

PROPOSED RESTRUCTURING BY CAPEVIN OF ITS INTERESTS IN DISTELL GROUP LIMITED ("DISTELL"), AS PART OF THE PROPOSED RESTRUCTURING OF DISTELL'S MULTI-TIERED OWNERSHIP STRUCTURE

1 Key highlights

This announcement sets out the proposed restructuring of Distell's multi-tiered ownership structure, which will result in it being replaced with a clearer and simpler shareholding structure ("the Proposed Transaction"). The Proposed Transaction will result in Capevin's interests in Distell being restructured ("the Capevin Restructuring"). If implemented, the Proposed Transaction will:

- dismantle the multi-tiered ownership structure above Distell, resulting in a clearer and simpler shareholding structure for New Distell (as defined below);
- result in Capevin shareholders receiving, in exchange for their interest in Capevin, a proportionally equivalent direct shareholding in New Distell;
- increase the free float in New Distell on the stock exchange operated by the JSE Limited ("the JSE"); and
- result in the control of New Distell vesting in Remgro Limited (via one or more of its subsidiaries, hereinafter referred to collectively as "Remgro") through the issue of unlisted voting B shares in New Distell to Remgro.

The Proposed Transaction has the support of the Public Investment Corporation SOC Limited ("PIC"), and Coronation Asset Management Proprietary Limited acting on behalf of its clients ("Coronation"), as detailed below. Remgro's board is also supportive of the Proposed Transaction, but will not be entitled to vote on the Capevin Restructuring and / or the Proposed Transaction, as set out below.

2 Introduction

Distell currently has a multi-tiered ownership structure, in which Remgro and Capevin own a material interest via Remgro-Capevin Investments Proprietary Limited ("RCI"). Remgro and Capevin each hold 50% in RCI, and RCI has a 52.8% direct interest in Distell. In addition, Remgro holds a 19.0% direct shareholding in Capevin.

Remgro currently has an effective economic interest of 31.4% in Distell, via its 50% shareholding in RCI and its 19.0% shareholding in Capevin. Capevin's 50% interest in RCI is Capevin's only asset.

Capevin shareholders are advised that the independent board of directors of Capevin ("Capevin Independent Board") has resolved, subject to a number of conditions, to support the simplification of the shareholding structure of Distell, as detailed below. The restructuring contemplated by the Proposed Transaction will be achieved through schemes of arrangement pursuant to a number of inter-conditional steps, as set out in paragraph 3 below.

Capevin shareholders are also referred to the Remgro announcement and the Distell announcement released on the Stock Exchange News Service ("SENS") on 22 June 2017, setting out *inter alia* the impact of the Proposed Transaction on Distell shareholders.

3 Key details of the Proposed Transaction

The Proposed Transaction involves a new entity, Business Venture Investments No 1997 Proprietary Limited ("New Distell"), whose ordinary shares will be listed on the JSE (the "New Distell Listing"). Post implementation of the Proposed Transaction, New Distell will be renamed Distell Group Limited.

Following discussions between Distell, Capevin and New Distell, the parties have agreed that Distell will propose a scheme of arrangement between Distell and its shareholders and Capevin will propose a scheme of arrangement between Capevin and its shareholders, in terms of section 114 of the Companies Act, No 71 of 2008 ("Companies Act"), in terms of which New Distell will issue shares to all the shareholders of Capevin (the "Capevin Scheme") and all the shareholders of Distell other than RCI ("Distell Minorities") (the "Distell Scheme") in exchange for their shares in Capevin and Distell, respectively, with the result that New Distell will own all the ordinary shares in Distell either directly or via Capevin and RCI, respectively. The issue of New Distell ordinary shares to all Capevin shareholders and Distell Minorities will ensure that they retain their current effective economic interest in Distell.

