or Director in the transaction	Not applicable.
The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director.	No applicable.

MATERIAL BORROWINGS OF THE STADIO GROUP

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 17**.*

Details of the material loans made to the STADIO Group, are set out below:

Lender	Borrower	Type of Loan	Reason for loan (acquisition of assets or other)	Loan Amount (R'000)	Interest Rate	Terms of repayment and settlement date	Security furnished	Balance owing on the Last Practicable Date (R'000)
Curro	STADIO Holdings	Bridge funding	AFDA Acquisition	130 000	10% – 14.25%	Capital and interest repayable after Rights Offer in October 2017	None	131 787
Curro	STADIO Investment Holdings	Bridge funding	SBS Acquisition	100 000	10% – 14.25%	Capital and interest repayable after Rights Offer in October 2017	None	–

Notes:

1. None of the material loans listed in this **Annexure 17** have any rights of conversion or redemption.
2. The material loans listed in this **Annexure 17** will be repaid from the capital raised by way of the Rights Offer.

INTERGROUP LOANS OF THE STADIO GROUP

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 18**.*

Details of the intergroup loans made to the STADIO Group are set out below:

Lender	Borrower	Reason for loan (acquisition of assets or other)	Loan Amount (R'000)	Interest Rate	Terms of repayment and settlement date	Security furnished
STADIO Investment Holdings	Embury	Working capital and acquisition of assets	211 997	0%	No fixed terms of repayment	Unsecured
AFDA	Intraframe	Acquisition of assets	81 828	0%	No fixed terms of repayment	Unsecured

DETAILS OF PRINCIPAL PROPERTIES OCCUPIED

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 19**.*

Details of the principal properties occupied by STADIO and its Subsidiaries, which are owned by the STADIO Group, are set out below:

No	Owner	Property Type	Location/ Address	Property Description	Date of Purchase	Area (m^2)
1.	Intraframe	Campus	Johannesburg	Portion 1 of Erf 64 Braamfontein Werf	6 December 2004	11 288
2.	Ekosto	Campus	Cape Town	Erf 25436 Cape Town	27 August 2002	7 019
3.	Ekosto	Campus	Cape Town	Erven 15744 & 15750, Cape Town	22 August 2014	504
4.	Embury	Campus	Pretoria	Erf 777 and erf 778 Montana Park	1 July 2016	50 496
5.	STADIO Corporate Services *	Campus	Durban	75 Silverton Road, Musgrave	20 December 2016	7 932

* *This property was acquired by Curro on 20 December 2016. As part of an internal restructuring, the property was transferred to STADIO Corporate Services, which transfer was registered on 15 September 2017.*

Details of the principal properties occupied by STADIO and its Subsidiaries, which are leased by the STADIO Group, are set out below:

No	Owner	Lessee	Property Type	Location	Rental per month (R'000)	Unexpired term of lease (years)	Area (m^2)
1.	Egoli Gas	Intraframe	Campus parking	Johannesburg	9	0.6	100 parking spaces
2.	Business Partners Limited	AFDA Cape Town	Campus	Cape Town	14	1.5	518
3.	Business Partners Limited	AFDA Cape Town	Campus	Cape Town	8	1.5	250
4.	Nuchi Properties CC	AFDA Cape Town	Campus	Cape Town	27	0.4	600
5.	DM Thlipahlu	AFDA Durban	Campus	Durban	216	3.4	2 360
6.	The Campus Trust	AFDA PE	Campus	Port Elizabeth	41	1.4	700
7.	The Campus Trust	AFDA PE	Campus	Port Elizabeth	4	0.4	95
8.	Knight Frank	AFDA	Residential flat	Claremont	27	0.4	196
9.	F&S Colatruglio Trust	Embury	Office	Durbanville	41	2.2	299
10.	Almika Properties 90 Proprietary Limited	Embury	Campus	Durban	79	0.4	660
11.	Almika Properties 90 Proprietary Limited	Embury	Office	Durban	80	0.4	605
12.	Curro	Embury	Campus	Durban	–	0.4	1 503
13.	Almika Properties 90 Proprietary Limited	Embury	Campus Canteen	Durban	20	0.4	133
14.	Artemis Properties Proprietary Limited trading as JH Issacs	Embury	Campus	Durban	17	0.4	219
15.	Artemis Properties Proprietary Limited trading as JH Issacs	Embury	Campus	Durban	28	0.4	245

STADIO RISK ANALYSIS AT GROUP LEVEL

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 20**.*

Risk	Risk description	Root causes of the risk	Consequences of the risk	Impact	Likelihood	Inherent risk exposure	Current business processes/ controls in place to manage identified risks	Residual risk exposure
Regulatory (External risk)	Delays in the accreditation process for new qualifications	Limited organisational capabilities to meet the conditions precedent to a successful accreditation process. Limited resources at the regulator to process applications with the necessary speed.	New qualifications take from 12 to 36 months before they can be offered. Diminished profitability due to failure to roll-out new and expanded products. Slower processes to increase student numbers.	Major	Likely	Major	Contract in additional skills through external experts to peer review submissions, ensuring integrity and correctness of submissions.	Major
Political (External risk)	Slow pace of political support for private higher education.	Developing private higher education has not been a priority for DHET. Funding allocated to DHET is limited and applied to public higher education institutions ("**HEI**"). Capacity in DHET to expedite consultation and policy output is constrained.	Private HEI cannot attain equal 'status' as public universities e.g. confer professorships/ honorary doctorates, receive research funding from bodies such as NRF etc. Students do not receive any financial support from the state with the concomitant allied risk namely *market size of actual paying customers.* No regulated processes for public-private partnerships and the way forward is unclear.	Moderate	Likely	Moderate	Participation in all scheduled discussions to support new policy initiatives. Sharing new ideas and engagement with relevant role-players regarding support to and achievement of the targets set out in the National Development Plan ("**NDP**").	Moderate

