

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"**)

PRIVATE PLACEMENT AND ABRIDGED PROSPECTUS

**Invited investors should refer to paragraph 6 below which sets out the actions required by them with regards to the Private Placement (as defined below).**

1. INTRODUCTION

1.1. On 28 February 2017, Curro announced its intention to unbundle its entire interest in STADIO and to list STADIO on the JSE. STADIO was listed on the main board of the JSE, under the abbreviated name "STADIO", JSE share code "SDO" and ISIN ZAE000248662, with effect from the commencement of trade on Tuesday, 3 October 2017 ("**Listing Date**") and the unbundling was effected on Friday, 6 October 2017. STADIO is listed in the "Specialised Consumer Services" sector of the Main Board of the JSE.

1.2. STADIO intends to raise up to approximately R200 million through a private placement by way of an offer to Brimstone Investment Corporation Limited ("**Brimstone**") and Black Persons (being natural persons defined as Black People in the B-BBEE Act and the B-BBEE Codes) that are invited to subscribe ("**Invited Investors**") for approximately 67 000 000 to 80 000 000 (but no more than 87 000 000) STADIO Shares ("**Private Placement Shares**") at a price ("**Private Placement Issue Price**") per Private Placement Share being the lower of R2.96 and the volume weighted average price of a STADIO Share for the 30 trading day period after the Listing Date, less a 20% discount ("**Discounted Trading Price**"), which will be advised by PSG Capital to Invited Investors and will be announced on SENS on Tuesday, 14 November 2017 ("**Private Placement**").

2. PUBLICATION AND DISTRIBUTION OF PROSPECTUS

2.1. The prospectus in relation to the Private Placement, which contains detailed information regarding STADIO and the Private Placement ("**Prospectus**"), was published today, Monday, 30 October 2017, and is available on STADIO's website ([www.stadio.co.za](http://www.stadio.co.za)).

2.2. The Prospectus, was registered by the Companies and Intellectual Property Commission on 20 October 2017 in terms of the Companies Act, No. 71 of 2008, as amended ("**Companies Act**").

- 2.3. STADIO will distribute the Prospectus to Invited Investors on Monday, 30 October 2017.
- 2.4. Terms appearing in title case in this announcement and that are not otherwise defined herein, shall bear the meanings assigned to them in the Prospectus. Invited Investors are referred to the footnotes and references contained in the Prospectus for the sources of the various statistics and facts contained in this announcement.

### 3. SALIENT DATES AND TIMES RELATING TO PRIVATE PLACEMENT

The salient dates and times relating to the Private Placement are set out below:

	<b>2017</b>
Opening date of the Private Placement (09:00)	Monday, 30 October
Announcement of the Private Placement Issue Price	Tuesday, 14 November
Closing date of the Private Placement (12:00)	Monday, 27 November
Results of the Private Placement released on SENS on	Wednesday, 29 November
Notification of allotments to successful Invited Investors by	Wednesday, 29 November
Results of the Private Placement published in the press on	Thursday, 30 November
Accounts at CSDP or Broker updated and credited in respect of Private Placement Shares	Monday, 4 December

**Note:** The above dates and times are subject to change and any changes will be released on SENS and published in the press.

### 4. ABRIDGED PROSPECTUS

The Abridged Prospectus appearing below, is not an invitation to the public to subscribe for STADIO Shares, but is issued in compliance with the Companies Act for the purpose of providing information to Invited Investors in respect of STADIO.

#### 4.1. BUSINESS RATIONALE OF STADIO

- 4.1.1. The current unemployment rate in South Africa remains critically high at 27.7%.
- 4.1.2. Education and training remains vitally important to reduce unemployment and promote economic growth.

4.1.3. Research further indicates that in South Africa, the graduate unemployment rate is at about 5%, implying that a degree or post school qualification dramatically increases the probability of securing a job and therefore economic security and stability.

4.1.4. As such, the board of directors of STADIO ("**STADIO Board**") believes that STADIO, through its subsidiaries, can play a meaningful role by:

4.1.4.1. Widening access to higher education, by:

- investing capital to create capacity to accommodate the increasing demand for higher education (i.e. with competing socio-economic demands the government does not have the financial and operational resources to address this demand);
- providing seamless access and articulation pathways through a compendium of qualifications that will allow for progression from higher certificate to degree qualifications;
- ensuring a sufficiently diverse programme and qualification mix that caters to both school-leavers, working adults and the post-graduate student, within the framework of lifelong learning; and
- enhancing the use of distance learning which is both more affordable and will increase the breadth of access;

4.1.4.2. Offering innovative curricula and programmes that are relevant and relate to the world of work and the needs of society i.e. programmes that will provide students with a real chance of finding or creating employment post-qualification, but which will equally ensure that STADIO graduates have a fundamental understanding of responsible citizenship and global awareness; and

