

PRESCIENT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1936/008278/06)

("Prescient")

Share code: PCT

ISIN: ZAE000163531

STELLAR CAPITAL PARTNERS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1998/015580/06)

("Stellar Capital")

Share code: SCP

ISIN: ZAE000198586

JOINT ANNOUNCEMENT RELATING TO THE SUBSCRIPTION FOR SHARES BY STELLAR CAPITAL IN PRESCIENT HOLDINGS PROPRIETARY LIMITED (A WHOLLY OWNED SUBSIDIARY OF PRESCIENT), THE SUBSEQUENT NAME CHANGE OF PRESCIENT TO PBT GROUP LIMITED, THE ELECTION BY PRESCIENT SHAREHOLDERS OF THE APPROPRIATE APPLICATION OF THE PROPOSED PRESCIENT DISTRIBUTION TO BE IMPLEMENTED BY WAY OF A SCHEME OF ARRANGEMENT AND THE WITHDRAWAL OF THE JOINT CAUTIONARY

1. Introduction

Shareholders are referred to the SENS announcements issued jointly by Prescient and Stellar Capital on 19 April 2016 and 2 June 2016 respectively, wherein shareholders of Prescient and Stellar Capital were advised that Prescient and Stellar Capital had entered into exclusive discussions in terms of which Stellar Capital would make a strategic equity investment in Prescient Holdings Proprietary Limited ("PFH or "the Business"), the holding company for Prescient's financial services interests. PFH is currently a 100% owned subsidiary of Prescient. The respective boards of directors of Prescient and Stellar Capital are pleased to announce that they have signed an implementation agreement and a subscription agreement in terms of which Stellar Capital will subscribe for "B" ordinary shares in PFH ("the PFH Subscription") for an aggregate amount of R1,427,821,549 (one billion four hundred and twenty seven million eight hundred and twenty one thousand five hundred and forty nine rand) ("the Subscription Price") and Prescient will declare a cash distribution to Prescient shareholders ("the Prescient Distribution").

The Subscription Price is based on a valuation for an effective 100% of PFH, which has been calculated as the sum of 11x the annualised budgeted net profit after tax for PFH for the period ending 31 March 2017, plus an agreed level of excess capital held by PFH and its subsidiaries ("PFH Group") on the effective date of the PFH Subscription.

Shareholders of Prescient ("Prescient Shareholders") are notified that they will be required to elect the application of the proposed cash amount arising from the Prescient Distribution (the "Application of the cash PCT Distribution") as per the options set out in 3.2.2 below. The Application of the cash PCT Distribution

will be implemented by way of a scheme of arrangement (“the Scheme”) with Prescient Shareholders in terms of the Companies Act, 2008 (“the Companies Act”).

Members of the PFH management team, holding a minimum of 40% of the Prescient shares in issue will provide irrevocable undertakings to utilise the Prescient Distribution to acquire PFH “B” ordinary shares from Stellar Capital, based on the same valuation as the PFH Subscription, in order to remain invested in the Business.

Immediately following the PFH Subscription, Prescient will be re-named PBT Group Limited to reflect the remaining operations of the Company pursuant to the transactions described in this announcement, and will remain listed on the JSE. Following the PFH Subscription and the Scheme (collectively, the “Proposed Transaction”), PBT Group Limited intends to consolidate its shares in an appropriate ratio.

The purpose of this announcement is to provide Prescient and Stellar Capital shareholders with details of the terms and conditions of the Proposed Transaction.

2. Rationale

The Proposed Transaction is expected to result in significant benefits for Stellar Capital, PFH and Prescient Shareholders and clients:

- Stellar Capital will acquire a strategic interest in a proven, scalable and diversified financial services business with exciting growth prospects;
- Stellar Capital is acquiring its interest at a fair valuation and will be able to add long term value via its network of relationships;
- the reinvestment by PFH management shareholders at the same valuation as Stellar Capital, combined with new management retention arrangements, will ensure the commitment of the team to the success of PFH going forward;
- as a result of the Proposed Transaction, new BEE ownership deals are expected to be completed at the level of PFH and Prescient Investment Management Proprietary Limited, enhancing the competitive position of the Business; and
- for Prescient Shareholders, the transactions in this announcement, combined with the retention of PBT Group shares (which will remain listed on the JSE), is expected to result in a value unlock as Prescient has traded at a discount to the fair value of the two component parts of its business.