In terms of the Capevin Restructuring, immediately prior to implementation of the Capevin Scheme and Distell Scheme, Remgro will exchange all of its RCI shares for further shares in Capevin (such further Capevin shares referred to herein as the "RCI-Related Capevin Shares"), resulting in Remgro holding 59.5% of Capevin (the "RCI Exchange") and, therefore, controlling Capevin and, indirectly through RCI, also Distell. Capevin shareholders other than Remgro ("Capevin Minorities") will be required to approve the issue of the RCI-Related Capevin Shares to Remgro in terms of the RCI Exchange and will also have to approve the Capevin Scheme. Further details of the Capevin Scheme will be set out in detail in the Capevin circular to be sent to Capevin shareholders in due course, per the timetable outlined in paragraph 8 below.

In addition, as a condition to the Capevin Scheme and Distell Scheme, the Capevin Minorities and the Distell Minorities will respectively be required, via separate whitewash resolutions each approved by the Takeover Regulation Panel (the "TRP"), to waive their right to receive a mandatory offer from Remgro pursuant to the RCI Exchange ("Mandatory Offer Requirement").

Post its creation and listing, and prior to implementation of the schemes of arrangement referred to above, New Distell will also issue unlisted voting shares (the "B Shares") to Remgro. The B Shares will have no economic rights, but will provide Remgro with the same level of voting rights in Distell as it held pursuant to the RCI Exchange, namely 52.8%. The requisite number of B Shares will be issued to Remgro (the "B Share Issuance") and "stapled" (as detailed below) to those New Distell ordinary shares that Remgro will receive in exchange for its RCI-Related Capevin Shares in terms of the Capevin Scheme (the "Stapled Ordinary Shares"). The B Shares and accompanying Stapled Ordinary Shares will provide Remgro with a 52.8% voting interest in New Distell. In terms of the Capevin Scheme, Remgro will also receive New Distell ordinary shares in exchange for its current 19.0% interest in Capevin, but those New Distell ordinary shares will not be stapled to B Shares.

As stated above, subsequent to the aforementioned steps, Distell will become a wholly-owned subsidiary of New Distell (via RCI and Capevin). As part of the Distell Scheme, Distell will be delisted from the JSE (the "Distell Delisting"). Similarly, as part of the Capevin Scheme, Capevin will be delisted from the JSE (the "Capevin Delisting"). The New Distell Listing will ensure that Capevin shareholders are able to trade their New Distell shares on the Main Board of the JSE.

The RCI Exchange, Capevin Scheme, B Share Issuance, Capevin Delisting, Distell Scheme, the Distell Delisting and the New Distell Listing collectively represent the Proposed Transaction, and are all inter-conditional.

By agreement with the JSE and the TRP, (i) Remgro will not be entitled to vote on the resolutions to approve the relevant inter-conditional steps of the Proposed Transaction, which will be proposed at the Capevin Scheme meeting; and (ii) RCI will not be entitled to vote on the resolutions to approve the relevant inter-conditional steps of the Proposed Transaction, which will be proposed at the Distell Scheme meeting.

The PIC and Coronation, which respectively own 12.9% and 20.5% in Capevin, have indicated support for the Capevin Restructuring and the Proposed Transaction and have confirmed their intention to vote in favour of the proposals at the Capevin Scheme meeting to be held to approve the Capevin Restructuring and the Proposed Transaction.

The tables below have been provided to give a summary of the current direct ownerships of Capevin and Distell respectively, as well as the expected economic and voting interests in New Distell post the Proposed Transaction:

Current direct ownership of Capevin pre Proposed Transaction:

Shareholders	Number of shares	% Interest
Coronation ¹	180 135 944	20.5%
Remgro	167 645 356	19.0%
PIC	113 114 642	12.9%
Capevin Minorities (excluding PIC and Coronation)	419 207 323	47.6%
Total	880 103 265	100.0%

Note:
1. Representing clients of Coronation

Current direct ownership of Distell pre Proposed Transaction:

Shareholders	Number of shares	% Interest
RCI (50% Remgro / 50% Capevin)	117 348 000	52.8%
PIC	61 533 197	27.7%
Distell Minorities (excluding PIC)	43 501 159	19.5%
Total	222 382 356	100.0%