4.1.4.3. Focussing on graduate success and throughput (i.e. access with success), as follows:

- STADIO recognises that a number of higher education students do not progress academically as a result of not achieving examination admission. STADIO believes that, having registered a student, the higher education institution must take all reasonable and responsible steps to facilitate the success of such student, including the implementation of the 'credit retry' principle as an integral element of its teaching and learning methodology. The 'credit retry' principle focuses on identifying students at risk of not achieving examination admission and providing adaptive further academic support and/or

formative assessment opportunities that will improve their chances to sit for the examination, pass the examination and graduate successfully; and

- Private higher education institutions and STADIO particularly, introduce an opportunity for students who drop out and/or are academically cancelled, to ensure that no learning is wasted. STADIO's academic ethos promotes articulation and mobility between and among its own institutions as well as the public higher education sector through the application of existing DHET policies of credit accumulation and transfer, recognition of prior learning, and recognition and equivalence of degrees.

- 4.1.5. The intention of the Unbundling and Listing was to create a separate listed business, focussing on higher education, with a strong management team and a dedicated anchor shareholder (namely PSG Group Limited) in order to become a leader in the higher education market in South Africa.
- 4.1.6. To achieve its goal, STADIO intends to create a "Multiversity". A Multiversity is defined as a large, diverse institution of higher learning created to educate for life and for a profession, and to grant degrees, (including higher certificates and diplomas). Whereas a university implies "sameness" and the integration of all knowledge, a Multiversity implies a DIVERSITY of knowledge with diverse institutions catering for the diverse and relevant needs of the South African market place. The concept of a Multiversity further respects the uniqueness of every student.
- 4.1.7. As a Multiversity, STADIO will own various registered higher education institutions, which will retain their own brands, campuses and management teams, but will share a common ethos and benefit from the synergies, infrastructure and shared services arising from the STADIO Group structure.
- 4.1.8. STADIO is an investment holding company that focusses on the acquisition of, investment in, growth and development of higher education institutions to assist in meeting the demand for quality and relevant higher education programmes in Southern Africa. It intends to acquire and grow existing registered higher education brands, fund further expansions of existing brands and oversee the greenfield development of new campuses.
- 4.1.9. STADIO, through its subsidiaries, will have diverse offerings including undergraduate and post graduate programmes (higher certificates, diplomas and degrees), geared to providing students with a real chance of creating their own employment opportunities (entrepreneurship) or finding employment post-qualification. As the investment holding company of the various education institutions, STADIO will monitor the business success

and drive efficiencies, innovations and best practices across the STADIO Group.

4.1.10. At the Listing Date, the STADIO Group had:

- 3 registered higher education institutions, namely Embury, AFDA and the Southern Business School (as more fully described below) that have been operating for between 17 and 23 years;
- 5 faculties, namely (i) Education; (ii) Commerce and Business; (iii) IT; (iv) Law and (v) Arts;
- 28 accredited programmes, ranging from higher certificates and diplomas to post graduate degrees (including masters' degrees);
- approximately 22 new courses/programmes in the process of development and accreditation, which will be offered by the STADIO Group from the commencement of the 2018, 2019 or 2020 academic years;
- 10 registered campuses/sites, including sites in Gauteng, the Western Cape, Kwa-Zulu Natal, Eastern Cape, Botswana (Gaborone) and Namibia (Windhoek); and
- approximately 12 979 registered students.

4.1.11. STADIO has subsequently increased its programme offerings through the acquisition of Milpark as announced on SENS on 13 October 2017 and LISOF as announced on SENS on 26 October 2017.

4.1.12. STADIO will grow its business by focussing on:

4.1.12.1. the acquisition of reputable higher education institutions, aligned with STADIO's Multiversity strategy and ethos, with the aim to accumulate a wide spread of programmes and qualifications in various fields of higher education;

4.1.12.2. optimising the utilisation of STADIO's newly constructed facilities;

4.1.12.3. promoting the growth of existing brands. This will include:

- geographic expansion through rolling out the brands to new locations;
- accrediting further undergraduate and post-graduate degrees, diplomas and higher certificate qualifications across various brands;

- investing in focused marketing across the various brands and products of the STADIO Group; and
- expanding distance learning offerings across the brands (key qualifications to be accredited on both distance learning and contact learning modes of delivery); and

4.1.12.4. expanding into greenfield opportunities by exploring its offering into new faculties, such as Engineering as well as Health and Sciences, in due course.

#### 4.2. PROSPECTS

4.2.1. STADIO's objective is to facilitate, through its subsidiaries, access to quality higher education, giving its students realistic opportunities of finding or creating future employment.