3. The Proposed Transaction

3.1. The PFH Subscription

3.1.1. Nature of the Business

PFH is a wholly owned subsidiary of Prescient. PFH's operations comprise investment management, fund services and administration, stockbroking, wealth management and retail and institutional retirement and insurance products. PFH provides services to both institutional and retail investors.

3.1.2. Background information on Stellar Capital

Stellar Capital is a JSE listed investment holding company that invests permanent capital into strategic or controlling stakes in companies that operate predominantly in the industrial and financial services sectors. Stellar Capital applies a hands-on investment approach, in order to assist management teams and to provide strategic input, without assuming direct operational responsibility for the companies in which it invests.

3.1.3. Conditions Precedent to the PFH Subscription

The PFH Subscription is subject to the fulfillment or waiver of the following conditions precedent by no later than 31 December 2016:

- 3.1.3.1. the PFH Subscription being approved by Prescient's shareholders in terms of the Listings Requirements of the JSE;
- 3.1.3.2. all conditions to the Scheme, other than:
 - 3.1.3.2.1 the implementation of the Application of the PFH Subscription, as described in paragraphs 3.1.5 below; and
 - 3.1.3.2.2 the receipt of a compliance certificate from the Takeover Regulation Panel (the "TRP").

The date for the fulfillment of the conditions precedent may be extended until such later date as may be agreed in writing between Stellar Capital and Prescient.

3.1.4. Warranties and Indemnities

The PFH Subscription is subject to warranties and indemnities that are normal for a transaction of this nature including a warranty provided by PFH to Stellar Capital with respect to retaining a minimum level of assets under management for the 12 month period following completion of the Proposed Transaction.

3.1.5. Application of the Subscription Price

After implementation of the PFH Subscription, PFH will declare and pay a distribution to Prescient as the registered holder of the original PFH ordinary shares ("PFH Distribution"). The PFH Distribution shall be

declared and approved in terms of section 46 of the Companies Act and will be funded out of the proceeds of the Subscription Price.

After payment of the PFH Distribution to Prescient, Prescient will declare a gross cash distribution of R1,427,821,549 (one billion four hundred and twenty seven million eight hundred and twenty one thousand five hundred and forty nine rand) to the Prescient Shareholders. The Prescient Distribution will be declared and approved in terms of section 46 of the Companies Act. The Application of the cash Prescient Distribution will be implemented in terms of the Scheme, as detailed below.

3.1.6. Effective date adjustments

The Subscription Price has been further calculated on the basis that the actual capital held by the PFH Group on the effective date of the PFH Subscription, less any external debt and offshore capital not capable of being repatriated to South Africa within a reasonable period, is equal to the sum of the PFH Group's agreed level of net working capital plus the minimum regulatory capital required in the PFH Group in terms of applicable legislation ("Agreed Minimum Capital"). If there is an excess in the actual capital held by the PFH Group above the Agreed Minimum Capital, such excess shall be declared by PFH to PCT as a further distribution after the implementation of the Scheme. At 30 June 2016, Prescient estimates that the quantum of excess capital is between R60 million and R80 million. The excess capital is subject to change during the ordinary course of business between the announcement date and effective date of the Proposed Transaction. If there is a shortfall below the Agreed Minimum Capital, PCT shall pay such shortfall to PFH.

3.2. The Scheme

3.2.1. Mechanics of the Scheme

3.2.1.1. The Scheme will be implemented in terms of section 114 of the Companies Act and will be proposed by the board of directors of Prescient between Prescient and its shareholders. Stellar Capital will be a party to the Scheme.