Expected ownership of New Distell post Proposed Transaction:

Shareholders	Number of Ordinary Shares	% Economic Interest	Number of B Shares	% Voting Interest
Remgro ¹	58 674 000	26.4%	124 226 613	52.8%
Remgro ²	11 176 442	5.0%	-	3.2%
PIC	69 074 231	31.1%	-	19.9%
Coronation (Capevin-related)	12 009 156	5.4%	-	3.5%
Distell Minorities (excluding PIC) ³	43 501 159	19.5%	-	12.6%
Capevin Minorities ⁴	27 947 368	12.6%	-	8.0%
Total	222 382 356	100.0%		100.0%

Notes:
1. Issued to Remgro in relation to RCI-Related Capevin Shares
2. Issued to Remgro in relation to Capevin shares other than RCI-Related Capevin Shares
3. Distell Minorities includes shares representing 2.7% as previously held by Coronation in Distell
4. Excluding PIC and Coronation

4 Rationale for the Transaction

The rationale proposed to the Capevin Independent Board, of which the Capevin Independent Board is in agreement in principle, subject to the receipt of the report of the independent expert referred to in paragraph 9 below, is that the Proposed Transaction, although providing Remgro with specific rights regarding control, will be beneficial to Capevin and its shareholders, as, *inter alia*, it will:

- result in the elimination of the current multi-tiered ownership structure, leaving a single entry point to investing in Distell;
- likely unlock value for Capevin shareholders by eliminating all or part of the historical trading discount evident between the Capevin share price and the see-through value of Capevin's interest in Distell;
- likely improve the demand, liquidity and marketability of the New Distell ordinary shares, by comparison to the equivalent for Capevin;
- simplify Distell's capital structure and thereby likely improve Distell's investment appeal to both foreign and local investors;
- result in an increased free float of New Distell ordinary shares, which will enhance the weighting thereof in stock market indices both on the JSE and internationally;
- simplify New Distell's ability to raise capital, should it need to do so to support its long-term growth strategy; and
- retain the stability and continuity which follows as a result of Remgro remaining as an anchor shareholder in New Distell.

Accordingly, the Capevin Independent Board has resolved to submit the RCI Exchange and Capevin Scheme to Capevin shareholders for their consideration.

5 Salient terms of the Proposed Transaction

5.1 Proposed Transaction exchange ratio

New Distell will, subject to the fulfilment of the conditions precedent set out in paragraph 6 below issue the New Distell ordinary shares to Capevin shareholders in the entitlement ratio of 0.0667 New Distell ordinary shares for every 1 Capevin share held on Friday, 13 October 2017 (the "Record Date").

5.2 Capevin Delisting

Subject to the fulfilment of the conditions precedent detailed in paragraph 6 below, the shares of Capevin will be suspended from trading on the JSE at the commencement of business on Wednesday, 11 October 2017 and Capevin will delist from the JSE, with effect from the commencement of business on Thursday, 19 October 2017.

5.3 B Shares

The detailed B Share terms, together with the salient terms of the memorandum of incorporation of New Distell, will be included in the circular and New Distell prospectus, to be posted to Capevin shareholders not later than Friday, 4 August 2017.

The B Shares will, subject to the fulfilment of the conditions precedent set out in paragraph 6 below, be issued to Remgro, on a once-off basis, at a ratio ("B Share Issue Ratio") of 2.117 B Shares for every 1 New Distell ordinary share issued to Remgro (subject to applicable rounding provisions and stapling method, to the extent required) in terms of the Capevin Scheme in exchange for Remgro's RCI-Related Capevin Shares, equating to up to 124 226 613 B Shares to be issued to Remgro in order to maintain its 52.8% voting rights in Distell held pursuant to the RCI Exchange.

5.3.1 Economic rights

The B Shares will be unlisted, non-convertible, non participating, no par value shares. In addition, the B Shares issued to Remgro will only be entitled to voting rights and will have no economic participation, save for the right, if repurchased, to be repurchased at their issue price of R0.00001 per B Share and the right, upon liquidation of New Distell, for their holders to be repaid their issue price of R0.00001 per B Share before any liquidation payment or distribution is made to the ordinary shareholders of New Distell. Save as aforesaid, the B Shares will not be entitled to share in any dividends or distributions by New Distell.