4.2.2. Through implementing its growth strategy, the details of which are set out in paragraph 4.1.12 above, the STADIO Group's objective is to increase its student enrolments (across both the contact and distance learning modes of delivery) initially to 35 000 students in the medium term and then to approximately 56 000 students by 2026, earning a profit after taxation of approximately R500 million (also by 2026). STADIO believes that the aforementioned target can be achieved through deploying: (i) the capital of R840 million raised from the renounceable rights offer that STADIO made to its shareholders following the Listing and the Private Placement; (ii) internally generated cash; and (iii) debt funding.

PLEASE NOTE THAT THE AFOREGOING STATEMENT OF STADIO'S OBJECTIVE HAS NOT BEEN REVIEWED OR REPORTED ON BY STADIO'S AUDITORS OR BY AN INDEPENDENT REPORTING ACCOUNTANT NOR IS SAME GUARANTEED. IT IS HOWEVER AN OBJECTIVE THAT STADIO WISHES TO ACHIEVE BY 2026.

4.2.3. Over time however, STADIO's vision is to increase its reach to 100 000 students.

4.2.4. Given the opportunities in the sector and the demand for quality higher education, the STADIO Board is of the opinion that STADIO's prospects are very favourable.

#### 4.3. BROAD-BASED BLACK ECONOMIC EMPOWERMENT STRATEGY AND PRIVATE PLACEMENT

4.3.1. STADIO recognises the importance of social and economic transformation in the South African environment and intends to implement the Private Placement by way of offering the Private Placement Shares to Black Persons and Brimstone as part of its larger B-BBEE strategy.

- 4.3.2. In terms of the Private Placement, STADIO will raise approximately R200 million by way of an offer for subscription to Invited Investors for approximately 67 000 000 to 80 000 000 (but no more than 87 000 000) Private Placement Shares in STADIO at the Private Placement Issue Price.
- 4.3.3. Subject to the discretion of the Board, only Brimstone and Invited Investors who are Black Persons are entitled to participate in the Private Placement.
- 4.3.4. Brimstone will subscribe for approximately 40 000 000 Private Placement Shares in terms of the Private Placement on a preferential basis.
- 4.3.5. The minimum subscription amount per Black Employee in terms of the Private Placement shall be R20 000.
- 4.3.6. The minimum subscription amount per Black Person other than Black Employees, in terms of the Private Placement is R50 000.
- 4.3.7. The Private Placement Shares will be issued at the Private Placement Issue Price. The Private Placement Issue Price will be the lower of R2.96 and the Discounted Trading Price (being the VWAP of a Share for the 30 trading day period after the Listing Date, less a 20% discount, subject to the condition precedent as set out in paragraph 4.3.12 below). The intention being for Invited Investors to enjoy the benefit should the Discounted Trading Price be lower than R2.96. The final Private Placement Issue Price shall be provided to Invited Investors by PSG Capital on or about Tuesday, 14 November 2017, which is well before the closing date of the Private Placement.
- 4.3.8. The Private Placement Shares will be allotted subject to the provisions of the MOI and will rank pari passu in all respects including distributions, with all existing issued STADIO Shares.
- 4.3.9. There are no convertibility or redemption provisions relating to any Private Placement Shares.
- 4.3.10. The Private Placement Shares will only be issued in Dematerialised form. No certificated Private Placement Shares will be issued.
- 4.3.11. No fraction of Private Placement Shares will be offered in terms of the Private Placement.
- 4.3.12. Condition Precedent

The Private Placement is subject to the condition precedent that, if the Discounted Trading Price is lower than R2.50 per STADIO Share, the Board resolves that it still wishes to proceed with the Private Placement.

#### 4.3.13. Underwriting

4.3.13.1. Brimstone has agreed to underwrite the balance of the Private Placement Shares not taken up by Black Persons.

4.3.13.2. Brimstone will not be entitled to any underwriting or placement fee in respect of the underwriting of the balance of the Private Placement Shares or for subscribing for the Brimstone Private Placement Shares.

#### 4.3.14. Lock-In

4.3.14.1. All Private Placement Shares issued as part of the Private Placement will be subject to a Lock-In period of 7 years, during which period, the holders of Private Placement Shares shall only be allowed to sell their Private Placement Shares to other Black Persons, which have been verified and approved by STADIO having considered, *inter alia*, the potential shareholder base that the Board wishes to achieve, when granting such approval. In addition, the purchaser will be required to take the same steps and open the same accounts as prescribed in paragraph 4.3.14.2 below before any Private Placement Shares may be transferred to such purchaser.

4.3.14.2. In order to participate in the Private Placement and to facilitate the Lock-In, applicants will be required to open a brokerage account with PSG Wealth.