Risk	Risk description	Root causes of the risk	Consequences of the risk	Impact	Likelihood	Inherent risk exposure	Current business processes/ controls in place to manage identified risks	Residual risk exposure
Technology (Internal risk)	Slow pace of technology/ systems development and/ or integration.	Lack of capacity and limited overarching understanding to implement an integrated system Generally high costs of ICT projects. Limited change management and concomitantly slow buy-in for the new systems. Lack of institutional capability to successfully. implement the new systems	Disparate systems limit the efficient access to business intelligence that informs decision-making. Students do not enjoy an optimal and exciting student experience. Failure to provide idea administration and management services. Growth of the distance learning programme is constrained.	Major	Possible	Major	Systems development and integration prioritised as a strategic imperative, led by the CEO. IT systems developers contracted to expedite introduction and integration of optimal systems. Significant financial investment in IT at organisational level. Internal capabilities appointed to focus on development and co-ordination of holistic IT and systems integration and governance.	Moderate
Public Awareness/ Understanding (Internal risk)	Lack of general public awareness and/or misunderstanding regarding the status of private higher education.	The private higher education sector is materially smaller than the public higher education sector. Private higher education institutions offering degrees is relatively new in the post-school education and training sector Private higher education has not marketed itself aggressively or optimally. Private higher education is perceived as not focussing on all three pillars of scholarship namely teaching and learning, research, and community engagement.	Lower number of student applications because: * students are not informed of the niche and quality offerings available at private HEI; * parents/sponsors do not know/ understand the private higher education sector; and * school counsellors do not advise school-leavers about the opportunities in private HEI. Prospective students opt for public HEI because of the ‘university’ status. Failure to achieve projected targets.	Major	Likely	Major	Market research to identify areas of limitation. Significant resources allocated to widespread and targeted awareness and marketing activities. Leveraging the existing solid brand and reputation of subsidiary institutions in the workplace and through the alumni.	Moderate
Financial (External and internal risk)	Failure to achieve projected student numbers.	Economic downturn and students not able to afford registration fees without financial support Insufficient marketing and/or marketing missing the target Delays in accreditation (and consequently registration) of new qualifications	Institutional profits lower than projected, impacting on group financial success.	Major	Possibly	Moderate	Commitment to identify financial support opportunities for students. Commitment to ensure reasonable and responsible pricing of products. Informed and targeted marketing by subsidiary institutions.	Moderate

Risk	Risk description	Root causes of the risk	Consequences of the risk	Impact	Likelihood	Inherent risk exposure	Current business processes/ controls in place to manage identified risks	Residual risk exposure
Competition (External risk)	Increasing number of registered private higher education providers (with the growing potential for international role-players to enter the market).	Good market potential with growing number of prospective students and limited places at public HEI. Constraints placed on the state to increase funding to public HEI, keeping the enrolment cap in place at public HEI. For global institutions, the rand-dollar exchange rate makes SA a good option for business and they bring 'globally recognised' qualifications.	Institutional profits lower than projected, impacting on group financial success.	Moderate	Possibly	Moderate	Ensure the niche and quality of the qualifications being offered. Commitment to responsible and reasonable pricing promoting affordability of offerings. Focus on high quality international partnerships and collaborations to promote global 'competitiveness'.	Moderate
Reputation (Internal risk)	Private higher education has a taint of 'untrustworthiness' because of the conduct of some providers.	Students and donors shy away from private higher education as the first option.	Some private HEI have contravened the regulatory requirements and have been terminated by the regulator. Students have experienced poor service from private HEI with no recourses.	Major	Rare	Low	Strong regulatory compliance framework. Organisational commitment to student-centeredness and ethical conduct vis-à-vis all role players.	Minor

LEGEND:

- Impact = Low, Minor, Moderate, Major, Critical
- Likelihood = Rare, Unlikely, Possible, Likely, Major
- Inherent risk exposure (i.e. a combination of Impact and Likelihood) = Low, Minor, Moderate, Major, Critical
- Residual risk exposure (i.e. the remaining risk following mitigation) = Minor, Moderate, Major, Extreme

KING CODE AND CORPORATE GOVERNANCE

The definitions and interpretations commencing on page 14 of this Prospectus apply to this ***Annexure 21****.*

1. **APPROACH TO CORPORATE GOVERNANCE**

1.1 The Board endorses the King Code and is committed to the principles of transparency, integrity, fairness and accountability by STADIO in the conduct of its business and affairs.

1.2 The Board is responsible for ensuring that STADIO complies with all of its statutory and regulatory obligations. It oversees and ensures an effective compliance framework, the integrity of the STADIO Group's financial reporting and risk management, as well as accurate, timely and transparent disclosure to Shareholders.

1.3 A full analysis of the steps taken by STADIO to comply with the principles of King Code is available on STADIO's website at http://www.stadio.co.za/investor-relations/corporate-governance/King-Code.

2. **THE BOARD**

2.1 The Board consists of 7 Directors, 3 of whom are executive Directors and 4 of whom are non-executive Directors. Of the 4 non-executive Directors, 3 are independent non-executive Directors. The profiles of the Directors appear in **Annexure 11** to this Prospectus.

2.2 The Board has resolved that STADIO's chairperson, Dr Rolf Stumpf, is independent for purposes of the King Code. Dr Chris van der Merwe was appointed as STADIO's chief executive officer on 1 July 2017.

