

Purple Group Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/013637/06)
Share code: PPE ISIN: ZAE000185526
("Purple Group" or "the Company" or "PGL")

CATEGORY 2 TRANSACTION ANNOUNCEMENT: PROPOSED SALE OF SHARES IN FIRST WORLD TRADER PROPRIETARY LIMITED BY PURPLE GROUP
TO SANLAM INVESTMENT HOLDINGS PROPRIETARY LIMITED AND PROPOSED SPECIFIC REPURCHASE OF PURPLE GROUP SHARES

1. THE TRANSACTION

1.1 Shareholders are advised that Purple Group has entered into agreements with Sanlam Investment Holdings Proprietary Limited, a wholly-owned subsidiary of Sanlam Limited, ("SIH" or "the Purchaser"), including:

1.1.1 A Sale Of Shares Agreement in terms of which SIH will acquire 450 000 ordinary shares, constituting 30% of all shares in issue at the Effective Date, of First World Trader Proprietary Limited t/a EasyEquities ("EasyEquities") from Purple Group, which purchase consideration will be settled as detailed in paragraph 4 below ("the Transaction"), subject to the conditions precedent set out in paragraph 7 below and including warranties and indemnities that are customary for a transaction of this nature;

1.1.2 A Shareholders' Agreement in respect of which EasyEquities gives SIH certain rights, including the entitlement to appoint a proportionate number of directors as well as creating certain reserved matters in relation to matters undertaken by EasyEquities which will require the approval of SIH; and

1.1.3 A Relationship Agreement pursuant to which the parties intend for EasyEquities to continue building on its relationship with Satrix Managers (RF) Proprietary Limited ("Satrix") through the SatrixNow Platform and to secure Satrix exclusivity in relation to the white-labelled passive investment platform provided to it by EasyEquities, subject to certain conditions.

1.2 Prior to the implementation of this transaction, all other businesses, being GT247.com and GT Private Broking, that were operated within First World Trader Proprietary Limited, which is a subsidiary of PGL, have been transferred into separate entities held 100% by PGL ("Internal Restructuring"); hence the only business that is the subject of the Transaction is the EasyEquities business.

2. BACKGROUND INFORMATION ON EASYEQUITIES

2.1 EasyEquities is a disruptive, technology focused Fin-Tech company that currently owns and operates an online investment platform. One of its primary objectives is to provide investment solutions to all South Africans, through ensuring, as far as practically possible, that all barriers, that have prevented a vast majority of South Africans from investing in the past, are brought down.

3. RATIONALE

3.1 EasyEquities launched during October 2014 and has, to date, been funded by the earnings of the other business units operating within the PGL Group and through funding procured by PGL through small capital raisings.

3.2 The rapid growth of EasyEquities has necessitated the need to seek out additional funding from a strategic partner that brings with it the necessary capital to fund the growth and development of the platform over the next 24 to 36 months. In addition to capital, the partner was identified on the basis that it would broaden market access through established distribution channels both locally and abroad.

3.3 In this regard, the Board of Directors of EasyEquities and PGL ("the Board") have taken the decision to secure a shareholder directly into EasyEquities to ensure complete shareholder alignment.

3.4 After discussions with various parties, the Board decided to pursue a transaction with SIH.

3.5 Sanlam Investments is one of South Africa's largest investment management companies, offering a comprehensive range of client-focused investment solutions to end-investors, intermediaries and larger institutions.

3.6 As an early stage business operating in the investment industry locally, the Board believes that its relationship with SIH would provide EasyEquities with invaluable insights and guidance within the investment industry in South Africa and assist in providing access to various international jurisdictions. In this regard, we believe that our partnership with SIH could result in numerous opportunities for SIH to leverage off EasyEquities' technology capabilities.

4. THE TRANSACTION

4.1 SIH will acquire a 30% shareholding ("the Transaction Shares") in EasyEquities for a consideration of R100 million ("the Purchase Consideration").

4.2 The Purchase Consideration will be settled in cash and be utilised by PGL and its other subsidiaries to settle inter-group loans, currently owing to First World Trader Proprietary Limited. Ultimately, the Purchase Consideration will, through settlement of these inter-group loans, capitalise EasyEquities with R100 million, which will, in turn, be utilised:

4.2.1 to fund a proposed specific repurchase of shares issued by Purple Group to SIH (as set out further below); and

4.2.2 the remainder of the proceeds will be utilised to fund the future development of the EasyEquities Investment Platform and the working capital requirements of EasyEquities.

5. PUT AND CALL OPTION

5.1 With effect from the 3rd (third) anniversary of the effective date of the Transaction, SIH shall have the right, in its sole and absolute discretion, at any time within 6 (six) months of such date, to require Purple Group to purchase (or procure that EasyEquities repurchases) the Transaction Shares from SIH ("Put Option") at a purchase price of -

5.1.1 R100 000 000; less

5.1.2 the amount of any dividends paid to SIH by EasyEquities from the effective date of the Transaction to the date on which the Put Option is exercised; and

5.1.3 escalated at the rate of the Consumer Price Index from the effective date of the Transaction to the date on which the Transaction Shares are repurchased/purchased.

