

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 19 of this Distell Circular apply to this entire document, including the cover page, except where the context indicates a contrary intention.

Action required by Certificated and Dematerialised Distell Shareholders

This document should be read in its entirety with particular attention to the section entitled "Action Required by Distell Shareholders", which commences on page 8 of this Distell Circular.

If you are in any doubt as to what action you should take, please consult your CSDP, Broker, banker, legal adviser or other professional adviser immediately. If you have disposed of all your Distell Shares on or before Friday, 7 January 2022, this Circular should be delivered to the purchaser of such Distell Shares or to the CSDP, Broker, banker or other agent through whom the disposal was effected.

Distell, Heineken and Newco do not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Distell Shares to notify such beneficial owner of the details set out in this Distell Circular.



DISTELL

Distell Group Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration Number: 2016/394974/06)
JSE Code: DGH ISIN: ZAE0000248811
("Distell" or "the Company")



HEINEKEN

Heineken International B.V.
(Incorporated in the Netherlands)
(Registration Number 33103545)
("Heineken")



HEINEKEN

Sunside Acquisitions Limited
(Incorporated in the Republic of South Africa)
(Registration Number 2020/811071/06)
("Newco")

COMBINED CIRCULAR TO DISTELL SHAREHOLDERS

Regarding

The Scheme of Arrangement proposed by the Distell Board to the Distell Shareholders, to which Heineken and Newco are parties, in terms of which:

- Distell will declare a distribution *in specie* of Capevin Ordinary Shares to the Distell Shareholders on a one-for-one basis;
- Heineken will acquire Capevin Ordinary Shares from those Distell Shareholders who accept the Capevin Offer in exchange for cash;
- Newco will acquire all the Distell Ordinary Shares and Distell B Shares from the Distell Shareholders in exchange for (i) cash, (ii) Newco Shares or (iii) a combination of cash and Newco Shares in a fixed ratio, at the election of each Distell Shareholder; and
- upon successful implementation of the Scheme of Arrangement, the Distell Ordinary Shares will be delisted from the JSE

Distell Shareholders should note that the Distell Shares will be suspended from trading for a period of approximately 29 Business Days, expected to commence on Wednesday, 20 July 2022, and that settlement of the Scheme will occur on the Scheme Implementation Date (approximately 29 Business Days after the suspension of the Distell Shares). No on or off market trade in Distell Shares will be permitted during this period. Distell Shareholders are referred to note 6 on page 7 of this Distell Circular for further detail.

And enclosing

- a notice convening the Scheme Meeting;
- a Form of Proxy for the Scheme Meeting (*yellow*) (for use by Certificated Distell Shareholders and Dematerialised Distell Shareholders with Own-name Registration only);
- a Form of Acceptance and Transfer (*blue*) in respect of the Capevin Offer (for use by Certificated Distell Shareholders and Dematerialised Distell Shareholders with Own-name Registration only);
- a Form of Election, Surrender and Transfer (*green*) in respect of the Newco Offer (for use by Certificated Distell Shareholders and Dematerialised Distell Shareholders with Own-name Registration only);
- a Form of Subscription (*pink*) in respect of the Newco Capital Raise (for use by Certificated Distell Shareholders and Dematerialised Distell Shareholders with Own-name Registration only);
- a Form of Application (*grey*) in respect of electronic participation in and voting at the Scheme Meeting; and
- the Independent Expert Report in relation to the Scheme,

and accompanied by

- the Newco Prospectus.

The Scheme Meeting will be held at 11h00 on Tuesday, 15 February 2022

**Financial Adviser, Merchant Bank,
Transaction Sponsor and Corporate
Broker to Distell**



RMB

**Financial Adviser
to Heineken**

NOMURA

Legal Adviser to Distell



**Legal Adviser to Heineken
and Newco**

WEBBER WENTZEL

in alliance with > **Linklaters**

**Independent expert to the Distell
Independent Board in respect of
the Scheme**



**Independent Reporting Accountant
to Distell**



Date of Issue: Monday, 17 January 2022

This Distell Circular is only available in English. Copies may be obtained from Distell's website, <https://www.distell.co.za/Investor-Centre/Home/> or at the registered offices of Distell and the Transfer Secretaries, whose addresses are set out in the "Corporate Information and Advisers" section of this Distell Circular.

CORPORATE INFORMATION AND ADVISERS

Year of incorporation
2016

Place of Incorporation
South Africa

Financial Adviser, Merchant Bank, Transaction Sponsor and Corporate Broker to Distell

Rand Merchant Bank (a division of FirstRand Bank Limited)
(Registration number: 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Ground Floor
15 Biermann Avenue, Rosebank Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)

Independent Reporting Accountant to Distell and the Capevin Group

PricewaterhouseCoopers Inc.
(Company Number: 1998/012055/21)
PwC Building – Capital Place
Neutron Road, Technopark, Stellenbosch

Financial Adviser to Heineken

Nomura International plc
(Registration number: 01550505)
1 Angel Lane
London, EC4R 3AB

Independent Reporting Accountant to Newco

Deloitte & Touche
Registered Accountants and Auditors
Practice number: 902276
5 Magwa Crescent
Waterfall City
Waterfall, 2090
Docex 10 Johannesburg
(Private Bag X6, Gallo Manor, 2052, South Africa)

Company Secretary and registered office

Lizelle Malan
Distell Group Holdings Limited
(Registration number 2016/394974/06)
Aan-de-Wagenweg
Stellenbosch, 7600
(PO Box 184, Stellenbosch, 7599)

Legal Adviser to Distell

Edward Nathan Sonnenbergs Incorporated t/a ENSafrica
(Registration number: 2006/018200/21)
97 Dorp Street
Stellenbosch, 7600
(PO Box 940, Stellenbosch, 7599)

Independent expert to the Distell Independent Board in respect of the Scheme

BDO Corporate Finance (Pty) Limited
(Registration number: 1983/002903/07)
52 Corlett Drive
Wanderers Office Park, Illovo, 2196
(Private Bag X5, Northlands, 2196)

Independent Reporting Accountant to the Scotch whisky business

Grant Thornton UK LLP
(Company Number: OC307742)
110 Queen Street,
Glasgow, G1 3BX, United Kingdom

Legal Adviser to Heineken and Newco

Webber Wentzel
90 Rivonia Road
Sandton, 2196
(PO Box 61771, Marshalltown, 2107)

IMPORTANT LEGAL NOTES

The definitions and interpretations commencing on page 19 of this Distell Circular apply, unless the context clearly indicates otherwise, to this section.

FORWARD-LOOKING STATEMENTS

This Distell Circular contains statements about Distell, Capevin, NBL, Heineken and Newco that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Distell, Capevin, NBL, Heineken and Newco caution that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industries in which Distell, Capevin, NBL, Heineken and Newco operate may differ materially from those made in, or suggested by, the forward-looking statements contained in this Distell Circular.

All these forward-looking statements are based on estimates and assumptions, based on publicly available documents, all of which estimates and assumptions, although Distell, Capevin, NBL, Heineken and Newco believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Distell, Capevin, NBL, Heineken or Newco, or not currently considered material by Distell, Capevin, NBL, Heineken or Newco.

Distell Shareholders should keep in mind that any forward-looking statement made in this Distell Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of either Distell, Capevin, NBL, Heineken or Newco not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. Distell, Capevin, NBL, Heineken and Newco have no duty to, and do not intend to, update or revise the forward-looking statements contained in this Distell Circular after the date of this Distell Circular, except as may be required by Law.

FOREIGN DISTELL SHAREHOLDERS

This Distell Circular has been prepared for the purposes of complying with: (i) the Laws of South Africa, and is subject to applicable Laws, including *inter alia* to the Companies Act, the Companies Regulations and the Exchange Control Regulations, and (ii) the JSE Listings Requirements. The information disclosed in this Distell Circular may not be the same as that which would have been disclosed if this Distell Circular had been prepared in accordance with the Laws of any jurisdiction outside of South Africa, or the rules or requirements of any exchange other than the JSE.

The release, publication or distribution of this Distell Circular in jurisdictions other than South Africa may be restricted by Law and therefore any persons who are subject to the Laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities or other Laws of any such jurisdiction.