2.3 The appointment of Directors is a matter for the Board as a whole.

2.4 There is a policy evidencing a clear balance of power and authority at Board level, to ensure that no one Director has unfettered powers of decision making.

2.5 The Board has adopted a gender diversity policy and will, in identifying suitable candidates for appointment as Directors, consider candidates on merit against objective criteria and with due regard for the potential benefits of gender diversity at Board level. The Board is in the process of considering a racial diversity policy, with a view to adopting same before the end of the 2018 financial year.

2.6 The key roles and responsibilities of the Board include acting as the focal point for, and custodian of, corporate governance; determining the strategies and strategic objectives of the STADIO Group and monitoring the implementation of the Board's strategies, decisions, values and policies.

2.7 Directors disclose their personal financial interests at the start of every Board or committee meeting.

2.8 STADIO's remuneration policy and the implementation report will be tabled at each annual general meeting of STADIO for a separate non-binding advisory vote by Shareholders. Such policy will record the measures that the Board will adopt should either the remuneration policy or the implementation report, or both, be voted against by 25% or more of the votes exercised at such annual general meeting. In this regard, should 25% or more of the votes exercised on this resolution at the annual general meeting be against such policy or report, STADIO will in its voting results announcement include an invitation to dissenting Shareholders to engage with STADIO and the Board, as well as the manner and timing of such engagement.

3. **COMPANY SECRETARY**

3.1 STADIO Corporate Services has been appointed as the company secretary of STADIO. Having considered the individuals who perform the company secretary role within STADIO Corporate Services, the Board is satisfied as to the competence, qualifications and experience of the company secretary and its employees and that an arm's length relationship exists between the company secretary and the Board.

3.2 All Board members have access to the advice and services of the company secretary, who is responsible for the proper administration of the Board and the implementation of sound corporate governance procedures. This includes Board induction and training programmes and the supply of all information to assist Board members in the proper discharge of their duties.

3.3 The Board is of the opinion that the company secretary is suitably qualified and experienced to carry out its duties as stipulated under section 84 of the Companies Act and the King Code.

3.4 The Board will annually, through discussion and assessment, review the qualifications, experience and competence of the company secretary.

4. **BOARD COMMITTEES**

4.1 **Audit and risk committee**

4.1.1 STADIO's audit and risk committee has the following members:

4.1.1.1 KS Sithole (chairperson of the audit and risk committee);

4.1.1.2 RH Stumpf; and

4.1.1.3 R Kisten,

all of whom are independent, non-executive Directors.

4.1.2 The audit and risk committee assists the Board by providing an objective and independent view on the STADIO Group's finance, accounting and control mechanisms and by reviewing and ensuring that consideration is given to the following:

4.1.2.1 the accounting policies of the STADIO Group and any proposed revisions thereto;

4.1.2.2 the effectiveness of the STADIO Group's information systems and internal controls;

4.1.2.3 the appointment and monitoring of the effectiveness of the external auditors;

4.1.2.4 the appropriateness, expertise and experience of the chief financial officer;

4.1.2.5 setting the principles for recommending the use of external auditors for non-audit services and recommending that these be kept to a minimum;

4.1.2.6 the annual report and specifically the annual financial statements included therein;

4.1.2.7 the reports of the external auditors;

4.1.2.8 the STADIO Group's going concern status; and

4.1.2.9 compliance with applicable legislation and requirements of regulatory authorities.

4.1.3 The audit and risk committee has considered and satisfied itself of the appropriateness of the expertise and experience of Ms S Totaram for the position of chief financial officer.

4.1.4 In terms of risk management (through consultation with the external auditors), the committee ensures that management's processes and procedures are adequate to identify, assess, manage and monitor group-wide risks.

4.1.5 This committee will hold at least 2 meetings per financial year.

4.2 **Remuneration committee**

4.2.1 STADIO's remuneration committee has the following members:

4.2.1.1 PN de Waal (chairperson of the remuneration committee);

4.2.1.2 RH Stumpf; and

4.2.1.3 R Kisten.

4.2.2 All of the members of the remuneration committee are non-executive Directors, with a majority of such non-executive Directors being independent.

4.2.3 The remuneration committee is primarily responsible for reviewing and approving executive Directors' remuneration. Further, the remuneration committee assists the Board in reviewing non-executive Directors' remuneration recommendations. In doing so, it takes cognisance of both local and international best practices to ensure that such total remuneration is fair and reasonable to both the Directors and STADIO. This committee will hold at least 2 meetings per financial year.

4.2.4 Fees payable to Directors are recommended by the Board to the Shareholders at annual general meetings for approval.

4.3 **Social and ethics committee**

4.3.1 STADIO's social and ethics committee comprises of the following members:

4.3.1.1 R Kisten (chairperson of the social and ethics committee);

4.3.1.2 KS Sithole; and

4.3.1.3 CR van der Merwe.

4.3.2 The social and ethics committee monitors STADIO's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of STADIO's activities and of its products or services), stakeholder and consumer relationships and labour and employment issues.

4.3.3 The social and ethics committee draws to the attention of the Board, matters within its mandate as occasion requires and reports to the Shareholders at STADIO's annual general meeting on such matters.

4.3.4 In order to carry out its functions, the social and ethics committee will be entitled to request information from any Directors or employees of STADIO, attend and be heard at general Shareholders' meetings, and receive notices in respect of such meetings.

4.3.5 The members of the social and ethics committee are executive and non-executive Directors, with a majority being non-executive Directors.

4.3.6 This committee will hold at least one meeting per financial year.

5. **INTERNAL CONTROLS**

5.1 STADIO maintains financial and operational systems of internal control to ensure the reliability of financial information. These controls aim to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal, and that transactions are properly authorised and recorded.