5.2 If PGL is for any reason unable or unwilling, in its sole discretion, to purchase (or to procure that EasyEquities repurchases) the Transaction Shares under the Put Option then SIH shall have the right to require PGL to sell such number of shares in EasyEquities as represents 10% of the total number of issued shares at that time, to SIH for an aggregate purchase price of R1 (one Rand).

6. THE EFFECTIVE DATE OF THE TRANSACTION

6.1 The effective date of the Transaction will occur on the 5th (fifth) business day after the fulfilment or waiver, as the case may be, of all of the suspensive conditions (set out below), or such earlier or later date as the parties to the Sale of Shares Agreement agree in writing. The effective date is expected to occur in the fourth quarter of 2017.

7. CONDITIONS PRECEDENT

7.1 The implementation of the Transaction is subject to the fulfilment or waiver of the following conditions precedent by 30 November 2017 or a later date as agreed by TPG and SIH:

- 7.1.1 the unconditional approval of the Transaction by the Competition Authorities; and
- 7.1.2 the completion of the Internal Restructuring of the Purple Group and the appropriate shared services agreements entered into between EasyEquities and the PGL entities post the Internal Restructuring.
- 7.1.3 Obtaining the requisite consents from Purple Group's bankers;
- 7.1.4 The adoption of a new Memorandum of Incorporation for EasyEquities; and
- 7.1.5 TPG confirming that no Material Adverse Change has occurred 5 Business Days before the effective date of the Transaction.

8. CATEGORISATION

8.1 The Transaction is a Category 2 transaction as contemplated in the Listings Requirements of the JSE Limited.

8.2 The net asset value of the EasyEquities business at 30 April 2017 is R116.6 million (which includes inter-group receivables of R100 million) and the loss after tax for the 6 months ended 28 February 2017 was R15.2 million.

9. FURTHER ANNOUNCEMENT

9.1 Shareholders will be notified once the conditions precedent have been fulfilled.

10. PROPOSED SPECIFIC REPURCHASE OF PURPLE GROUP SHARES

10.1 INTRODUCTION

10.1.1 In terms of the Transaction agreements entered into between Purple Group and SIH, Purple Group or a subsidiary of Purple Group will acquire 35 087 720 PGL ordinary shares ("Repurchase Shares") from SIH for an aggregate consideration of R19 298 246 (on the basis of 55 cents per share), subject to the terms and conditions referred to below (the "Specific Repurchase").

10.2 RATIONALE FOR THE SPECIFIC REPURCHASE

10.2.1 SIH subscribed for the Repurchase Shares on 28 February 2017 at a price of 55 cents per share. As part of the negotiations in respect of the Transaction detailed herein, SIH required that PGL or a subsidiary of PGL repurchase the Repurchase Shares.

10.3 TERMS OF THE SPECIFIC REPURCHASE

10.3.1 Purple Group has agreed that First World Trader Proprietary Limited, will acquire the Repurchase Shares from SIH at a price of 55 cents per PGL Share (Repurchase Consideration") subject to the conditions precedent set out below:

- 10.3.1.1 The shareholders of PGL (excluding SIH) approving the necessary special resolution, by way of specific authority, required to implement the Specific Repurchase;
- 10.3.1.2 The receipt of the necessary approvals from the JSE Limited; and
- 10.3.1.3 The Transaction agreements referred to herein becoming unconditional.

10.3.2 In respect of 10.3.1.1., Purple Group has obtained irrevocable undertakings from PGL shareholders, holding 76.51% of the PGL shares (that would be entitled to vote at such meeting of PGL shareholders), to vote in favour of any shareholder resolution required in terms of the Companies Act, No. 71 of 2008, the Listings Requirements of the JSE and the memorandum of incorporation of PGL to approve the Specific Repurchase.

10.3.3 The Repurchase Shares represent 3.8% of the total number of Shares in issue at 14 August 2017.

10.3.4 The repurchase of the Repurchase Shares and the payment of the purchase consideration in terms of the Specific Repurchase will take place on the 5th business day after the fulfilment of the last of the conditions precedent referred to above ("Repurchase Date"). The Repurchase Shares will be held as treasury shares. Total Treasury Shares post the Specific Repurchase will be 37 687 720 and amount to 4.09% of the total PGL Shares in issue, based on the total shares in issue on 14 August 2017.

10.4 IMPACT ON THE FINANCIAL INFORMATION OF PURPLE GROUP

10.4.1 The Specific Repurchase and the costs will be funded from a portion of the Purchase Consideration. The aforementioned will result in a decrease in Purple Group's net asset value by the amount of the Repurchase Consideration and the costs of the implementation thereof.

10.5 SPECIFIC REPURCHASE CIRCULAR

10.5.1 A circular containing full details of the terms of the Specific Repurchase, as well as the salient dates and times for the general meeting, will be posted to all shareholders in due course and will be announced on SENS.

Johannesburg

14 August 2017

Sponsor:

Deloitte & Touche Sponsor Services (Pty) Ltd

Legal Advisors:

Cliffe Dekker Hofmeyr Incorporated