
**FIRM INTENTION IN ACCORDANCE WITH SRP REQUIREMENTS TO MAKE
A MANDATORY OFFER TO CAPITEC SHAREHOLDERS**

1. INTRODUCTION

Capitec shareholders are hereby advised that the Capitec board of directors has received notice from PSG of a firm intent to make a mandatory offer to all Capitec shareholders to acquire all Capitec ordinary shares not held by PSG, on terms and conditions, the salient features of which are set out below ("the Mandatory Offer"). The mandatory offer is in compliance with the requirements of the Securities Regulation Code on Takeovers and Mergers and the Rules of the Securities Regulation Panel ("SRP"), ("the Code").

2. BACKGROUND TO THE MANDATORY OFFER

On 14 May 2007, PSG extended a voluntary offer to all Capitec shareholders to acquire up to 34.9% of the ordinary issued share capital of Capitec ("the Original PSG Offer"). The Original PSG Offer was a share for share transaction whereby Capitec shareholders that accepted the Original PSG Offer received 1.4545 PSG shares for every 1 Capitec share disposed of by Capitec shareholders. Pursuant to the Original PSG Offer, PSG increased its shareholding in Capitec to 34.9%.

In terms of the Code, a shareholder (in this case PSG) is required to make a mandatory offer to all remaining shareholders of an offeree company in the event that the said shareholder, together with any persons acting in concert with such shareholder, acquires control of the company. Control is defined as 35% or more of the voting rights of the offeree company ("the 35% Threshold"). In addition, the Code stipulates that, unless the contrary is established, a company shall be deemed to be acting in concert with any of its directors who hold shares in the offeree company.

It has recently come to PSG's attention that, as a result of the non-beneficial shareholding in Capitec held by a director of PSG and as a result of the aforementioned deeming provision of the Code, PSG is deemed to have crossed the 35% Threshold when it implemented the Original PSG offer. PSG, after consulting with the SRP on the appropriate action to be taken, has been advised by the SRP that it is required to make a mandatory offer to all Capitec shareholders at the same offer consideration as was applied to the Original PSG Offer, save for adjusting the aforementioned consideration to take into account dividends that were paid by both Capitec and PSG to their ordinary shareholders after implementation of the Original PSG Offer.

Given that the Capitec share price has increased substantially compared to the PSG share price in the period between the Original PSG Offer and the date hereof, the PSG and Capitec boards are of the view that the Mandatory Offer is neither fair nor reasonable to Capitec shareholders. Capitec will however obtain a fairness opinion prepared by an independent party, that will be included in the Mandatory Offer circular.

At the time of the Original PSG Offer, the South African Reserve Bank granted PSG approval to increase its shareholding in Capitec to 49%. In this regard PSG will obtain irrevocable undertakings from material Capitec shareholders to ensure that the maximum number of shares that PSG could obtain in terms of the Mandatory Offer will be limited to 49% of the ordinary issued share capital of Capitec.

3. TERMS OF THE MANDATORY OFFER

PSG owns, directly and indirectly, together with the director concerned, in excess of 35% of the ordinary issued share capital of Capitec and as such is required to make the Mandatory Offer to acquire all Capitec shares not held by PSG from all Capitec shareholders. The salient terms of the Mandatory Offer are set out below:

3.1 The Offer Consideration

- 3.1.1 Capitec shareholders that accept the Mandatory Offer shall receive 1.5767 PSG shares for every 1 Capitec share disposed of in terms of the Mandatory Offer.
- 3.1.2 For the avoidance of doubt, it is recorded that Capitec shares acquired in terms of the Mandatory Offer will be "ex" dividend. Similarly, any PSG shares issued as offer consideration will be issued "ex" dividend.

3.2 The Offer Period

The Offer will be open for acceptance from 09:00 on Monday, 21 December 2009 and will close at 12:00 on Friday, 15 January 2010 ("the Closing Date"). The last day to trade Capitec shares in order to participate in the Offer is Friday, 8 January 2010. Shares in Capitec will trade "ex" the right to participate in the Offer from Monday, 11 January 2010. The record date for the Offer is Friday, 15 January 2010. The offer consideration will be credited to the accounts of dematerialised Capitec shareholders that accept the Offer, at their CSDP or broker (as the case may be) on Monday, 18 January 2010. The offer consideration will be posted to certificated Capitec shareholders that accept the Offer on or about Tuesday, 19 January 2010.

3.3 Condition Precedent

In the event that PSG is required to issue more than 5% of its issued share capital as at 28 February 2009 to Capitec shareholders that accept the Mandatory Offer, same will become conditional on PSG shareholder approval.

3.4 Opinion and recommendation

As set out above, PSG makes the Mandatory Offer in order to comply with the Code and is required to do so at the same offer consideration as was applied to the Original PSG Offer, save for adjusting to take into account dividends that were paid by both Capitec and PSG to their ordinary shareholders after implementation of the Original PSG Offer. Given that the Capitec share price has increased substantially compared to the PSG share price in the period between the Original PSG Offer and the date hereof, neither the PSG nor the Capitec board regards the Mandatory Offer as being fair or reasonable to Capitec shareholders.

The circular that will be sent to Capitec shareholders shall contain a fairness opinion prepared by an independent party to enable Capitec shareholders to make an informed decision regarding the Mandatory Offer.

4. CIRCULAR TO CAPITEC SHAREHOLDERS

A circular, subject to approval thereof by the SRP, containing full details of the Mandatory Offer will be posted to Capitec shareholders on or about Monday, 21 December 2009.