5.2 The internal control systems are monitored on a continuous basis, with a view to correcting any control deficiencies as they are identified.

5.3 The Board, operating through the audit and risk committee, oversees the financial reporting process and internal control systems.

6. **INFORMATION TECHNOLOGY**

The risks regarding the security, back-up, conversion and update of the information technology systems are continually assessed by STADIO. Disaster recovery plans are regularly reviewed as disruptions to critical management information could have an impact on continuing operations.

7. **SHARE DEALING POLICY AND GUIDELINES**

7.1 No employee of STADIO in possession of material non-public information in respect of STADIO or any of its Subsidiaries or any of their associates in whichever country, may buy or sell securities/shares of STADIO or its Subsidiaries, or engage in any other action to take advantage of such information.

7.2 To avoid even the appearance of an improper transaction, employees must clear any proposed transaction in securities of STADIO with the chief executive officer and/or chief financial officer through the company secretary before carrying out the transaction. This requirement applies to dealings in securities of STADIO outside of any closed periods. During closed periods, transactions in securities of STADIO by Directors and employees who have access to unpublished price-sensitive information are prohibited.

7.3 **Insider trading prohibitions**

Securities law provides for severe penalties for insider trading i.e. individuals who trade in securities on the basis of material non-public information or tip such information to others, including civil penalties, criminal fines (regardless of the amount of profit), and imprisonment. Material non-public information is any information which is not available to the general public that a reasonable investor would consider important in making a decision to buy, hold or sell securities of STADIO. Material information includes any information which could reasonably be expected to affect the price of securities (e.g. reports of earnings or losses, news of a pending or proposed merger, acquisition or tender offer, irrespective of whether it is negative or positive information).

7.4 **Rules for all employees**

7.4.1 If an employee of any STADIO Group Company has material non-public price sensitive information with respect to the STADIO Group, neither that person nor any associate may buy or sell securities of STADIO or engage in any other action to take advantage of, or pass on to others, that information, or make any recommendation with respect to the purchase or sale of securities of STADIO.

7.4.2 This also applies to non-public price sensitive information relating to third party companies obtained in the course of employment with the STADIO Group.

7.4.3 No employee in possession of material non-public information may purchase securities of STADIO on margin, make short sales of securities or buy or sell puts or calls on the securities.

7.4.4 Transactions that are required for independent, non-investment reasons (such as the need to raise money) are no exception.

7.5 **Rules for officers, directors and employees who have access to unpublished price sensitive information**

7.5.1 These persons are precluded from trading in securities of STADIO during "closed periods" as defined from time to time by the Board, which apply during the collation of results relating to financial periods ending in December and June respectively, until the release of the results or for any period during which STADIO is trading under a cautionary.

7.5.2 Prior to dealing in securities of STADIO (even outside closed periods), prior clearance must be obtained from the chief executive officer through the company secretary.

MATERIAL AND OTHER ACQUISITIONS

*The definitions and interpretations commencing on page 14 of this Prospectus apply to this **Annexure 22**.*

MATERIAL ACQUISITIONS

1. **AFDA ACQUISITION**

1.1 **Overview of AFDA**

1.1.1 AFDA is a South African registered higher education institution, with 9 accredited programmes (ranging from higher certificates to masters' degrees) primarily focused on the film, television and live performance industry.

1.1.2 AFDA was founded in 1994 by Garth Holmes, Bata Passchier and Deon Opperman. Since then it has grown from 6 students, to a premier institution of its kind in the world, with approximately 1 950 students on campuses in Johannesburg, Cape Town, Durban and Port Elizabeth. AFDA has grown its student numbers consistently from approximately 1 570 students in 2015 to approximately 1 775 students in 2016 and to approximately 1 950 students currently enrolled at its 4 South African campuses. These current campuses can accommodate an approximate student capacity of 4 000 students. AFDA will further look to expand its offerings in locations such as Pretoria and Soweto over time.

1.1.3 As a further part of its strategy to expand its brand offering, and prepare graduates for the demands of a digital economy, AFDA launched its business innovation and technology degree offering, to address the exciting exponential development of the creative economy.

1.2 **Benefits of the AFDA Acquisition**

1.2.1 AFDA's strategy is aligned with STADIO's Multiversity strategy of creating further access to higher education through the expansion and development of its core brands.

1.2.2 The AFDA Acquisition represents a key investment in accordance with STADIO's overall growth strategy to increase its exposure to higher education institutions and to expand and develop its core brands. AFDA represents a well-established business, with good cash flow and an innovative management team. The acquisition will allow STADIO to diversify its higher education portfolio to include a Creative Arts faculty. Over the long term, the AFDA Acquisition will allow STADIO to leverage AFDA's existing accreditations (being provided in respect of Arts, School of Business and School of Technology) to obtain accreditation for other key courses in the creative economy.

1.2.3 AFDA is an acknowledged academic leader in its field, both nationally and globally, and the AFDA Acquisition contributes to the overall integrity and the quality of the STADIO brand, further reinforcing the commitment to being a provider of quality higher education.

1.2.4 The recognition for the AFDA brand and the quality and employability of the graduates creates significant potential for regional and international expansion specifically on the African continent, where new (direct and indirect) qualification and employment opportunities are emerging. The growth potential for AFDA is not limited by national boundaries and as such, will be one of STADIO's innovative growth emphasis areas.