This Distell Circular does not constitute a prospectus as contemplated in the Companies Act or Companies Regulations or a prospectus-equivalent document. Distell Shareholders are advised to read this Distell Circular, which contains the full terms and conditions of the Transaction, including *inter alia* the Scheme, with care. Any decision to approve the Scheme Resolution or any other response to the proposals contained in this Distell Circular should be made only on the basis of the information in this Distell Circular, as read with the Newco Prospectus.

This Distell Circular and any accompanying documentation are not intended to, and do not constitute, or form part of, an offer to sell or a solicitation of any vote or approval in any jurisdiction in which it is unlawful to make such an offer or solicitation, or in which such offer or solicitation would require Distell or Newco to comply with disproportionately onerous filing and/or other disproportionately onerous regulatory obligations. In those circumstances, or otherwise if the distribution of this Distell Circular and any accompanying documentation in jurisdictions outside of South Africa is restricted or prohibited by the Laws of such jurisdiction, this Distell Circular and any accompanying documentation are deemed to have been sent for information purposes only and should not be copied or redistributed.

Distell Shareholders who are not resident in the Common Monetary Area (i.e. South Africa, Lesotho, Namibia or Eswatini) for purposes of the Exchange Control Regulations must satisfy themselves as to the full observance of the Laws of any applicable jurisdiction concerning the receipt of the Capevin Distribution and/or the receipt, or election to receive, the Newco Share Consideration, including any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes due in such other jurisdictions, and are required to advise Distell of all such filing or regulatory obligations with which Distell or Newco may be required to comply in such jurisdictions in relation to the Scheme. Distell, Heineken and Newco and their respective boards of directors and advisers accept no responsibility for the failure by a Distell Shareholder to inform itself about, or to observe, any applicable legal requirements in any relevant jurisdiction, nor for any failure by Distell or Newco to observe the requirements of any jurisdiction.

The Scheme is proposed solely in terms of this document, which includes details of how the Scheme (including without limitation the Capevin Distribution), the disposal of the Distell Namibia Companies to NBL and the Distell Delisting, may be approved. The Scheme is not being proposed in any jurisdiction in which it is unlawful to propose such a distribution *in specie* or scheme of arrangement.

It may be difficult for you to enforce your rights and any claim you may have arising under US or other foreign securities Laws, since Distell is located in South Africa. You may not be able to sue Distell or its officers or directors in a foreign court, including South African courts, for violations of US securities Laws. It may be difficult to compel Distell or a member of the Distell Group to subject itself to a US court's judgment.

Any Distell Shareholder who is in doubt as to their position, including, without limitation, their tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

NOTICE IN RELATION TO RMB

Distell Shareholders are advised that RMB acts as Transaction Sponsor in relation to this Distell Circular.

Furthermore, RMB (through its corporate finance team) acts as Financial Adviser.

In its capacity as Transaction Sponsor, RMB has confirmed to the JSE and to Distell that there is no matter that would impact on its ability to exercise reasonable care and judgement in order to achieve and maintain independence and objectivity in its professional dealings in relation to Distell or that would impact on its ability to act within the Code of Conduct as set out in the Listings Requirements.

RMB has appropriate internal procedures in place to ensure that its ability to act independently as Transaction Sponsor in relation to this Distell Circular and as Financial Adviser to Distell in respect of the Transaction is not compromised. Pursuant to these internal procedures, RMB identifies and manages the risks of perceived conflict and maintains strict "Corporate Walls" to ensure that, as JSE sponsor, it is able to act independently from other divisions within RMB. RMB also maintains and enforces restrictions around access to information, in order that such access is limited to deal teams for whom the information is relevant, for the purposes of the Transaction.

NOTICE IN RELATION TO NOMURA

Nomura International plc ("**Nomura**"), which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting exclusively for Heineken and no one else in connection with the Transaction and Nomura, its affiliates and its respective officers, employees, agents, representatives and/or associates will not regard any other person as their client, nor will they be responsible to anyone other than Heineken for providing the protections afforded to clients of Nomura nor for giving advice in relation to the Transaction or any matter or arrangement referred to in this Distell Circular.

Apart from the responsibilities and liabilities, if any, which may be imposed on Nomura by the Financial and Services Markets Act, 2000, the Financial Services Act, 2012 or the regulatory regimes established thereunder, Nomura accepts no responsibility or liability whatsoever or makes any representation or warranty, express or implied, concerning the Transaction or the contents of this Distell Circular, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with Newco, the Transaction or the matters or arrangements referred to in this Distell Circular. Nomura, its affiliates and its respective officers, employees, agents, representatives and/or associates accordingly disclaim all and any responsibility, or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this Distell Circular or any such statement.

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IMPORTANT DATES AND TIMES

2022

Record date to determine which Distell Shareholders are entitled to receive the Distell Circular	Friday, 7 January
Circular posted to Distell Shareholders on	Monday, 17 January
Notice of distribution of this Distell Circular, and notice convening the Scheme Meeting, published on SENS on	Monday, 17 January
Notice of distribution of this Distell Circular, and notice convening the Scheme Meeting, published in the South African press on	Tuesday, 18 January
Last day to trade in order to be recorded in the Register in order to be eligible to attend and vote at the Scheme Meeting ^{3, 4}	Tuesday, 1 February
Voting Record Date for Distell Shareholders to be recorded in the Register in order to be eligible to attend and vote at the Scheme Meeting	Friday, 4 February
For administrative purposes, date by which Forms of Proxy for the Scheme Meeting are requested to be lodged, by 12h00 on	Friday, 11 February
Forms of Proxy to be delivered to the Transfer Secretaries, on behalf of the chairman of the Scheme Meeting, at any time before the proxy exercises any rights of the Distell Shareholder at the Scheme Meeting on	Tuesday, 15 February
Scheme Meeting to be held at 11h00, entirely by electronic communication and hosted on the online platform accessible at www.smartagm.co.za , on	Tuesday, 15 February
Last date and time for Distell Shareholders to give Notice of Objection to Distell, objecting to the Scheme in terms of section 164(3) of the Companies Act, by 11h00 on	Tuesday, 15 February
Results of the Scheme Meeting released on SENS on or about	Tuesday, 15 February
Results of the Scheme Meeting to be published in the press on or about	Wednesday, 16 February
If all of the resolutions relating to the Scheme are passed by the requisite majority of Distell Shareholders at the Scheme Meeting	
Last day for Distell Shareholders who voted against the Scheme to require Distell to seek Court approval for the Scheme in terms of section 115(3)(a) of the Companies Act if at least 15% of the total votes of Distell Shareholders at the Scheme Meeting were exercised against the Scheme Resolution	Tuesday, 22 February
Last day for Distell Shareholders who voted against the Scheme to apply to Court for leave to apply to Court for a review of the Scheme in terms of section 115(3)(b) of the Companies Act	Tuesday, 1 March
Last day for Distell to send Notice of Adoption of the Scheme Resolution to Dissenting Shareholders, in accordance with section 164(4) of the Companies Act	Tuesday, 1 March
Last date for Dissenting Shareholders (if any) to deliver an Appraisal Demand in terms of section 164(7) of the Companies Act	Wednesday, 30 March
Anticipated date of receipt of approval of the South African Competition Authorities and Namibian Competition Authorities, on or before	Thursday, 30 June
Announcement with update on status of Scheme Conditions, including approval of the South African Competition Authorities and Namibian Competition Authorities, within 5 Business Days of receipt of the approval (“ Transaction Update Announcement ”)	Friday, 8 July
Last day to trade to be eligible to make an election in respect of (i) the Capevin Offer, (ii) the Newco Offer and (iii) the Newco Capital Raise, respectively,	Tuesday, 19 July
Application for suspension of the Distell Ordinary Shares expected to be lodged with the JSE on	Tuesday, 19 July
Distell Ordinary Shares expected to be suspended on the JSE trading system on ⁵	Wednesday, 20 July
Trade in Distell B Shares also prohibited, expected to be from ⁵	Wednesday, 20 July