5.3.2 Voting rights

The B Share Issuance simply maintains RCI's 52.8% voting rights in New Distell to Remgro following the RCI Exchange, and does not confer any additional voting rights. The B Share Issuance will not lead to any economic dilution for the minority shareholders of Distell or Capevin. The voting B Shares held by Remgro may in certain circumstances be adjusted upwards or downwards to prevent undue accretion / dilution of the voting rights attaching thereto, following certain corporate actions undertaken by New Distell.

While Capevin Minorities currently have no direct voting interest in Distell, on the implementation of the Proposed Transaction, they will each become New Distell ordinary shareholders and entitled to vote New Distell ordinary shares.

Illustrated below is a Capevin shareholder's shareholding in Distell pre and post the Proposed Transaction:

Capevin shareholder's indirect interest in Distell	Before	After
Direct interest in Capevin	5.00%	-
Indirect / direct economic interest in Distell / New Distell	1.32%	1.32%
Indirect / direct voting interest in Distell / New Distell	-	0.85%

Note:
1. Calculations include non-voting treasury shares held by Distell

5.3.3 Salient terms of the B Shares (stapling and disposal)

The terms of the B Shares will provide for certain restrictions on their transferability and the cessation of their voting rights, and the repurchase by New Distell of the relevant B Shares, upon the happening of certain events. The terms attaching to the B Shares will be detailed in full in the circular sent to shareholders regarding the Capevin Scheme, but will include the following terms:

5.3.3.1 The B Shares are unlisted and may only be transferred on prior written notice to New Distell.

5.3.3.2 Upon the occurrence of an 'Option Event' (as detailed below), the voting rights attaching to the relevant B Shares will immediately cease to be of force and effect and New Distell will be entitled to repurchase the relevant B Shares at their issue price of R0.00001 per B Share.

5.3.3.3 The following constitute Option Events, namely:

5.3.3.3.1 Any transfer of B Shares without prior notice to New Distell;

5.3.3.3.2 Any disposal of B Shares without the accompanying Stapled Ordinary Shares simultaneously being disposed of;

5.3.3.3.3 Any transfer of Stapled Ordinary Shares which is effected on-market (i.e. via the JSE's normal order book);

5.3.3.3.4 If, at any time, there is no holder of B Shares ("B Shareholder") (whether individually or together with such B Shareholder's related and concert parties) which holds more than 25% of the total voting rights exercisable in New Distell, which for the avoidance of doubt includes the voting rights attaching to the ordinary shares in New Distell (whether stapled or not) and the voting rights attaching to the B Shares in New Distell (hereinafter referred to as the "Total Voting Rights in New Distell");

5.3.3.3.5 If, at any time, a particular B Shareholder (together with such B Shareholder's related and concert parties) ceases to hold more than 25% of the Total Voting Rights of New Distell; and

5.3.3.3.6 The Option Event detailed in 5.3.3.4 below.

5.3.3.4 If, as a result of the disposal of any B Shares together with their accompanying Stapled Ordinary Shares, both the transferor and the transferee (together with any other shareholders related to or acting in concert with the transferor and transferee, respectively) each hold more than 25% of the Total Voting Rights of New Distell, the transferee is entitled to offer to purchase the ordinary shares in New Distell held by all ordinary shareholders of New Distell. If the transferee does not make such an offer, this will constitute an Option Event.

5.3.3.5 If New Distell undertakes an alteration of its capital structure or a corporate action, which impacts the voting rights exercisable by the B Shareholders, the number of B Shares held by the B Shareholders shall be increased or decreased (as the case may be) to maintain the B Share Issue Ratio after implementation of such alteration of capital structure or corporate action.