1.3 **Salient terms of the AFDA Acquisition Agreement**

1.3.1 STADIO concluded the AFDA Acquisition Agreement on 1 June 2017, in terms of which it acquired 100% of the issued share capital of AFDA ("**AFDA Shares**") and 100% of the issued share capital of Intraframe ("**Intraframe Shares**") from the AFDA Vendors on 24 August 2017 ("**AFDA Effective Date**").

1.3.2 Intraframe owns certain key assets, including immovable property, which are utilised by AFDA in the operation of its business.

1.3.3 The purchase consideration for the Intraframe Shares was an amount of R40 million ("**Intraframe Consideration**"), which was settled by STADIO issuing 12 339 646 Shares to the AFDA Vendors on the AFDA Effective Date. The number of Shares which were issued by STADIO in settlement of the Intraframe Consideration was determined based on the value attributed to STADIO using a factor of 3.9 times the NAV of STADIO immediately prior to the AFDA Effective Date, being R3.24 per Share.

1.3.4 The purchase consideration for the AFDA Shares ("**AFDA Consideration**") comprises of:

1.3.4.1 an initial amount of R260 million ("**Initial Consideration**"); and

1.3.4.2 a top-up consideration, calculated as set out in paragraph 1.3.6 below, in the event that the audited recurring headline earnings of AFDA for the year ended 31 December 2017 represents at least a 15% increase from the audited recurring headline earnings of AFDA for the year ended 31 December 2016 ("**Top-up Consideration**").

1.3.5 The Initial Consideration was settled by STADIO on the AFDA Effective Date by making a cash payment of R180 million and issuing 24 679 290 Shares to the AFDA Vendors. The number of Shares which were issued by STADIO in settlement of a portion of the Initial Consideration, was determined based on the value attributed to STADIO using a factor of 3.9 times the NAV of STADIO immediately prior to the AFDA Effective Date, being R3.24 per Share.

1.3.6 The Top-up Consideration will be equal to the audited recurring headline earnings of AFDA for the year ended 31 December 2017, multiplied by a multiple of 10, less the Initial Consideration of R260 million.

1.3.7 The Top-up Consideration (if any), shall be settled by STADIO, partly in cash and partly by the issue of Shares, in such proportions so as to ensure (to the extent possible) that 50% of the aggregate consideration payable in terms of the AFDA Acquisition Agreement is settled in cash and 50% thereof is settled through the issue of Shares.

1.3.8 The number of Shares to be issued in settlement of the Share settled portion of the Top-up Consideration will be determined by using the VWAP of the Shares for the 30 trading day period before the Shares are issued.

1.3.9 Following the AFDA Effective Date, STADIO implemented an internal restructuring comprising of various asset-for-share transactions in accordance with section 42 of the Income Tax Act, subsequent to which STADIO Investments held the AFDA Shares and STADIO Corporate Services held the Intraframe Shares.

1.3.10 In terms of the AFDA Acquisition Agreement, the AFDA Vendors have:

1.3.10.1 provided extensive warranties, standard for transactions of this nature, to STADIO;

1.3.10.2 given restraint of trade undertakings, standard for transactions of this nature, in favour of AFDA and STADIO; and

1.3.10.3 entered into consultancy agreements with AFDA, in terms of which they will continue to provide services to AFDA.

2. SBS ACQUISITION

2.1 Overview of the Southern Business School

2.1.1 The Southern Business School is an accredited private higher education provider registered with the DHET and the Southern Business School of Namibia is a private higher education provider which is recognised by the Namibian Qualification Authority.

2.1.2 The Southern Business School has 11 accredited distance learning programmes (ranging from higher certificates to masters' degrees) offered by 3 academic schools, namely the School of Business and Economics, the School of Safety in Society and the School of Law, which offer dedicated programmes, as well as short courses.

2.1.3 Founded by Chris Vorster in 1996, the Southern Business School, which originally opened its doors with 38 students in 1996, offers accredited programmes through distance learning. The business has reflected stellar growth in student numbers from approximately 6 905 students in 2015, to approximately 8 533 students in 2016 and to approximately 9 956 students in 2017, enrolled in South Africa and Namibia.

2.2 Benefits of the SBS Acquisition

2.2.1 The Southern Business School represents a key investment in accordance with STADIO's overall growth strategy to increase its exposure to higher education institutions and to expand and develop its core brands, particularly in the distance learning environment. The Southern Business School represents a well-established business, with good cash flows and an experienced management team. The acquisition will allow STADIO to diversify its higher education portfolio to include management, business and commerce and policy programmes through distance learning. In 2016, the Southern Business School launched a Bachelor of Commerce (Law) degree as part of its strategy to expand its range of programmes offered.

2.2.2 The Southern Business School qualifications cater for the school-leaver, as well as the mature student market, emphasising possibilities of work-based and lifelong learning. Its vision and mission are aligned with the strategic intent, purpose and ethos of the STADIO Group, which is to expand and grow private higher education and produce skilled graduates for the world of work and/or entrepreneurship. The advantages of a distance education provider within the STADIO Group creates significant growth and development opportunities, as well as a potential for greater academic innovation including credit accumulation and transfer and enhanced success and throughput between the various STADIO acquisitions.

2.2.3 The Southern Business School will continue to seek out growth opportunities (in South Africa and Namibia) by introducing new programmes as well as increasing its presence, through effective marketing, and extending its reach geographically. Being a distance learning provider, the Southern Business School will not require the physical building infrastructure required, for example, by the Embury or AFDA businesses. This business is thus able to scale is operations and widen access with investment in appropriate information technology improvements over time.

2.3 Salient terms of the SBS Acquisition Agreements

2.3.1 STADIO Investment Holdings will subscribe for ordinary shares in the issued share capital of the Southern Business School, which shares will, once they have been issued, comprise 74% of the issued ordinary share capital of the Southern Business School, for a total consideration of R200 million.