No on or off market trade in Distell Shares from ⁵	Wednesday, 20 July
Election Record Date expected to be on ⁴	Friday, 22 July
Last day for receipt of Form of Acceptance and Transfer (<i>blue</i>) in respect of Capevin Offer, by 12h00 on the Election Record Date	Friday, 22 July
Last date for receipt of Form of Election, Surrender and Transfer (<i>green</i>) in respect of Newco Offer, by 12h00 on the Election Record Date	Friday, 22 July
Last date for receipt of Form of Subscription (<i>pink</i>) in respect of Newco Capital Raise, by 12h00 on the Election Record Date	Friday, 22 July
Announcement regarding the fulfilment or non-fulfilment of the Threshold Conditions to be released on SENS before market opens, expected to be on	Monday, 25 July
Anticipated date to receive compliance certificate from the TRP, on or before	Wednesday, 31 August
If all Scheme Conditions are fulfilled or, if applicable, waived	
Final Scheme unconditional announcement, expected to be released on SENS on	Wednesday, 31 August
Application for delisting of the Distell Ordinary Shares expected to be lodged with the JSE, on	Thursday, 1 September
Expected date of implementation of the Capevin Distribution pursuant to the Scheme, on	Monday, 5 September
Expected date of implementation of the Capevin Offer pursuant to the Scheme, on	Monday, 5 September
Expected date of implementation of the Newco Offer pursuant to the Scheme, on	Monday, 5 September
<i>In respect of Scheme Participants who reject the Capevin Offer and therefore receive the Capevin Ordinary Shares pursuant to the Capevin Distribution:</i>	
Original share certificates in respect of Capevin Ordinary Shares to be posted by registered post to Scheme Participants who have rejected the Capevin Offer, expected to be by no later than	Monday, 5 September
<i>In respect of Scheme Participants who accept the Capevin Offer or fail to reject the Capevin Offer and therefore receive the Capevin Cash Consideration pursuant to the Capevin Offer:</i>	
Original share certificates in respect of Capevin Ordinary Shares sold to Heineken pursuant to the Capevin Offer to be delivered to Heineken, expected to be by no later than	Monday, 5 September
Dematerialised Scheme Participants expected to have their accounts (held at their CSDP or Broker) credited with the Capevin Cash Consideration, on	Monday, 5 September
Certificated Scheme Participants expected to have their Capevin Cash Consideration paid to them by EFT, if (i) their Form of Acceptance and Transfer (<i>blue</i>) is received by the Transfer Secretaries on or prior to 12h00 on the Election Record Date and (ii) they have provided the correct bank details, on	Monday, 5 September
Certificated Scheme Participants expected to have their Capevin Cash Consideration amount paid to them by EFT, if (i) their Form of Acceptance and Transfer (<i>blue</i>) is received by the Transfer Secretaries on or prior to 12h00 on the Election Record Date and (ii) they have not provided bank details or have provided incorrect bank details, approximately 5 Business Days after updating their bank mandate data with the Transfer Secretaries	
<i>In respect of Scheme Participants who elect to receive the Newco Cash Consideration or who are deemed to have elected to receive the Newco Cash Consideration pursuant to the Newco Offer:</i>	
Dematerialised Scheme Participants expected to have their accounts (held at their CSDP or Broker) credited with the Newco Cash Consideration, on	Monday, 5 September
Certificated Scheme Participants expected to have their Newco Cash Consideration paid to them by EFT, if (i) their Form of Election, Surrender and Transfer (<i>green</i>) and Documents of Title are received by the Transfer Secretaries on or prior to 12h00 on the Election Record Date and (ii) they have provided the correct bank details, on	Monday, 5 September
Certificated Scheme Participants expected to have their Newco Cash Consideration amount paid to them by EFT, if (i) their Form of Election, Surrender and Transfer (<i>green</i>) and Documents of Title are received by the Transfer Secretaries on or prior to 12h00 on the Election Record Date and (ii) they have not provided bank details or have provided incorrect bank details, approximately 5 Business Days after updating their bank mandate data with the Transfer Secretaries	

In respect of Scheme Participants who elect either the Newco Fixed Ratio Option or the Newco Share Only Option pursuant to the Newco Offer:

Expected date for Newco's CSDP or Broker account to be updated to reflect receipt of all Distell Ordinary Shares, on	Monday, 5 September
Share certificates in respect of the Distell B Shares expected to be delivered to Newco, on	Monday, 5 September
Original Share certificates in respect of the Newco Share Consideration posted to Scheme Participants by registered post, expected to be on	Monday, 5 September
Expected termination of the listing of Distell Ordinary Shares at commencement of trade on the JSE, on	Tuesday, 6 September

Notes:

- All times shown above are South African local times.
- The above dates have been determined based on certain assumptions regarding the date by which the Scheme will become Operative in accordance with its terms and conditions. All dates and times in respect of the Scheme are therefore subject to change, subject to the approval of the TRP and/or JSE, where such approvals are required. If the relevant dates in respect of the Scheme change and the dates above are impacted, the changes will be released on SENS and published in the press.
- Share certificates in Distell may not be Dematerialised or rematerialised after Tuesday, 1 February 2022 during which period the certificated securities register of Distell will be closed.
- Distell Shareholders should note that, as transactions in Distell Ordinary Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore, persons who acquire Distell Ordinary Shares after the last day to trade (Tuesday, 1 February 2022) in order to be eligible to attend and vote at the Scheme Meeting will not be eligible to vote at the Scheme Meeting, but may, nevertheless, participate in the Scheme and receive the Capevin Distribution or Capevin Cash Consideration and the Newco Offer Consideration, provided that the Scheme becomes Operative and they acquire Distell Ordinary Shares on or prior to the last day to trade in Distell Ordinary Shares in order to be eligible to participate in the Scheme and hold such Distell Shares on the Election Record Date (Friday, 22 July 2022).
- Distell Shareholders should note that the Distell Ordinary Shares will be suspended from trade and its Register locked for a period of approximately 29 Business Days, expected to commence on Wednesday, 20 July 2022, and until either the Scheme becomes Operative and is implemented or an announcement is released by Distell advising that the Scheme has failed and the suspension will be lifted, as applicable. It will also not be possible to trade Distell B Shares during this period. Settlement of the Scheme will occur on the Scheme Implementation Date (approximately 29 Business Days after the suspension of the Distell Shares). No on or off market trade in Distell Shares will be permitted in this period. Please see note 6 below for further detail.**
- Distell Shareholders are advised that the reason for the lengthy period during which the Distell Shares will be suspended from trade and before the Scheme is settled is due to the time required to procure the fulfilment of the Scheme Conditions which are required to be fulfilled or, if applicable, waived after the Threshold Conditions are fulfilled, namely the Certification Scheme Conditions and the PST Scheme Conditions. In respect of the PST Scheme Conditions, it is necessary to adhere to certain timing requirements in terms of applicable Laws including in particular section 42 of the Income Tax Act.
- Certificated Distell Shareholders and Dematerialised Distell Shareholders are referred to the "Action Required by Distell Shareholders" section commencing on page 8 of this Distell Circular for further information regarding proxies, voting and the making of elections in relation to the Scheme. Distell Shareholders should note that only Certificated Distell Shareholders and Dematerialised Distell Shareholders with Own-name Registration should complete and return the Form of Proxy (*yellow*); Form of Acceptance and Transfer (*blue*); Form of Election, Surrender and Transfer (*green*) and, if applicable, Form of Subscription (*pink*). Dematerialised Distell Shareholders without Own-name Registration should contact their CSDP or Brokers.
- Distell Shareholders are reminded that a Form of Proxy (*yellow*) may be used at any adjournment or postponement of the Scheme Meeting, unless withdrawn by the Distell Shareholder. Accordingly, the appointment of proxy in terms of a Form of Proxy (*yellow*) shall remain valid until the end of the Scheme Meeting, even if the Scheme Meeting or a part thereof is postponed or adjourned.
- Distell Shareholders that elect the Newco Fixed Ratio Option or the Newco Share Only Option and Distell Full Reinvestment Shareholders that participate in the Newco Capital Raise are advised that, by virtue of having elected the Newco Fixed Ratio Option or the Newco Share Only Option, as applicable, and to participate in the Newco Capital Raise, if applicable, they are deemed to (and will) be bound by the provisions of the Newco Shareholders' Agreement. Further, they are reminded that the Newco Shares: (i) will be issued and delivered in Certificated form, (ii) will not be listed on the JSE or any other stock exchange, and (iii) their transferability will be subject to various restrictions as set out in the Newco Shareholders' Agreement (as read with the Newco MOI). Please refer to the Newco Prospectus for further detail.
- Distell Full Reinvestment Shareholders wishing to participate in the Newco Capital Raise that are Certificated Distell Shareholders or Dematerialised Distell Shareholders with Own-name Registration should complete the Form of Subscription (*pink*) enclosed with this Distell Circular and return the duly completed document to the Transfer Secretaries by no later than 12h00 on the Election Record Date. Distell Full Reinvestment Shareholders that are Dematerialised Distell Shareholders without Own-name Registration must NOT complete the Form of Subscription (*pink*) and should contact their CSDP or Broker regarding their election in respect of the Newco Capital Raise.
- Distell Shareholders that wish to exercise their Appraisal Rights are referred to paragraph 23 of this Distell Circular.

