

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"). If implemented, the Proposed Transaction will:

- dismantle the multi-tiered ownership structure above Distell;
- leave Distell shareholders with exactly the same economic interest in New Distell (as defined below);
- 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 issuance 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 is also supportive of the Proposed Transaction, but will not be entitled to vote on the Proposed Transaction.

2 INTRODUCTION

Distell currently has a multi-tiered ownership structure, in which Remgro and Capevin Holdings Limited ("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.

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.

Distell shareholders are advised that the independent board of directors of Distell who are not conflicted insofar as the Proposed Transaction is concerned ("Distell Independent Board") has resolved, subject to a number of conditions, to simplify the multi-tiered 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.

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

3 KEY FEATURES 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 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.

Immediately prior to implementation of the Distell Scheme and Capevin 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 are set out in the Capevin SENS announcement.

In addition, as a condition to the Distell Scheme and Capevin Scheme, the Distell Minorities and Capevin 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 will be "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 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, however 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 Distell shareholders are able to trade their New Distell shares on the JSE Main Board, as they were previously able to trade their Distell shares.

The RCI Exchange, Distell Scheme, Capevin Scheme, B Share Issuance, Distell Delisting, Capevin Delisting and 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 owning 27.7% of Distell and 12.9% of Capevin, and Coronation owning 20.5% of Capevin and 2.7% of Distell, have indicated support for the Proposed Transaction and confirmed their intention to vote in favour of the proposals at the Distell Scheme meeting and Capevin Scheme meeting to be held to approve the Proposed Transaction.

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

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%

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%

¹ Representing clients of Coronation

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%	124 226 613	100.0%

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 PROPOSED TRANSACTION

The Distell Independent Board believes that the Proposed Transaction will be beneficial to Distell 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 improve the demand, liquidity and marketability of the New Distell ordinary shares;
- 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 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 Distell Independent Board has resolved to submit the Distell Scheme to Distell 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 Distell shareholders in the entitlement ratio of 1 New Distell ordinary share for every 1 Distell share held on Friday, 13 October 2017 (the "Record Date").

5.2 Distell Delisting

Subject to the fulfilment of the conditions precedent detailed in paragraph 6 below, the shares of Distell will be suspended from trading on the JSE at the commencement of business on Wednesday, 11 October 2017 and Distell will delist from the Beverages sector of 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 Distell 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 Remgro's 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. 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 confers RCI's 52.8% voting rights in New Distell to Remgro following the RCI Exchange, and do 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.

Notwithstanding the fact that the economic interests of Distell shareholders will not be diluted by the B Share issuance, their voting rights will be diluted. The dilution of Distell Shareholders from a voting perspective, expressed as a percentage, will be 35.8% (after the implementation of the Proposed Transaction).

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

Distell shareholder's direct interest in Distell ¹	Before	After
Direct economic interest in Distell	5.00%	5.00%
Direct voting interest in Distell	5.00%	3.21%

¹ Note:
 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 Distell 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 to the fulfilment 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 Capevin Scheme, RCI Exchange 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;
- the registration 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:
 - JSE approval (in respect of the Distell circular to shareholders in relation to the Distell Scheme, the Capevin circular in relation to the Capevin Scheme, the prospectus in relation to New Distell and the listing of the New Distell ordinary shares);
 - approval from relevant competition authorities; and
 - TRP approval (in respect of the Distell circular to shareholders in relation to the Distell Scheme, the Capevin circular to shareholders in relation to the Capevin Scheme, and the waiver of the Mandatory Offer Requirement).

The New Distell Listing and the Distell Delisting 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 Distell shareholders will, in terms of the Distell Scheme, exchange their Distell shares for shares in New Distell, their New Distell shares after the Distell Scheme will mirror the economics of the Distell shares before the Distell Scheme. Accordingly, there will be no impact on the earnings and underlying net asset value attributable to each shareholder of Distell 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 Distell shareholders are entitled to receive the Distell circular	Friday, 28 July
Circular posted to Distell shareholders and notice convening the Distell Scheme meeting released on SENS	Friday, 4 August
Last day for Distell 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 Distell share register in order to be eligible to attend and vote at the Distell Scheme meeting	Tuesday, 22 August
Record date for Distell shareholders to be recorded in the Distell share register in order to be eligible to attend and vote at the Distell Scheme meeting	Friday, 25 August
For administrative purposes, date by which Forms of Proxy for the Distell Scheme meeting are to be lodged, by 09h00	Wednesday, 30 August
Form of Proxy to be handed to the chairman of the Distell Scheme meeting, at any time before the proxy exercises any rights of the shareholder at the Distell Scheme meeting on	Friday, 1 September
Distell Scheme meeting to be held at 10h00, The House of JC Le Roux, Devon Valley Rd, Stellenbosch, 7600, on	Friday, 1 September
Results of the Distell Scheme meeting released on SENS	Friday, 1 September
Results of the Distell 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 Distell 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 Distell shareholders at the Distell Scheme meeting, (ii) all of the resolutions required to give effect to the Proposed Transaction are passed by Capevin shareholders at the Capevin Scheme meeting	
Last day for Distell shareholders who voted against the Proposed Transaction to require Distell 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 Distell shareholders, in accordance with section 164 of the Companies Act	Friday, 15 September
Last day for Distell shareholders who voted against the Proposed Transaction to apply to court for leave to apply for a review of the Transaction in terms of section 115(3)(b) of the Companies Act	Friday, 15 September
Receive compliance certificate from the Takeover Regulation Panel	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 and published in the press	Monday, 2 October
Last day to trade in order to be recorded on the register on the Record Date	Tuesday, 10 October
Distell shares expected to be suspended on JSE trading system	Wednesday, 11 October
Distell shareholders can trade their entitlement to New Distell Ordinary Shares	Wednesday, 11 October
Expected Record Date on which Distell 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 Distell shares at commencement of trade on the JSE	Thursday, 19 October

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 Distell will send the required notice to objecting Distell shareholders, if any, in terms of section 164(4) of the Companies Act on 4 September 2017, but the last day for sending this notice is ten business days after the date of the Distell Scheme meeting
⁴ Certificated Distell shareholders whose Distell 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 to them within 5 business days of such receipt
⁵ Share certificates in Distell may not be dematerialised or rematerialised after 10 October 2017

9 INDEPENDENT EXPERT

The Distell Independent Board, has appointed Ernst & Young 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 Distell Scheme.

The report of the independent expert and the recommendation of the Distell 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 and B Shares in order to fulfil its obligations on implementation of the Distell Scheme.

11 POSTING OF THE CIRCULAR

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

12 DIRECTORS RESPONSIBILITY STATEMENT

In this firm intention announcement, the Distell Independent Board accepts responsibility for the information contained in this announcement insofar as it relates to Distell and confirms that, to the best of their knowledge and belief, such information which relates to Distell 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, Merchant Bank and Transaction Sponsor to Distell and New Distell Transaction Originator and Coordinator



Legal Adviser to Distell



Independent expert to the Distell Independent Board



Legal Adviser to New Distell



Financial Adviser and Transaction Sponsor to Capevin



Legal Adviser to Capevin



Legal Adviser to the Capevin Independent Board



Independent expert to the Capevin Independent Board