2.3.2 The consideration will be settled partly in cash (R100 million) and partly in Shares (R100 million).

2.3.3 The number of Shares to be issued in settlement of the share portion of the purchase consideration will be determined by using the VWAP of the Shares for the 30 trading day period after the Listing Date.

2.3.4 In terms of the SBS Acquisition Agreements, the SBS Vendor has:

2.3.4.1 provided extensive warranties, standard for transactions of this nature, to STADIO;

2.3.4.2 given restraint of trade undertakings, standard for transactions of this nature, in favour of the Southern Business School and STADIO; and

2.3.4.3 entered into an employment agreement with the Southern Business School.

2.3.5 STADIO Investment Holdings has only acquired 74% of the issued share capital of the Southern Business School and the remaining 26% will be retained by the SBS Vendor. The SBS Vendor founded the Southern Business School and has extensive knowledge of the business and the distance learning environment. His continued involvement in the management of the Southern Business School will contribute greatly to the planned growth of the Southern Business School and the STADIO Group.

2.4 **Implementation of the SBS Acquisition**

The SBS Acquisition will be implemented on the fifth Business Day after the last outstanding condition precedent is fulfilled, which is anticipated to be prior to 31 October 2017.

2.5 **Conditions precedent**

The SBS Acquisition is subject to the fulfilment of an outstanding condition precedent that by 31 October 2017 (or such later date as agreed to between the parties to the SBS Acquisition Agreements), that the transfer of certain immovable properties by the Southern Business School is registered in the relevant deeds office.

3. MILPARK ACQUISITION

3.1 **Overview of Milpark**

3.1.1 Milpark was established in 1997, being one of the first private providers of higher management education in South Africa. Today, it remains a leading provider of Higher Education and Further Education and Training qualifications.

3.1.2 Milpark is registered with the South African Department of Higher Education and Training as a Private Higher Education Institution (No 2007/HE07/003). Milpark currently has 18 key accredited higher education programmes, is accredited to offer tuition towards 15 accredited further education and training ("**FET**") qualifications and 18 registered learnerships. With a national footprint in South Africa, Milpark has two teaching campuses situated in Cape Town and Johannesburg, and a support office in Durban. The majority of Milpark's programmes are offered through the distance learning mode of delivery. Milpark currently has approximately 17 000 students registered for its various programmes.

3.1.3 Milpark's flagship qualification, its Master of Business Administration degree ("**MBA**"), has been ranked number 1 amongst private providers of the MBA in South Africa by PMR.africa for three consecutive years, from 2015 to 2017.

3.1.4 Milpark will seek to grow its business by focussing on targeting the school leaver market in both contact and distance learning modes of delivery, as well as scaling its new distance learning online offering across a wider range of programmes.

3.2 **Benefits of the Milpark Acquisition**

3.2.1 As set out in its pre-listing statement, STADIO intends to acquire several additional programmes (including degrees, higher certificates and diplomas) in order to expand its offering to students, which include school leavers and working adults, through both contact and distance learning modes of delivery.

3.2.2 The acquisition of Milpark provides STADIO with a wide variety of additional qualifications in the business and commerce faculty and will assist STADIO in widening access to higher education in South Africa.

3.3 **Salient terms of the Milpark Acquisition Agreement**

3.3.1 STADIO and Brimstone, acting through a newly incorporated private company, Milpark Investments SPV, concluded the Milpark Acquisition Agreement on 12 October 2017, in terms of which it will acquire 100% of the issued share capital of MBS Education Investments, which is the investment holding company that holds 100% of the issued shares of Milpark.

3.3.2 The purchase consideration for the Milpark Acquisition is R320 000 000, subject to standard non-material closing date adjustments, which purchase consideration will be settled in cash.

3.3.3 In terms of the Milpark Acquisition Agreement, the Milpark Vendors have:

3.3.3.1 provided extensive warranties, standard for transactions of this nature, to the Milpark Investments SPV; and

3.3.3.2 given restraint of trade undertakings, standard for transactions of this nature, in favour of the Milpark Investments SPV.

3.4 **Implementation of the Milpark Acquisition**

The Milpark Acquisition will be implemented on the fifth Business Day after the last outstanding condition precedent is fulfilled.

3.5 **Conditions precedent**

The Milpark Acquisition is subject to the fulfilment of the outstanding conditions precedent that:

3.5.1 Apollo, Milpark and MBS Education have concluded an IT services agreement on terms and conditions acceptable to Milpark Investments SPV;

3.5.2 an internal funding/debt restructuring of MBS Education is implemented and all board and shareholder resolutions required to implement the restructuring are passed by the Milpark Vendors and their related parties; and

3.5.3 the consent of the counterparties required pursuant to certain agreements entered into by Milpark, have been obtained and the relevant regulatory approvals are obtained, including approval by the relevant competition authorities and approval in terms of the Exchange Control Regulations.

OTHER ACQUISITIONS (NOT MATERIAL)

4. **CA CONNECT ACQUISITION**

4.1 Embury has entered into an agreement on or about 24 April 2017, in terms of which it will acquire the business, intellectual property and employees of CA Connect with effect from 1 January 2018.

4.2 As consideration for the CA Connect business, Embury will issue A Class shares to the CA Connect shareholders, which A Class shares will entitle them to receive specific dividends ("**A Class Dividends**") based on the performance of the various programmes in respect of which the CA Connect intellectual property will be applied and for which the CA Connect employees will take responsibility ("**CA Connect Programmes**"), over a 3-year period.