ACTION REQUIRED BY DISTELL SHAREHOLDERS

The definitions and interpretations commencing on page 19 of this Distell Circular apply to this “Action required by Distell Shareholders” section of this Distell Circular.

This Distell Circular is important and requires your immediate attention. The action you need to take is set out below. If you are in any doubt as to the action you should take, please consult your CSDP, Broker, banker, legal adviser, accountant or other professional adviser immediately. If you have disposed of all of your Distell Shares, please forward this Distell Circular to the person to whom you have disposed of such Distell Shares or the CSDP, Broker, banker or other agent through whom you disposed of such Distell Shares.

GENERAL MEETING

The Scheme Meeting will be held at 11h00 on Tuesday, 15 February 2022, entirely by electronic communication and hosted on the online platform accessible at www.smartagm.co.za, to consider and, if deemed fit, to pass the resolutions required to authorise and effect the implementation of the Scheme. A notice to convene the Scheme Meeting is attached to and forms part of this Distell Circular.

IMPACT OF THE COVID-19 PANDEMIC ON THE SCHEME MEETING

Due to the COVID-19 (**Coronavirus**) pandemic and the measures put in place by the South African Government in response to the Coronavirus pandemic, particularly the restrictions in regard to public gatherings, the Scheme Meeting will not be held in person and will, subject to the below, only be accessible through electronic participation.

Distell will offer Distell Shareholders (or their representatives or proxies) reasonable access through electronic facilities to a virtual meeting platform to participate in the Scheme Meeting, namely via the online platform accessible at www.smartagm.co.za.

A Distell Shareholder (or its representative or proxy) will, if such Distell Shareholder requests that access be granted to it (or its representative or proxy), be able to:

- listen to, and speak during, the Scheme Meeting through electronic facilities; and
- vote at the Scheme Meeting through a virtual meeting platform.

Distell Shareholders (or their representatives or proxies) who wish to participate in and/or vote at the Scheme Meeting by way of electronic participation are invited to request access to the Scheme Meeting by either:

- registering online using the online registration portal at www.smartagm.co.za, prior to the commencement of the Scheme Meeting; or
- making a written application in the Form of Application (grey) to so participate, by delivering the completed Form of Application (grey) to the Transfer Secretaries either by physical delivery at First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or by posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the Distell Shareholder), or by sending it by email to proxy@computershare.co.za, so as to be received by the Transfer Secretaries by no later than 12h00 on Friday, 11 February 2022, for administrative purposes, in order for the Transfer Secretaries to arrange such participation for the Distell Shareholder (or its representative or proxy) and for the Transfer Secretaries to provide the Distell Shareholder (or its representative or proxy) with the details as to how to access the Scheme Meeting by means of electronic participation.

Distell Shareholders (or their representatives or proxies) may still register/apply to participate in and/or vote at the Scheme Meeting by electronic participation after 12h00 on Friday, 11 February 2022 up until commencement of the Scheme Meeting (by following either of the routes detailed in the preceding two bullet points), provided, however, that those Distell Shareholders (or their representatives or proxies) are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the Scheme Meeting.

The costs of accessing the online platform for purposes of participating in and/or voting at the Scheme Meeting by way of electronic participation will be for each Distell Shareholder's account.

For the avoidance of doubt, Dematerialised Distell Shareholders without Own-name Registration still need to submit their voting instructions via their CSDP or Broker or to obtain a letter of representation from their CSDP or Broker to participate in and/or vote at the Scheme Meeting by electronic participation.

In terms of section 63(1) of the Companies Act, any person participating in the Scheme Meeting must present reasonably satisfactory identification as to, and the person presiding at the Scheme Meeting must be reasonably satisfied as to the verification of, the right of any person to participate in and vote (whether as a Distell Shareholder or as a representative or proxy for a Distell Shareholder) at the

Scheme Meeting. Distell Shareholders who wish to participate in the Scheme Meeting by electronic participation should provide such identification when registering online or making written application to so participate.

If the Distell Board in its sole discretion considers it appropriate also to afford Distell Shareholders the opportunity to attend, participate and vote at the Scheme Meeting in person, a SENS announcement will be released no less than 10 Business Days before the date of the Scheme Meeting, setting out full detail regarding in person attendance, participation and voting at the Scheme Meeting, including the venue at which the Scheme Meeting can be attended in person. This will not in any way impact the notice given by Distell to convene the Scheme Meeting in terms of the Notice of Scheme Meeting attached to and forming part of this Distell Circular or the ability of Distell Shareholders to access the Scheme Meeting by electronic communication, and those Distell Shareholders who wish to attend the Scheme Meeting by means of electronic communication and not in person will still be able to do so.

RECORD DATES

This Distell Circular (incorporating the Notice of Scheme Meeting) has been sent to Distell Shareholders who were recorded as such in the Register on Friday, 7 January 2022, being the record date used to determine which Distell Shareholders are entitled to receive this Distell Circular.

The record date on which Distell Shareholders must be recorded as such in the Register to participate in and vote at the Scheme Meeting is Friday, 4 February 2022. The last day to trade in Distell Ordinary Shares in order to be entitled to participate in and vote at the Scheme Meeting will therefore be Tuesday, 1 February 2022.

1. ACTION REQUIRED IN RELATION TO THE SCHEME MEETING

1.1 Dematerialised Distell Shareholders without Own-name Registration

If you are a Dematerialised Distell Shareholder other than with Own-name Registration, your CSDP or Broker should contact you to ascertain how you wish to cast your vote at the Scheme Meeting and thereafter cast your vote in accordance with your instructions. If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker and furnish them with your voting instructions. If your CSDP or Broker does not obtain voting instructions from you, they will be obliged to vote in accordance with the instructions contained in your Custody Agreement.

You must not complete the attached Form of Proxy (*yellow*).

If you are a Dematerialised Distell Shareholder other than with Own-name Registration, you must advise your CSDP or Broker in accordance with your Custody Agreement, if you wish to attend the Scheme Meeting. If so, your CSDP or Broker will issue the necessary letter of representation to you to attend the Scheme Meeting.

1.2 Dematerialised Distell Shareholders with Own-name Registration and Certificated Distell Shareholders

If you are a Certificated Distell Shareholder, or a Dematerialised Distell Shareholder with Own-name Registration:

1.2.1 you may attend the Scheme Meeting and may vote at the Scheme Meeting;

1.2.2 alternatively, you may appoint a proxy to represent you at the Scheme Meeting by completing the attached Form of Proxy (*yellow*) in relation to the Scheme Meeting in accordance with the instructions it contains. It is requested that, for administration purposes, the Form of Proxy (*yellow*) be returned to the registered office of Distell or the Transfer Secretaries to be received by no later than 12h00 on Friday, 11 February 2022. The Form of Proxy may however be delivered to the Transfer Secretaries, on behalf of the chairman of the Scheme Meeting, in accordance with the instructions contained therein at any time before the proxy exercises any rights of the Distell Shareholder at the Scheme Meeting.