3.2.1.2. The Scheme will be subject to the conditions precedent set out in paragraph 3.2.3 below.

3.2.2 The Application of the cash PCT Distribution

In terms of the Scheme, Prescient Shareholders will be entitled, after the declaration of the cash Prescient Distribution, at their election, to instruct Prescient to:

3.2.2.1 settle and make payment of the Prescient Distribution in cash, net of dividends withholding tax (if applicable), being a gross amount of approximately 85.54 cents per Prescient share before the

deduction of the applicable dividends withholding tax;

3.2.2.2 apply on behalf of a Prescient Shareholder who has so elected, the whole or part of the cash Prescient Distribution, net of dividends withholding tax (if applicable), to acquire PFH "B" ordinary shares from Stellar Capital at the same valuation as the PFH Subscription on behalf of such Prescient Shareholders; and/or

3.2.2.3 apply on behalf of a Prescient Shareholder who has so elected, the whole or part of their cash Prescient Distribution, net of dividends withholding tax (if applicable) to subscribe for newly issued Stellar Capital shares on behalf of such Prescient Shareholders at an issue price equal to the 30 day volume weighted average price per Stellar share at 17:05 on the business day immediately preceding the date of this terms announcement, being an amount of R1.71 per Stellar Capital share,

or failing election, Prescient Shareholders participating in the Scheme (the "Scheme Participants") shall be deemed to have elected to instruct Prescient to apply their Prescient Distribution on their behalf, net of dividends withholding tax (if applicable) to subscribe for Stellar Capital shares.

The Scheme Participants will, in addition, be entitled to elect that the Prescient directors resolve that their Prescient Distribution be distributed as a dividend declared from sources other than contributed tax capital as defined in section 1 of the Income Tax Act, 1962 ("CTC"), or a *pro rata* return of CTC. Scheme Participants who make no election shall be deemed to have elected that the Prescient directors resolve that their Prescient Distribution be distributed as a *pro rata* return of CTC. If Prescient's CTC is insufficient to accommodate all Scheme Participants who have elected, or are deemed to have elected to receive the Prescient Distribution as a *pro rata* return of CTC, the *pro rata* return of CTC distribution will be scaled back proportionately, and such Scheme Participants will receive the balance of their Prescient Distribution as a *pro rata* dividend declared from sources other than CTC.

Prescient Shareholders are advised to consult their tax advisers with regards to the tax implications of the Proposed Transaction prior to making their elections in terms of the Scheme.

3.2.3 Conditions Precedent to the Scheme

Implementation of the Scheme will be subject to the fulfilment or waiver, where appropriate, of the following conditions on or before 31 December 2016:

3.2.3.1. the amended PFH memorandum of incorporation ("Amended PFH MOI"), and all other resolutions required to (i) consolidate every 100,000 PFH Ordinary Shares into 1 PFH Ordinary Share and (ii) to create the PFH "B" Shares, having been adopted by Prescient as the sole shareholder of PFH, and that such resolutions, together with the Amended PFH MOI, having

been registered with the Companies and Intellectual Property Commission;

- 3.2.3.2. irrevocable undertakings having been procured from Prescient management holding not less than 40% of the issued share capital of Prescient to vote in favour of all resolutions required to give effect to the Proposed Transaction and to exercise their election in terms of 3.2.2.2 to apply the cash PCT Distribution received by them to acquire PFH "B" ordinary shares and thereby remain invested in the Business;
- 3.2.3.3. the PFH Subscription being approved by the requisite majority of Prescient Shareholders as a Category 1 transaction in terms of section 9 of the Listings Requirements of the JSE;
- 3.2.3.4. the Scheme being approved by the requisite majority of Prescient Shareholders, as contemplated in section 115(2) of the Companies Act ("Scheme Resolution"), and to the extent required by a High Court in terms of section 115(2)(c) of the Companies Act, and, if applicable, that Prescient does not treat the Scheme Resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;
- 3.2.3.5. to the extent required under section 115(3), approval of the implementation of the Scheme Resolution by the court is obtained and, if applicable, Prescient not having treated the Scheme Resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;
- 3.2.3.6. Prescient Shareholders holding more than 5% (five percent) of all the issued Prescient shares not having given, in terms of section 164(3) of the Companies Act, valid notice of objection to the Scheme Resolution taken at the Scheme Meeting and those objecting Prescient Shareholders not having voted against the Scheme Resolution in respect of more than 5% (five percent) of the issued Prescient shares at the relevant Scheme Meeting;
- 3.2.3.7. the receipt of the unconditional approval in writing of the relevant South African competition authority/ies, to the extent required in terms of the Competition Act, 89 of 1998, of the Proposed Transaction, or if such approval is conditional, such conditions being acceptable to the parties upon whom they are imposed, or upon whom they have an impact, in their sole and absolute discretion, provided however that in considering whether to accept any such condition, each party shall act in good faith;
- 3.2.3.8. the receipt of all required approvals in respect of the Proposed Transaction from all regulatory authorities, including, but not limited to, the JSE, the TRP, the Registrar of Collective Investment Schemes, the Registrar of Long Term Insurance, the Central Bank of Ireland and the Jersey Financial Services Commission;
- 3.2.3.9. the receipt of the approval by special resolution of Stellar Capital shareholders, in terms of

section 41(3) of the Companies Act, should Stellar Capital issue more than 30% of its current issued share capital to Prescient Shareholders in accordance with 3.2.2.3 above;