6 Conditions precedent

The Proposed Transaction is subject, *inter alia*, to the fulfillment or, if applicable, waiver of the following conditions precedent, namely:

- the approval by Distell shareholders of the Distell Scheme and Distell Delisting;
- the approval by Capevin shareholders of the RCI Exchange, Capevin Scheme and Capevin Delisting;
- as part of the RCI Exchange, respective waivers by the Distell Minorities and Capevin Minorities of the Mandatory Offer Requirement;
- within the period prescribed by section 164(7) of the Companies Act, no demands, or valid demands which in aggregate represent not more than 5% of Distell or Capevin shares, are received by Distell or Capevin in accordance with section 115(8) of the Companies Act;
- the registration of the prospectus in relation to New Distell with the Companies and Intellectual Property Commission ("CIPC");
- the filing with CIPC of the special resolutions required to restructure New Distell's share capital, and adopt the New Distell memorandum of incorporation; and
- the following regulatory approvals being obtained, namely:
 - o JSE approval (in respect of the Distell circular to shareholders in relation to the Distell Scheme, the Capevin circular in relation to the RCI Exchange and Capevin Scheme, the prospectus in relation to New Distell and the listing of the New Distell ordinary shares);
 - o approval from relevant competition authorities; and
 - o TRP approval (in respect of the Distell circular to shareholders in relation to the Distell Scheme, the Capevin circular in relation to the RCI Exchange and Capevin Scheme, and the waiver of the Mandatory Offer Requirement).

The Capevin Delisting and the New Distell Listing will only occur if the Proposed Transaction is implemented, as all transaction steps are inter-conditional.

7 Financial information relating to the Proposed Transaction

As Capevin shareholders will, in terms of the Capevin Scheme, exchange their Capevin shares for shares in New Distell, their New Distell shares after the Capevin Scheme will mirror the economics of the Capevin shares before the Capevin Scheme. Accordingly, there will be no impact on the earnings and underlying net asset value attributable to each shareholder as a result of the Proposed Transaction.

8 Salient dates

The salient dates and times applicable to the Proposed Transaction are set out below:

	2017
Record date to determine which Capevin shareholders are entitled to receive the Capevin circular	Friday, 28 July
Circular posted to Capevin shareholders and notice convening the Capevin Scheme meeting released on SENS	Friday, 4 August
Last day for Capevin Minorities to make representations to the TRP in respect of the waiver of the Mandatory Offer Requirement	Monday, 21 August
Last day to trade in order to be recorded in the Capevin share register in order to be eligible to attend and vote at the Capevin Scheme meeting	Tuesday, 22 August
Record date for Capevin shareholders to be recorded in the Capevin share register in order to be eligible to attend and vote at the Capevin Scheme meeting	Friday, 25 August
For administrative purposes date by which Forms of Proxy for the Capevin Scheme meeting are to be lodged by 09h00	Wednesday, 30 August
Form of Proxy may be handed to the chairman of the Capevin Scheme meeting, at any time before the proxy exercises any rights of the shareholder at the Capevin Scheme meeting on	Friday, 1 September
Capevin Scheme meeting to be held at 09h00, at the Burgher House, corner of Alexander and Blom Streets, Stellenbosch, 7600, on	Friday, 1 September
Results of the Capevin Scheme meeting released on SENS	Friday, 1 September
Results of the Capevin Scheme meeting to be published in the press	Monday, 4 September
Company to send any dissenting shareholders notice of the passing of the special resolution approving the Capevin Scheme, in terms of section 164(4) of the Companies Act	Monday, 4 September
If (i) all of the resolutions relating to the Proposed Transaction are passed by the requisite majority of Capevin shareholders at the Capevin Scheme meeting, (ii) all of the resolutions required to give effect to the Proposed Transaction are passed by Distell shareholders at the Distell Scheme meeting	
Last day for Capevin shareholders who voted against the Proposed Transaction to require Capevin to seek court approval for the Proposed Transaction in terms of section 115(3)(a) of the Companies Act	Friday, 8 September
Last day to send notice of adoption of special resolutions to dissenting Capevin shareholders, in accordance with section 164 of the Companies Act	Friday, 15 September
Last day for Capevin shareholders who voted against the Proposed Transaction to apply to court for leave to apply for a review of the Proposed Transaction in terms of section 115(3)(b) of the Companies Act	Friday, 15 September
Receive compliance certificate from the TRP	Monday, 2 October
If all conditions relating to the Proposed Transaction are fulfilled or waived (to the extent applicable)	
Finalisation announcement expected to be released on SENS	Monday, 2 October
Finalisation announcement expected to be published in the press	Tuesday, 3 October
Last day to trade in order to be recorded on the register on the Record Date	Tuesday, 10 October
Capevin shares expected to be suspended on JSE trading system, and trading of New Distell ordinary shares commences on	Wednesday, 11 October
Expected Record Date on which Capevin shareholders must be recorded in the register to participate in the Proposed Transaction	Friday, 13 October
Implementation of RCI Exchange	Friday, 13 October
Settlement of the Scheme consideration	Monday 16, October
Expected termination of the listing of Capevin shares at commencement of trade on the JSE	Thursday, 19 October