4.3 The aggregate value of the A Class Dividends will be equal to the third year EBITDA of the CA Connect Programmes multiplied by a multiple of 4.5.

4.4 The A Class Dividends will be declared over the 3-year period as follows:

4.4.1 a dividend of R10 million plus accrued interest thereon will be declared on 1 January 2018;

4.4.2 a dividend equal to the first year EBITDA of the CA Connect Programmes multiplied by a multiple of 4.5, less any prior A Class Dividends, will be declared after the first year;

4.4.3 a dividend equal to the second year EBITDA of the CA Connect Programmes multiplied by a multiple of 4.5, less any prior A Class Dividends, will be declared after the second year; and

4.4.4 a dividend equal to the third year EBITDA of the CA Connect Programmes multiplied by a multiple of 4.5, less any prior A Class Dividends, will be declared after the third year.

4.5 The A Class Dividends will be settled through the issue of Shares by STADIO. The number of Shares to be issued in settlement of the A Class Dividends will be determined using the VWAP of the Shares for the 30 trading day period before the Shares are issued.

4.6 In order to ensure that there is security for any decrease in the EBITDA of the CA Connect Programmes over the period, 25% of the first year and the second year A Class Dividends will be withheld until the third year A Class Dividend payment date.

4.7 Following the payment of the A Class Dividends listed above, the A Class shares will be repurchased by Embury and cancelled.

5. **ACQUISITION AUTHORISATIONS**

The Board and the Shareholders (to the extent required) have resolved to implement the AFDA Acquisition, SBS Acquisition, Milpark Acquisition and the CA Connect Acquisition and no further JSE, corporate or shareholder approvals are required to implement such acquisitions.

STADIO HOLDINGS

STADIO HOLDINGS LIMITED
(previously known as Embury Holdings Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2016/371398/06)
JSE share code: SDO ISIN: ZAE000248662
("**STADIO**")

PRIVATE PLACEMENT APPLICATION FORM

The definitions and interpretations commencing on page 14 of the prospectus to which this Application Form is attached ("Prospectus") apply mutatis mutandis to this Application Form.

This Application Form should be read in conjunction with the Prospectus.

TO BE COMPLETED BY INVITED INVESTORS ONLY

STADIO is undertaking the Private Placement, involving an offer to Invited Investors to subscribe for Private Placement Shares in STADIO at the Private Placement Issue Price, such placement to be implemented by STADIO issuing approximately 67 000 000 to 80 000 000 (but not more than 87 000 000) new Shares to Invited Investors, thereby raising approximately R200 million for STADIO.

Successful applicants will be advised of their allocations of Private Placement Shares by Wednesday, 29 November 2017, with the allocated Private Placement Shares thereafter being transferred, on a "delivery-versus-payment" basis, to successful applicants on the settlement date, which is expected to be Monday, 4 December 2017.

Invited Investors are referred to the terms of the Private Placement, as detailed in the Prospectus and, in particular, in Section Two thereto.

In addition, please refer to the instructions overleaf before completing this Application Form.

Dematerialised Shares

The allocated Private Placement Shares will be transferred to successful applicants in Dematerialised form only. Accordingly, all successful applicants must appoint a CSDP directly, or a Broker, to receive and hold the Dematerialised Shares on their behalf. Should a Shareholder wish to obtain a physical share certificate for its Shares, it may do so following the implementation of the Private Placement and should contact its CSDP or Broker in this regard.

As allocated Private Placement Shares will be transferred to successful applicants on a "delivery-versus-payment" basis, payment will be made by your CSDP or Broker on your behalf.

Lock-In

All Private Placement Shares issued as part of the Private Placement will be subject to a Lock-In Period of 7 years, during which period the holders of the Private Placement will only be allowed to sell their Private Placement Shares to other Black Persons who have been verified and approved by STADIO. For the avoidance of doubt, there is no obligation on STADIO to set up a trading platform to facilitate trade in the Private Placement Shares and it is not STADIO's intention to do so at present.

In order to facilitate the Lock-In, applicants will be required to open a brokerage account with PSG Wealth.

The brokerage account opened with PSG Wealth will be a restricted account in terms of which holders of Private Placement Shares will not be able to sell their Private Placement Shares unless the purchaser of the Private Placement Shares is a Black Person, verified and approved by STADIO.

Following the expiry of a 7-year Lock-In period from the listing date of the Private Placement Shares, all restrictions in relation to the trading of the Private Placement Shares will fall away.

In order to open a brokerage account at PSG Wealth, Invited Investors should contact Siphokazi Malemane at wealth@psg.co.za or 0860 000 368. For the purpose of opening such brokerage accounts, Invited Investors will be required to submit the following information and/or documents:

1. copy of South Africa identity document (for South African citizens) or copy of passport (for foreign nationals);
2. proof of address which is less than three months old (for example utility bill, store account statement, bank statement, DSTV account statement, municipal letter) or, if not available, a declaration by a third party confirming address together with copy of third party's identity documents and proof of address (less than three months old);
3. copy of SARS document confirming income tax number; and
4. copy of bank statement confirming banking details (less than three months old).

PSG Wealth will not charge any monthly administration fees to the holders of Private Placement Shares during the Lock-In Period.

Invited Investors should complete this Application Form in respect of the Private Placement and hand deliver or email it to:

If delivered by hand or by courier:

Attention: Willie Honeyball
PSG Capital Proprietary Limited
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600

If emailed:

willieh@psgcapital.com

All Application Forms submitted must be accompanied by a certified copy of the applicant's identity document. This Application Form must be stamped and signed by an applicant's CSDP or Broker. Failure to do so will result in this Application Form being rejected.