2. ACTION REQUIRED IN RELATION TO THE CAPEVIN OFFER

2.1 Acceptance of the Capevin Offer

If you are a Dematerialised Distell Shareholder other than with Own-name Registration, you must not complete the attached Form of Acceptance and Transfer (*blue*). Your CSDP or Broker should contact you to ascertain whether you wish to accept or reject the Capevin Offer. If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker and furnish them with your instructions regarding the Capevin Offer.

If you are a Certificated Distell Shareholder, or a Dematerialised Distell Shareholder with Own-name Registration, you **must** complete the attached Form of Acceptance and Transfer (*blue*) in accordance with the instructions it contains. The duly completed Form of Acceptance and Transfer (*blue*) must be returned to the Transfer Secretaries by no later than 12h00 on the Election Record Date.

The Capevin Deemed Acceptance will apply to Certificated Distell Shareholders and Dematerialised Distell Shareholders with Own-name Registration whose Forms of Acceptance and Transfer (*blue*) have not been duly completed in accordance with the instructions contained therein and/or thereafter returned to the Transfer Secretaries by no later than 12h00 on the Election Record Date. Such Distell Shareholders will be deemed to have accepted the Capevin Offer. The Capevin Deemed Cash Acceptance will also apply to Dematerialised Distell Shareholders without Own-name Registration who fail to make their election in relation to the Capevin Offer validly or timeously. Please see the definition of Capevin Deemed Acceptance on page 20 of this Distell Circular for further detail in relation to the Capevin Deemed Acceptance.

You must either accept or reject, as applicable, the Capevin Offer in respect of all, and not only a portion, of your Capevin Ordinary Shares.

2.2 Surrender of Documents of Title in respect of Capevin Ordinary Shares

No Capevin Ordinary Shares have been issued in Dematerialised form and, accordingly, all the Capevin Ordinary Shares will be delivered in Certificated form only. Distell will deliver to Heineken all Documents of Title in respect of the Capevin Ordinary Shares sold to Heineken in terms of the Capevin Offer. Therefore, Scheme Participants who wish to accept (or are, pursuant to the Capevin Deemed Acceptance, deemed to accept) the Capevin Offer will not be required to surrender any Documents of Title in respect of the Capevin Ordinary Shares. Scheme Participants who reject the Capevin Offer (and therefore take receipt of Capevin Ordinary Shares pursuant to the Capevin Distribution) will have share certificates in respect of their Capevin Ordinary Shares posted to them by registered post.

2.3 Settlement of the Capevin Distribution or Capevin Cash Consideration, as applicable

2.3.1 If the Scheme becomes Operative and you are a Scheme Participant, and have:

2.3.1.1 accepted (or are, pursuant to the Capevin Deemed Acceptance, deemed to have accepted) the Capevin Offer, the Capevin Cash Consideration will be paid to you in cash on the Scheme Implementation Date by way of:

2.3.1.1.1 crediting your account with your CSDP or Broker, if you are a Dematerialised Distell Shareholder; or

2.3.1.1.2 EFT into the bank account detailed in the relevant section on the Form of Acceptance and Transfer (*blue*), if you are a Certificated Distell Shareholder. If you have not provided correct bank details in the Form of Acceptance and Transfer (*blue*), the provisions of paragraph 2.3.6 will apply.

The share certificates in respect of the Capevin Ordinary Shares acquired by Heineken in terms of the Capevin Offer will be delivered to Heineken within 10 Business Days of the Scheme Implementation Date; or

2.3.1.2 rejected the Capevin Offer, the Capevin Ordinary Shares owing to you in respect of the Capevin Distribution will be delivered to you, by way of the posting of the share certificates to you by registered post within 10 Business Days of the Scheme Implementation Date. If you are a Certificated Distell Shareholder and have not provided details of your postal address in the relevant section on the Form of Acceptance and Transfer (*blue*), you will be deemed to have accepted the Capevin Offer and the provisions of paragraph 2.3.6 will apply.

2.3.2 Certificated Distell Shareholders are advised that no cheques will be issued or paid in relation to the payment of the Capevin Cash Consideration.

2.3.3 No interest will accrue for the benefit of Scheme Participants on the Capevin Cash Consideration.

2.3.4 If the Scheme does not become Operative, neither the Capevin Distribution nor the Capevin Offer will be made. In such circumstances, Distell Shareholders will not be entitled to receive the Capevin Ordinary Shares or the Capevin Cash Consideration.

2.3.5 If the Scheme becomes Operative and you are a Scheme Participant who is a Certificated Distell Shareholder, and you return your completed Form of Acceptance and Transfer (*blue*) after 12h00 on the Election Record Date but before the Scheme Implementation

Date, the Capevin Cash Consideration due to you will be held by the Transfer Secretaries in trust and will be paid to you by way of EFT within 10 Business Days of receipt of your completed Form of Acceptance and Transfer (*blue*), provided that same shall not be paid before the Scheme Implementation Date.

2.3.6 If you are a Scheme Participant who is a Certificated Distell Shareholder and fail to provide your completed Form of Acceptance and Transfer (*blue*) before the Election Record Date or provide incorrect bank account to the Transfer Secretaries, the Capevin Deemed Acceptance will apply to you and the Capevin Cash Consideration due to you will be transferred to a bank account in the name of Computershare Nominees Proprietary Limited, the nominee of Computershare Proprietary Limited's CSDP, who will hold such Capevin Cash Consideration for and on your behalf for a period of 3 years after the Scheme Implementation Date. The Capevin Cash Consideration due to you can be claimed from Computershare Nominees Proprietary Limited during this period by providing the correct bank account details and complying with certain other requirements relating to verification. If you do not claim your Capevin Cash Consideration within the 3-year period, the Capevin Cash Consideration due to you will be paid to the Guardian's Fund of the Master of the High Court on your behalf. In this regard, such Scheme Participants irrevocably authorise and appoint each of Distell and Heineken (or their respective agents as appointed by each of them), *in rem suam* (that is, irrevocably for Distell and Heineken's advantage), with full power of substitution, to act as agent in the name, place and stead of such Scheme Participants to cause the Capevin Cash Consideration to be paid to the Guardian's Fund on his or her behalf in the aforesaid manner.

2.4 If you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 23.8 of this Distell Circular, the provisions of paragraph 23.9 of this Distell Circular will apply.

3. ACTION REQUIRED IN RELATION TO THE NEWCO OFFER

3.1 Exercise of election regarding Newco Cash Only Option, Newco Fixed Ratio Option or Newco Share Only Option pursuant to the Newco Offer

If you are a Dematerialised Distell Shareholder other than with Own-name Registration, you must not complete the attached Form of Election, Surrender and Transfer (*green*). Your CSDP or Broker should contact you to ascertain whether you wish to elect the Newco Cash Only Option, the Newco Fixed Ratio Option or the Newco Share Only Option. If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker and furnish them with your election instructions.

If you are a Certificated Distell Shareholder, or a Dematerialised Distell Shareholder with Own-name Registration, you **must** complete the attached Form of Election, Surrender and Transfer (*green*) in full in accordance with the instructions it contains. The duly completed Form of Election, Surrender and Transfer (*green*) must be returned to the Transfer Secretaries by no later than 12h00 on the Election Record Date.

The Newco Deemed Cash Election will apply to Certificated Distell Shareholders and Dematerialised Distell Shareholders with Own-name Registration whose Forms of Election, Surrender and Transfer (*green*) have not been duly completed in accordance with the instructions contained therein and/or thereafter returned to the Transfer Secretaries by no later than 12h00 on the Election Record Date. Such Distell Shareholders will be deemed to have elected the Newco Cash Only Option. The Newco Deemed Cash Election will also apply to Dematerialised Distell Shareholders without Own-name Registration who fail to make their election in relation to the Newco Offer timeously or validly. Please see the definition of Newco Deemed Cash Election on page 30 of this Distell Circular for further detail in relation to the Newco Deemed Cash Election. In circumstances where the Newco Threshold Deemed Cash Election applies, you will be deemed to have elected to receive the Newco Cash Consideration in respect of a *pro rata* portion of your Scheme Ordinary Shares, notwithstanding that you may have elected to receive the Newco Share Consideration in respect of those shares.