Notes:
1. All times shown above are South African local times.
2. All dates and times in respect of the Proposed Transaction are subject to change. The above dates have been determined based on certain assumptions regarding the Proposed Transaction. The above dates will change to the extent that the requisite approvals of the relevant Competition Authorities are not obtained by Monday, 2 October 2017. If the relevant dates in respect of the Proposed Transaction change and the dates above are impacted a change will be released on SENS and published in the press.
3. Capevin will send the required notice to objecting Capevin shareholders, if any, in terms of section 164(4) of the Companies Act on Monday, 4 September 2017, but the last day for sending this notice is ten business days after the date of the Capevin Scheme meeting.
4. Certificated Capevin shareholders whose Capevin share certificates and duly completed Forms of Surrender and Transfer are received by the Transfer Secretaries after 12h00 on Friday, 13 October 2017 will have their new share certificates for the New Distell shares posted to them within 5 business days of such receipt.
5. Share certificates in Capevin may not be dematerialised or rematerialised after 17h00 on Tuesday, 10 October 2017.

9 Independent Expert

The Capevin Independent Board, comprising Mr C A Otto, Mr AE v Z Botha, Mr R M Jansen and Ms E G Matenge-Sebesho, has appointed BDO Corporate Finance Proprietary Limited to act as Independent Expert, in terms of section 114(2) of the Companies Act and Takeover Regulations as defined in the Companies Act, on the RCI Exchange and Capevin Scheme.

The report of the independent expert and the recommendation of the Capevin Independent Board will be included in the circular to be posted to shareholders as set out in paragraph 11 below.

10 Confirmation to the TRP

New Distell has confirmed with the TRP that it will have a sufficient number of authorised and unissued New Distell ordinary shares in order to fulfil its obligations on implementation of the Capevin Scheme.

11 Posting of the circular

Capevin shareholders are advised that a circular containing the full details of the terms of the Proposed Transaction and notice of the Capevin Scheme meeting containing the necessary resolutions to be approved by the Capevin shareholders in order to implement the Proposed Transaction, will be posted to Capevin shareholders no later than Friday, 4 August 2017.

12 Directors responsibility statement

In this firm intention announcement, the Capevin Independent Board accepts responsibility for the information contained in this announcement insofar as it relates to Capevin and confirms that, to the best of their knowledge and belief, such information which relates to Capevin is true and correct and the announcement does not omit anything which would make any statement in the announcement false or misleading or omit anything likely to affect the importance of the information.

By order of the Board

Stellenbosch
22 June 2017

Financial Adviser and Transaction Sponsor to Capevin



Financial Adviser, Merchant Bank, and Transaction Sponsor to Distell and New Distell Transaction Originator and Coordinator



Legal Adviser to Capevin



Legal Adviser to New Distell



Legal Adviser to the Capevin Independent Board



Legal Adviser to Distell



Independent Expert to the Capevin Independent Board



Independent Expert to the Distell Independent Board