4.3.14.3. The brokerage account opened with PSG Wealth will be a restricted account in terms of which the holders of Private Placement Shares will not be able to sell their Private Placement Shares unless the purchaser of the Private Placement Shares is a Black Person, verified and approved by STADIO. For the avoidance of doubt, there is no obligation on STADIO to set up a trading platform to facilitate trade in the Private Placement Shares and it is not STADIO's intention to do so at present.

4.3.14.4. Following the expiry of a 7-year Lock-In period from the listing date of the Private Placement Shares, all restrictions in relation to the trading of the Private Placement Shares will fall away.

4.3.14.5. In order to open a brokerage account at PSG Wealth, Invited Investors should contact Siphokazi Melamane at [wealth@psg.co.za](mailto:wealth@psg.co.za) or 0860 000 368.

4.3.14.6. PSG Wealth will not charge any monthly administration fees to the holders of Private Placement Shares during the Lock-In Period.

#### 4.3.15. Use of proceeds from Private Placement

The capital raised in terms of the Private Placement will be used to fund the acquisition of land and the development of existing campuses to facilitate growth, for working capital purposes and to build up the capital resources for future opportunities.

#### 5. COPIES OF THE PROSPECTUS

A copy of the Prospectus will be available on STADIO's website ([www.stadio.co.za](http://www.stadio.co.za)) from today, Monday, 30 October 2017. Copies of the Prospectus may also be obtained between 8:00 and 17:00 on Business Days from Monday, 30 October 2017 to Monday, 27 November 2017 at the following addresses:

STADIO Holdings Limited  
Unit 13, San Domenico  
10 Church Street  
Durbanville, 7550

PSG Capital Proprietary Limited  
1<sup>st</sup> Floor, Ou Kollege  
35 Kerk Street  
Stellenbosch, 7599

and at

Bowmans Building  
2<sup>nd</sup> Floor  
11 Alice Lane  
Sandhurst  
Sandton, 2196

#### 6. ACTION REQUIRED BY INVITED INVESTORS

- 6.1. In order to participate in the Private Placement and to facilitate the Lock-In, applicants will be required to open a brokerage account with PSG Wealth.
- 6.2. In order to open a brokerage account at PSG Wealth, Invited Investors should contact Siphokazi Melamane at [wealth@psg.co.za](mailto:wealth@psg.co.za) or 0860 000 368. For the purpose of opening such brokerage accounts, Invited Investors will be required to submit the following information and/or documents:
  - 6.2.1. copy of South Africa identity document (for South African citizens) or copy of passport (for foreign nationals);
  - 6.2.2. proof of address which is less than three months old (for example utility bill, store account statement, bank statement, DSTV account statement, municipal letter) or, if not available, a

declaration by a third party confirming address together with copy of third party's identity documents and proof of address (less than three months old);

- 6.2.3. copy of SARS document confirming income tax number; and
- 6.2.4. copy of bank statement confirming banking details (less than three months old).
- 6.3. PSG Wealth will not charge any monthly administration fees to the holders of Private Placement Shares during the Lock-In Period.
- 6.4. Invited Investors are to provide PSG Capital with their completed Application Form by 17:00 on Monday, 27 November 2017.
- 6.5. All Application Forms submitted must be accompanied by a certified copy of the applicant's identity document.
- 6.6. Application Forms must be completed in accordance with the provisions of the Prospectus and the instructions contained in the Application Form, which is attached to the Prospectus and which will be made available to Invited Investors.
- 6.7. Other than as detailed in the Application Form, no documentary evidence of capacity to apply need accompany the Application Form, but STADIO reserves the right to call upon any applicant to submit such evidence for noting and, which evidence will be held on file with STADIO or the Transfer Secretaries or returned to the applicant at the applicant's risk.
- 6.8. No payment should be submitted with the Application Form delivered to the Sole Bookrunner, PSG Capital. Applicants must make the necessary arrangements to enable their CSDP or Broker to make payment for the allocated Private Placement Shares on the settlement date, which is expected to be Monday, 4 December 2017, in accordance with each applicant's agreement with their CSDP or Broker.
- 6.9. Invited Investors must ensure that their accounts with their CSDP or Broker is sufficiently funded for payment to be paid in respect of the Private Placement Shares allocated to them in terms of the Private Placement on the date that their Application Form is submitted. Failure to do so may result in their application for Private Placement Shares being rejected.
- 6.10. **Queries in relation to Private Placement**

Should you have any specific queries with regards to the Private Placement, you are welcome to contact Willie Honeyball on willieh@psgcapital.com or 021-887-9602 / 071-173-4729; or Johannes Human on johannesh@psgcapital.com or 021-887-9602 / 074-894-7189.

Durbanville  
30 October 2017

Transaction Advisor, Sole Bookrunner and Sponsor: PSG Capital  
Proprietary Limited

Legal Advisor: Cliffe Dekker Hofmeyr

Auditor: PricewaterhouseCoopers Incorporated