

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

## ACQUISITION OF MILPARK EDUCATION PROPRIETARY LIMITED

### 1. THE ACQUISITION

Shareholders are hereby advised that STADIO and Brimstone Investment Corporation Limited ("**Brimstone**"), acting through a newly incorporated private company, Milpark Investments SPV Proprietary Limited ("**Milpark SPV**"), in which STADIO will have an effective interest of 70% and Brimstone, at acquisition, will have an effective interest of 30% (as at the date of the acquisition), have entered into an agreement ("**Agreement**") with Coöperative Apollo Global Netherlands U.A. ("**Apollo**"), Encosolve Proprietary Limited ("**Encosolve**") (collectively, the "**Sellers**") and MBS Education Investments Proprietary Limited ("**MBS Education**") dated 12 October 2017 ("**Signature Date**"), in terms of which, if successfully implemented, Milpark SPV will acquire 100% of the issued share capital of MBS Education, which is the investment holding company that holds 100% of the issued shares of Milpark Education Proprietary Limited ("**Milpark**"), on the terms and conditions more specifically set out in the Agreement ("**Acquisition**").

### 2. RATIONALE FOR THE ACQUISITION

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.

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. THE BUSINESS OF MILPARK

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.

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 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.

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.

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.

#### 4. EFFECTIVE DATE

The effective date of the Acquisition shall be the fifth business day after the day on which the last suspensive condition is fulfilled or, where applicable, waived ("**Effective Date**"), which is expected to occur during February 2018 or shortly thereafter.

#### 5. PURCHASE CONSIDERATION

The aggregate purchase consideration payable by Milpark SPV in terms of the Acquisition will be R320 000 000, subject to standard non-material closing date adjustments. The purchase consideration will be settled in cash by Milpark SPV by way of electronic funds transfer.

#### 6. SUSPENSIVE CONDITIONS

The Acquisition is subject to the following suspensive conditions, that:

- 6.1. all of the necessary board and shareholder resolutions are passed by the relevant parties, approving the implementation of the transactions contemplated in the Agreement;

- 6.2. each of the shareholders of Milpark SPV provides a written guarantee for the punctual performance of its obligations in terms of the Agreement;
- 6.3. Apollo, Milpark and MBS Education have concluded an IT services agreement on terms and conditions acceptable to Milpark SPV;
- 6.4. 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 Sellers and their related parties; and
- 6.5. 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 Competition Commission and Exchange Control approval.

## 7. FINANCIAL INFORMATION

In terms of the latest audited annual financial statements of MBS Education, for the financial year ended 28 February 2017, the net asset value of MBS Education amounted to R283 228 265, while the attributable loss after taxation amounted to R1 794 429 for the 12 months ended 28 February 2017.

In terms of the latest audited annual financial statements of Milpark, for the financial year ended 31 August 2016, the net asset value of Milpark amounted to R64 737 075, while the attributable profit after taxation of Milpark amounted to R13 188 279 for the 12 months ended 31 August 2016.

As a point of reference and after adjusting for specific non-recurring charges by Apollo, Milpark reflected an adjusted EBITDA of R33 642 609 for the 12 months ended 31 August 2016.

The financial information contained in this announcement has not been reviewed or reported on by STADIO's auditors.

## 8. OTHER SIGNIFICANT TERMS OF THE AGREEMENT

In terms of the Agreement, the Sellers have provided such warranties and indemnities to Milpark SPV which are standard for a transaction of this nature.

9. CATEGORISATION

The Acquisition qualifies as a category 2 transaction for STADIO in terms of the JSE Listings Requirements.

Durbanville  
13 October 2017

Transaction Advisor and Sponsor:  
PSG Capital Proprietary Limited