3.2 Surrender of Documents of Title in respect of Scheme Shares

If you are a Dematerialised Distell Shareholder other than with Own-name Registration, you must not complete the Form of Election, Surrender and Transfer (*green*) and are not required to surrender any Documents of Title in respect of your Scheme Shares.

If you are a Dematerialised Distell Shareholder with Own-name Registration, you are not required to surrender any Documents of Title in respect of your Scheme Shares, but you **must** nonetheless complete the Form of Election, Surrender and Transfer (*green*) to indicate your election in respect of the Newco Offer and return same to the Transfer Secretaries by no later than 12h00 on the Election Record Date.

If you are a Certificated Distell Shareholder, you **must** complete the attached Form of Election, Surrender and Transfer (*green*) and return it, together with the relevant Documents of Title relating to all your Distell Shares, in accordance with the instructions contained therein to the Transfer Secretaries by no later than 12h00 on the Election Record Date. If the Scheme becomes Operative, you will have to surrender your Documents of Title in respect of your Distell Shares in exchange for the Newco Offer Consideration owing to you, irrespective of whether you voted in favour of the Scheme or not.

If you wish to surrender your Documents of Title prior to the Scheme Meeting, in anticipation of the Scheme becoming Operative, your right to attend, speak and vote at the Scheme Meeting will remain unaffected.

Documents of Title surrendered prior to 12h00 on the Election Record Date in anticipation of the Scheme becoming Operative will be held in trust by the Transfer Secretaries, at the risk of the relevant Certificated Distell Shareholder, pending the Scheme becoming Operative.

Documents of Title held by Certificated Distell Shareholders in respect of their Distell Shares will cease to be of any value, and shall not be good for delivery, from the Scheme Implementation Date, other than for surrender in terms of the Scheme and/or the valid exercise of Appraisal Rights.

If you fail to surrender your Documents of Title in respect of your Scheme Shares and/or fail to return and/or complete correctly the Form of Election, Surrender and Transfer (*green*), the provisions of paragraph 3.5 will apply.

Should the Scheme not become Operative, the relevant Documents of Title surrendered to and held by the Transfer Secretaries will be returned to such Certificated Distell Shareholders by the Transfer Secretaries, at such Certificated Distell Shareholder's own risk, by registered post within 10 Business Days from the date on which it becomes known that the Scheme will not become Operative.

3.3 Certificated Transfers of Scheme Shares

Where physical Documents of Title have been surrendered, no receipts will be issued to Certificated Distell Shareholders for the Documents of Title lodged with the Transfer Secretaries, unless specifically requested by such Certificated Distell Shareholder in writing. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the Documents of Title lodged.

3.4 Lost or destroyed Documents of Title in respect of Scheme Shares held by Certificated Distell Shareholders

If Documents of Title have been lost or destroyed, Scheme Participants should nevertheless return the Form of Election, Surrender and Transfer (*green*), duly signed and completed. The Transfer Secretaries shall thereafter issue an indemnity form, in a form and substance acceptable to Distell, Heineken and Newco (in their discretion), to such Scheme Participant for completion and signature. Distell, Heineken, Newco and the Transfer Secretaries must be satisfied that the Documents of Title have, in fact, been lost or destroyed. Only upon receipt of the completed and signed indemnity form shall Distell, Heineken and Newco take into account the action taken by such Scheme Participant in terms of the Scheme.

3.5 Validity of Acceptances of the Newco Offer

Distell reserves the right, in its sole and absolute discretion, to:

- 3.5.1 treat as invalid any (i) Form of Election, Surrender and Transfer (*green*) which has not been fully completed or which has been incorrectly completed in respect of Certificated Distell Shareholders and Dematerialised Distell Shareholders with Own-name Registration, or (ii) invalidly made or late acceptance of the Newco Offer by or on behalf of any Dematerialised Distell Shareholder without Own-name Registration; and/or
- 3.5.2 require proof of the authority of the person signing the Form of Election, Surrender and Transfer (*green*) in respect of Certificated Distell Shareholders and Dematerialised Distell Shareholders with Own-name Registration, where such proof has not yet been lodged with, or recorded by, the Transfer Secretaries.
If:
 - 3.5.3 you fail to complete and return the Form of Election, Surrender and Transfer (*green*) as aforesaid, or
 - 3.5.4 in the Form of Election, Surrender and Transfer (*green*), you fail to provide any postal address, or

- 3.5.5 Distell treats your Form of Election, Surrender and Transfer (*green*), or acceptance of the Newco Offer not validly or timeously made, as invalid in accordance with paragraph 3.5.1 of this Distell Circular,

subject to paragraph 3.6.6 below you will be deemed to have elected the Newco Cash Only Option and (i) if you are Certificated Distell Shareholder or Dematerialised Distell Shareholder with Own-name Registration, the Newco Cash Consideration will be transferred to a bank account in the name of Computershare Nominees Proprietary Limited, the nominee of Computershare Proprietary Limited's CSDP, who will hold such Newco Cash Consideration for and on your behalf where incorrect or no bank account details are provided, or (ii) if you are a Dematerialised Distell Shareholder without Own-name Registration, the Newco Cash Consideration due to you will be transferred into your bank account linked to your brokerage account with your CSDP or Broker.

3.6 Settlement of the Newco Offer Consideration

- 3.6.1 If the Scheme becomes Operative, then:

The Newco Cash Only Option

- 3.6.1.1 Scheme Participants who elect (or are, pursuant to the Newco Deemed Cash Election, deemed to elect) the Newco Cash Only Option, will:

- 3.6.1.1.1 **in respect of Dematerialised Distell Shareholders:** have their accounts at their CSDP or Broker updated on or around the Scheme Implementation Date to reflect:

- (i) receipt of their Newco Cash Consideration; and
- (ii) the transfer of their Distell Ordinary Shares to Newco; and

- 3.6.1.1.2 **in respect of Certificated Distell Shareholders:** have their:

- (i) bank account credited with their Newco Cash Consideration on or around the Scheme Implementation Date, and
- (ii) name removed from the Register to reflect the transfer of their Distell Ordinary Shares to Newco; and

- 3.6.1.1.3 if the Scheme Participant is a Distell B Shareholder, the Register will be updated to reflect the disposal of their Distell B Shares to Newco and the Newco Cash Consideration received by them as contemplated above will include the cash component relating to the acquisition of their certificated Distell B Shares by Newco on or around the Scheme Implementation Date.

The Newco Fixed Ratio Option

- 3.6.1.2 Scheme Participants who elect the Newco Fixed Ratio Option will:

- 3.6.1.2.1 **in the case of Dematerialised Distell Shareholders:**

- 3.6.1.2.1.1 have their accounts at their CSDP or Broker updated on or around the Scheme Implementation Date to reflect:

- (i) receipt of their Newco Cash Consideration in respect of 42% of their Distell Ordinary Shares;
- (ii) the transfer of their Distell Ordinary Shares to Newco; and

- 3.6.1.2.1.2 have their share certificates in respect of their Newco Shares for the remaining 58% of their Distell Ordinary Shares, in the Newco Entitlement Ratio, but subject to the Newco Threshold Deemed Cash Election, posted to them by registered post within 10 Business Days of the Scheme Implementation Date; and

- 3.6.1.2.2 **in the case of Certificated Distell Shareholders:** have their:

- 3.6.1.2.2.1 bank account credited with their Newco Cash Consideration in respect of 42% of their Distell Ordinary Shares on or around the Scheme Implementation Date, and name removed from the Register to reflect the transfer of their Distell Ordinary Shares to Newco; and

3.6.1.2.2.2 share certificates in respect of their Newco Shares for the remaining 58% of their Distell Ordinary Shares, in the Newco Entitlement Ratio, but subject to the Newco Threshold Deemed Cash Election, posted to them by registered post within 10 Business Days of the Scheme Implementation Date, and

3.6.1.2.3 if the Scheme Participant is a Distell B Shareholder, the Register will be updated to reflect the disposal of their Distell B Shares to Newco and the Newco Offer Consideration received by them as contemplated above will include the cash component relating to the acquisition of their certificated Distell B Shares by Newco on or around the Scheme Implementation Date.