3.2.3.10. successful implementation of the Subscription Agreement and the declaration and payment of the PFH Distribution to Prescient; and

3.2.3.11. the issue of a compliance certificate by the TRP in relation to the Scheme.

3.2.4 Post Scheme implementation

Stellar Capital will acquire the initial PFH ordinary shares from Prescient at a nominal value.

3.2.5 Prescient Independent Board, Opinion and Recommendations

3.2.5.1 In accordance with the Takeover Regulations issued under the Companies Act, the independent Prescient board will evaluate the terms of the Scheme ("Independent Board").

3.2.5.2. The Independent Board will appoint an independent expert to provide the Independent Board with external advice regarding the terms of the Scheme and to make appropriate recommendations to the Independent Board for the benefit of Prescient Shareholders. The substance of the external advice and the opinion of the Independent Board on the Scheme will be detailed in the Circular as defined in paragraph 6 below.

4. Net Assets and profits of PFH

The value of the net assets of PFH as at 31 March 2016 amounts to R317.5 million (three hundred seventeen million and five hundred thousand rand). The profit after tax for the year ended 31 March 2016 attributable to PFH is R98.5 million (ninety eight million and five hundred thousand rand).

5. Prescient Shareholder approval

The PFH Subscription constitutes a category 1 transaction in terms of the Listings Requirements of the JSE and requires approval by ordinary resolution of the shareholders of the Company and consequently a 50% majority of the votes cast in favour thereof by all shareholders present or represented by proxy at the general meeting.

In terms of the Companies Act, the Scheme requires approval by special resolution of the shareholders of the Company and consequently a 75% majority of the votes cast in favour thereof by all shareholders

present or represented by proxy at the general meeting. As part of the Scheme vote, Prescient Shareholders will make their election regarding the application of the Prescient Distribution.

6. Circular to Prescient Shareholders

A circular containing, inter alia, full details and the salient dates and times of the Proposed Transaction (the "Circular") will be posted to Prescient shareholders on or about 18 August 2016. The Circular will contain a notice of the general meeting of shareholders and a notice of Scheme meeting incorporating the necessary resolutions to implement the Proposed Transaction.

7. Prescient Independent Board Responsibility Statement

The Independent Board accepts responsibility for the information contained in this announcement which relates to Prescient and confirms that, to the best of its knowledge and belief, such information which relates to Prescient is true and the announcement does not omit anything likely to affect the importance of such information.

8. Withdrawal of cautionary announcement

Shareholders of Prescient and Stellar Capital are referred to the joint cautionary announcements released by Prescient and Stellar Capital on 19 April 2016, the last of which was renewed on 2 June 2016 and which are hereby withdrawn.

Accordingly, caution is no longer required to be exercised by shareholders when dealing in the securities of Prescient and Stellar Capital.

9. Conference call for Prescient and Stellar Capital shareholders

A question and answer conference call with Prescient and Stellar management relating to the transaction announcement will take place at 11am (CAT) on Wednesday, 20 July 2016. South African as well as international callers can dial in on +27 11 535 3600.

A copy of the presentation will be made available prior to the conference call tomorrow morning on both Prescient and Stellar Capital's websites:

<http://www.prescient.co.za>

<http://www.stellarcapitalpartners.co.za/press-centre/>

A recorded playback will be available up to 48hrs after the call and is accessible using the following details:

Access number: +27 11 305 2030 (South African and International callers)

Playback code: 50454#

Cape Town
19 July 2016

Sponsor to Prescient:
Bridge Capital Advisors Proprietary Limited

Merchant bank and sponsor to Stellar Capital:
RAND MERCHANT BANK (A division of FirstRand
Bank Limited)

Legal advisor to Stellar Capital:
Cliffe Dekker Hofmeyr Incorporated