This Application Form must be received by no later than 17:00 on Monday, 27 November 2017.

Invited Investors must contact their CSDP or Broker and advise them that they have submitted the Application Form as instructed above. Pursuant to the application, Invited Investors must make arrangements with their CSDP or Broker for payment to be made as stipulated in the agreement governing their relationship with their CSDP or Broker, in respect of the Private Placement Shares allocated to them in terms of the Private Placement by the settlement date, expected to be Monday, 4 December 2017.

Invited Investors must ensure that their accounts with their CSDP or Broker is sufficiently funded for payment to be paid in respect of the Private Placement Shares allocated to them in terms of the Private Placement on the date the Application Form is submitted. Failure to do so may result in their application for Private Placement Shares being rejected.

Conditions Precedent

The Private Placement is subject to the condition precedent that, if the Discounted Trading Price is lower than R2.50 per STADIO Share, the Board resolves that it still wishes to proceed with the Private Placement.

Reservation of rights

The Board reserves the right to accept or refuse any application for Private Placement Shares, either in whole or in part, or to reduce any or all application(s) (whether or not received timeously) in such manner as it may in its sole and absolute discretion determine. The Board will consider, *inter alia*, the desired level of black shareholding and the potential shareholder base that the Board wishes to achieve when making such decision. The Board may also give preference to applicants who applied first. Furthermore, the Board may accept or reject, in whole or in part, any application should the terms contained in the Prospectus, of which this Application Form forms part, and the instructions herein not be properly complied with.

Subject to the discretion of the Board, only Brimstone and Invited Investors who are Black Persons are entitled to participate in the Private Placement.

To the Directors:

STADIO HOLDINGS LIMITED

1. I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the Prospectus, hereby irrevocably apply for and request you to accept my/our application for the undermentioned value to subscribe for Private Placement Shares at the Private Placement Issue Price under the Private Placement set out in the Prospectus to which this Application Form is attached and in accordance with the terms and conditions set out therein and that may, in your absolute discretion, be allocated to me/us.
2. I/We wish to receive my/our allocated Private Placement Shares in Dematerialised form and will deliver this Application Form to PSG Capital, and will provide appropriate instructions to my/our CSDP or Broker, as the case may be, with regard to the application herein and the payment thereof, as stipulated in the agreement governing my/our relationship with my/our CSDP or Broker, as the case may be. I/We accept that payment in respect of this application will be, in terms of the Custody Agreement entered into between me/us and my/our CSDP or Broker, as the case may be, on a delivery-versus-payment basis.
3. I/We understand that the Private Placement are subject to the Condition Precedent detailed in the Prospectus and in this Application Form and that, should the Condition Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and that I/we will not have any claim whatsoever against STADIO or any other person as a result of the failure of the conditions.
4. I/We hereby declare that the information furnished in the Application Form *is true*, complete and accurate to the best of my/our knowledge and belief and I/we undertake to inform STADIO forthwith should any changes thereto occur prior to me/us being advised of my/our allocations of Private Placement Shares. I/we further understand that STADIO will rely on the information provided by me/us in the Application Form.

Date 2017

Signature

Telephone number (   ) Cell phone number

Assisted by (where applicable)

Surname of individual or name of corporate body	Mr
	Mrs
	Miss
	Other title
Full names (*if individual*)	
If an individual, do you qualify as a Black Person, as defined in the definitions and interpretations section of the Prospectus?	(Yes/No) – Delete whichever is not applicable
Have you submitted a certified copy of your identity document?	(Yes/No) – Delete whichever is not applicable
Are you a STADIO Group staff member?	(Yes/No) – Delete whichever is not applicable. If yes, please indicate at which STADIO Group Company
Postal address (*preferably PO Box address*)	Postal code
Telephone number ( )	
Cell phone number	
Email address	
Number of Private Placement Shares applied for	
Total value of Private Placement Shares applied for (*calculated by multiplying the number of Private Placement Shares applied for with the Private Placement Issue Price to be provided by PSG Capital on 14 November 2017*)	R

Required information must be completed by CSDP or Broker* with their stamp and signature affixed hereto

CSDP name	
CSDP contact person	
CSDP contact telephone number	
SCA or bank CSD account number	
Scrip account number	
Settlement bank account number	
Stamp and signature of CSDP or Broker	

Note:

* *If an applicant has more than one account, please attach a separate schedule with all relevant details.*

This application will lead to the conclusion of a legal contract between STADIO and the applicant. Application Forms will not be accepted unless the above information has been furnished.

Instructions

1. **Applications are irrevocable and may not be withdrawn once submitted**.
2. CSDP's and Brokers will be required to retain a copy of this Application Form for presentation to the Directors, if required.
3. Applicants should consult their Broker or other professional advisor in case of doubt as to the correct completion of this Application Form.
4. Applicants need to have appointed a CSDP or Broker and must advise their CSDP or Broker in terms of the Custody Agreement entered into between them and their CSDP or Broker. Payment will be made on a "delivery-versus-payment" basis.
5. No payment should be submitted with this Application Form to STADIO or PSG Capital.
6. If payment is dishonoured, or not made for any reason, STADIO may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
7. No receipts will be issued for Application Forms, application monies or any supporting documentation.
8. All alterations on this Application Form must be authenticated by full signature of the applicant and his CSDP or Broker.
9. As allocated Private Placement Shares are being transferred to successful applicants on a delivery-versus-payment basis, no payment will be required to be made if the Private Placement is not successful.

PLEASE REFER TO THE DETAILED TERMS AND CONDITIONS OF THE PRIVATE PLACEMENT, AS SET OUT IN SECTION TWO OF THE PROSPECTUS.