The Newco Share Only Option

3.6.1.3 Scheme Participants who elect the Newco Share Only Option will:

3.6.1.3.1 in the case of Dematerialised Distell Shareholders:

3.6.1.3.1.1 have their accounts at their CSDP or Broker updated on or around the Scheme Implementation Date to reflect:

(i) receipt of the cash component of the Newco Share Consideration in respect of their Scheme B Shares; and

(ii) the transfer of their Distell Ordinary Shares to Newco;

3.6.1.3.1.2 have their share certificates in respect of their Newco Shares in the Newco Entitlement Ratio, but subject to the Newco Threshold Deemed Cash Election, posted to them by registered post within 10 Business Days of the Scheme Implementation Date; and

3.6.1.3.2 in the case of Certificated Distell Shareholders:

3.6.1.3.2.1 have their:

(i) bank account credited with the cash component of the Newco Share Consideration in respect of their Scheme B Shares on or around the Scheme Implementation Date; and

(ii) name removed from the Register to reflect the transfer of their Distell Ordinary Shares to Newco; and

3.6.1.3.2.2 have their share certificates in respect of their Newco Shares in the Newco Entitlement Ratio, but subject to the Newco Threshold Deemed Cash Election, posted to them by registered post within 10 Business Days of the Scheme Implementation Date; and

3.6.1.3.3 if the Scheme Participant is a Distell B Shareholder, the Register will be updated to reflect the disposal of their Distell B Shares to Newco and the Newco Share Consideration received by them as contemplated above will include the cash component relating to the acquisition of their certificated Distell B Shares by Newco on or around the Scheme Implementation Date.

3.6.2 If the Scheme becomes Operative and you are a Scheme Participant, and have elected:

3.6.2.1 the Newco Cash Only Option (or are, pursuant to the Newco Deemed Cash Election, deemed to have elected the Newco Cash Only Option), the Newco Cash Consideration will be paid to you in cash on or around the Scheme Implementation Date by way of:

3.6.2.1.1 crediting your account with your CSDP or Broker, if you are a Dematerialised Distell Shareholder; or

- 3.6.2.1.2 EFT into the bank account detailed in the relevant section of the Form of Election, Surrender and Transfer (*green*), if you are a Certificated Distell Shareholder. If you are a Certificated Distell Shareholder and have not provided correct bank account details in the Form of Election, Surrender and Transfer (*green*) and/or fail to surrender your Documents of Title in respect of the Scheme Shares, the provisions of paragraph 3.6.6 will apply; or
- 3.6.2.2 the Newco Fixed Ratio Option or the Newco Share Only Option, and if you are a (i) Certificated Distell Shareholder and delivered the completed Form of Election, Surrender and Transfer (*green*), together with your Documents of Title, or (ii) a Dematerialised Distell Shareholders with Own-name Registration and delivered the completed Form of Election, Surrender and Transfer (*green*), to the Transfer Secretaries (Computershare Investor Services Proprietary Limited) at Rosebank Towers, 15 Biermann Avenue, Rosebank Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132, South Africa), at or before 12h00 on the Election Record Date, then, subject to the Newco Threshold Deemed Cash Election, the Newco Share Consideration owing to you in respect of the Newco Offer will be delivered to you, by way of the posting of the share certificates to you by registered post within 10 Business Days of the Scheme Implementation Date. If you are a Certificated Distell Shareholder and have not provided details of your postal address in the relevant section on the Form of Election, Surrender and Transfer (*green*), you will be deemed to have elected to receive the Newco Cash Consideration and the provisions of paragraph 3.6.6 will apply. The Newco Share Consideration owing to Dematerialised Distell Shareholders without Own-name Registration in respect of the Newco Offer will be delivered by way of the posting of the share certificates to the postal address of their CSDP or Broker within 10 Business Days of the Scheme Implementation Date. The Newco Cash Consideration of the Distell Shareholders that elected the Newco Fixed Ratio Option and the cash component of the Newco Share Consideration in respect of Scheme B Shares of the Distell Shareholders that elected the Newco Share Only Option, will be paid to them as outlined in 3.6.1.2.3 or 3.6.1.3.3, as applicable.
- Newco's account with its CSDP or Broker will be credited with the Scheme Ordinary Shares you have sold to Newco in terms of the Newco Offer.
- 3.6.3 Certificated Distell Shareholders are advised that no cheques will be issued or paid in relation to the payment of the Newco Cash Consideration.
- 3.6.4 No interest will accrue for the benefit of Scheme Participants on the Newco Cash Consideration nor the cash amount payable in respect of the Scheme B Shares in terms of the Newco Share Consideration.
- 3.6.5 If the Scheme becomes Operative and you are a Scheme Participant who is a Certificated Distell Shareholder, and you return your completed Form of Election, Surrender and Transfer (*green*) and surrender your Documents of Title in respect of your Scheme Shares after 12h00 on the Election Record Date but before the Scheme Implementation Date, the Newco Deemed Cash Election will apply to you and the Newco Cash Consideration due to you will be held by the Transfer Secretaries in trust and will be paid to you by way of EFT within 10 Business Days of receipt of your completed Form of Election, Surrender and Transfer (*green*) and surrender of your Documents of Title in respect of your Scheme Shares, provided that same shall not be paid before the Scheme Implementation Date. The Newco Deemed Cash Election will also apply to Dematerialised Distell Shareholders that fail to timeously make their election in relation to the Newco Offer on the Election Record Date. The Newco Cash Consideration due to such Dematerialised Distell Shareholders shall be paid to them as outlined in paragraph 3.5 but subject to paragraph 3.6.6.
- 3.6.6 If you are a Scheme Participant who is a Certificated Distell Shareholder and fail to provide your completed Form of Election, Surrender and Transfer (*green*) and surrender your Documents of Title in respect of the Scheme Shares, or provide incorrect bank account details to the Transfer Secretaries, the Newco Deemed Cash Election will apply to you and the Newco Cash Consideration due to you will be transferred to a bank account in the name of Computershare Nominees Proprietary Limited, the nominee of Computershare Proprietary Limited's CSDP, who will hold such Capevin Cash Consideration for and on your behalf for a period of 3 years after the Scheme Implementation Date. The Newco Cash Consideration due to you can be claimed from Computershare Nominees Proprietary Limited during this period by providing the correct bank account details and complying

with certain other requirements relating to verification. If you do not claim your Newco Cash Consideration within the 3-year period, the Newco Cash Consideration due to you will be paid to the Guardian's Fund of the Master of the High Court on your behalf. In this regard, such Scheme Participants irrevocably authorise and appoint each of Distell and Newco (or their respective agents as appointed by each of them), *in rem suam* (that is, irrevocably for Distell and Newco's advantage), with full power of substitution, to act as agent in the name, place and stead of such Scheme Participants to cause the Newco Cash Consideration to be paid to the Guardian's Fund on his or her behalf in the aforesaid manner. The aforementioned will also apply to Dematerialised Distell Shareholders with Own-name Registration that provide incorrect bank account details to the Transfer Secretaries in their completed Form of Election, Surrender and Transfer (*green*) and to Dematerialised Distell Shareholders without Own-name Registration on whose behalf incorrect bank account details are submitted to the Transfer Secretaries and the Newco Cash Consideration due to them cannot be transferred into the bank account linked to their brokerage account with their CSDP or Broker for whatever reason.

- 3.6.7 If the Scheme does not become Operative, all Distell Shareholders will retain their Distell Shares and will not be entitled to receive the Newco Cash Consideration nor the Newco Share Consideration.

3.7 Participation in Newco Capital Raise

If you elect the Newco Share Only Option, you are entitled (but not obliged) to participate in the Newco Capital Raise.

If you are a Dematerialised Distell Shareholder other than with Own-name Registration, you must not complete the attached Form of Subscription (*pink*) and you must contact your CSDP or Broker regarding whether you wish to participate in the Newco Capital Raise. If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker and furnish them with your instructions regarding your participation in the Newco Capital Raise.

If you are a Certificated Distell Shareholder, or a Dematerialised Distell Shareholder with Own-name Registration and you wish to participate in the Newco Capital Raise, you **must** complete the attached Form of Subscription (*pink*) in accordance with the instructions it contains. The duly completed Form of Subscription (*pink*) must be returned to the Transfer Secretaries by no later than 12h00 on the Election Record Date.

Distell Full Reinvestment Shareholders whose Form of Subscription (*pink*) have not been duly completed in accordance with the instructions contained therein and/or thereafter returned to the Transfer Secretaries by no later than 12h00 on the Election Record Date will be deemed to have elected not to participate in the Newco Capital Raise.

Distell Full Reinvestment Shareholders who elect to participate in the Newco Capital Raise will receive written notice from Newco prior to the Scheme Implementation Date, detailing (i) the amount which such Distell Full Reinvestment Shareholder is required to pay to Newco in respect of such Distell Full Reinvestment Shareholder's participation in the Newco Capital Raise (which will be subject to the maximum amount specified by such Distell Full Reinvestment Shareholder), (ii) the detail of the bank account into which the relevant amount must be paid for Newco's benefit and (iii) the date upon which such payment is to be made.

4. GENERAL

- 4.1 If you wish to Dematerialise your Distell Shares, please contact your CSDP or Broker.
- 4.2 You do not need to Dematerialise your Distell Shares to participate in the Scheme.
- 4.3 Distell may dispense with the requirement for the surrender of share certificates in respect of Scheme Ordinary Shares upon the production of evidence, satisfactory to Distell, Heineken and Newco, that such share certificates have been lost or destroyed and upon provision of a suitable indemnity on terms satisfactory to Distell, Heineken and Newco.
- 4.4 If you are a Certificated Distell Shareholder and your share certificates relating to your Scheme Ordinary Shares have been lost or destroyed, you should nevertheless return the Form of Election, Surrender and Transfer (*green*), duly signed and completed, to the Transfer Secretaries together with a duly completed indemnity form, which is obtainable from the Transfer Secretaries.

5. DISTELL SHAREHOLDER AND COURT APPROVALS IN RELATION TO THE SCHEME

- 5.1 Approval by way of a special resolution of Distell Shareholders is required for the Scheme, in accordance with sections 114(1) and 115(2)(a) of the Companies Act, at the Scheme Meeting, at which meeting at least 3 Distell Shareholders must be present and entitled to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised at the Scheme Meeting.
- 5.2 Approval by way of an ordinary resolution of Distell Shareholders is required for the disposal by two Subsidiaries of Distell of the shares in the Distell Namibia Companies to NBL on the terms and conditions detailed in paragraph 39 of the Distell Circular in terms of section 126(1) of the Companies Act.
- 5.3 Approval by way of an ordinary resolution of Distell Shareholders is required for the Capevin Distribution in terms of section 5.85(c) of the Listings Requirements, by virtue of the fact the Capevin Ordinary Shares are unlisted. The Distell Board will, subject to compliance with the Companies Act, approve the declaration and payment of the Capevin Distribution subject to the Scheme becoming Operative.
- 5.4 All Distell Shareholders are entitled to vote on the Transaction Resolutions, including the Scheme Resolution.
- 5.5 Potential Court approval
 - 5.5.1 Distell Shareholders are advised that, in accordance with section 115(3) of the Companies Act, in certain circumstances Distell, Heineken and Newco may not proceed to implement the Scheme without the approval of the Court, despite the fact that the Scheme Resolution may have been duly adopted by the requisite majority of Distell Shareholders at the Scheme Meeting.
 - 5.5.2 In this regard, a copy of section 115 of the Companies Act, which details the circumstances under which Court approval may be required for implementation of the Scheme, is set out in Annexure 11 to this Distell Circular.

6. DISSENTING SHAREHOLDERS

- 6.1 A detailed explanation of the Distell Shareholders' Appraisal Rights is contained in paragraph 23 of this Distell Circular.
- 6.2 A copy of sections 115 and 164 of the Companies Act pertaining to the Distell Shareholders' Appraisal Rights is set out in Annexure 11 to this Distell Circular.

7. FOREIGN DISTELL SHAREHOLDERS

- 7.1 The Scheme, including the Capevin Distribution, is governed by and will be implemented in accordance with the Laws of South Africa and is subject to applicable South African Laws and regulations, including the Exchange Control Regulations. These South African Laws may be different from the Laws applicable in other jurisdictions. Certain Distell Shareholders who are resident in foreign jurisdictions (Foreign Distell Shareholders) may be prohibited from accepting the Capevin Ordinary Shares pursuant to the Capevin Distribution and/or electing the Newco Fixed Ratio Option or the Newco Share Only Option in respect of the Newco Offer, and should consult and obtain advice from a professional adviser in the relevant jurisdiction without delay.
- 7.2 No action has been taken by Distell, Heineken or Newco to obtain any approval, authorisation or exemption to permit the distribution of the Capevin Ordinary Shares, or the transfer of Newco Shares, or the possession or distribution of the Scheme Circular or Prospectus (or any other publicly available documents relating to the Scheme, the Capevin Ordinary Shares and/or the Newco Shares), in any jurisdiction other than South Africa.
- 7.3 All Distell Shareholders who are resident or whose registered addresses are in any country other than in the Common Monetary Area will be deemed to be Foreign Distell Shareholders who cannot receive the Capevin Ordinary Shares and/or the Newco Shares (Foreign Excluded Distell Shareholders) unless such Distell Shareholders, either personally or through a representative, CSDP or Broker and by no later than the Election Record Date, provide the Transfer Secretaries with proof, satisfactory to the Distell Board, that such Foreign Distell Shareholders are entitled to receive the Capevin Ordinary Shares and/or the Newco Shares, as applicable. Distell Shareholders' CSDPs or Brokers, as applicable, will be responsible for informing the Transfer Secretaries of any Distell Shares held by a Foreign Distell Shareholder and the Transfer Secretaries will be responsible for determining which certificated Distell Shareholders are Foreign Distell Shareholders.

- 7.4 Foreign Excluded Distell Shareholders who do not provide proof by no later than the Election Record Date that they are entitled to receive Capevin Ordinary Shares and/or Newco Shares will be deemed to have:
- 7.4.1 accepted the Capevin Offer. In such circumstances, the Capevin Ordinary Shares of such Foreign Excluded Distell Shareholders will be disposed of to Heineken for the benefit of the relevant Foreign Excluded Distell Shareholders, for the Capevin Cash Consideration. The cash proceeds (post costs and taxes) from such disposal will be repatriated to the relevant Foreign Excluded Distell Shareholders; and
 - 7.4.2 elected the Newco Cash Only Option. In such circumstances, the Distell Shares of such Foreign Excluded Distell Shareholders will be disposed of to Newco for the benefit of the relevant Foreign Excluded Distell Shareholders, for the Newco Cash Consideration. The cash proceeds (post costs and taxes) from such disposal will be repatriated to the relevant Foreign Excluded Distell Shareholders.

8. TAKEOVER REGULATIONS PANEL APPROVAL

- 8.1 Distell Shareholders are advised that the Scheme constitutes an “affected transaction” as defined in section 117(1)(c)(iii) of the Companies Act and, as such, the Scheme is regulated by the Companies Act and the Takeover Regulations.
- 8.2 Distell Shareholders should take note that the TRP, in approving this Distell Circular and otherwise exercising its powers and functions with regard to the Scheme, does not consider or express any opinion or view on the commercial advantages or disadvantages of the Scheme in accordance with section 201(3) of the Companies Act.

DEFINITIONS AND INTERPRETATION

In this Distell Circular and its annexures, unless otherwise stated or the context indicates otherwise, the words and expressions in the first column shall have the meanings stated opposite them in the second column, and words and expressions in the singular shall include the plural and vice versa, words importing natural persons shall include juristic persons and unincorporated associations of persons and vice versa, and any reference to one gender shall include the other genders.

“Acting In Concert”	bears the meaning ascribed thereto in terms of section 117 of the Companies Act;
“Appraisal Rights”	the rights afforded to Distell Shareholders in terms of section 164 of the Companies Act, as set out in paragraph 23 of this Distell Circular and Annexure 11 to this Distell Circular;
“Assessment Date”	the date on which the last of the Scheme Conditions listed in paragraphs 5.2.1 to 5.2.16 of this Distell Circular, but excluding the PST Scheme Conditions, is fulfilled or, if applicable, waived;
“Authorised Dealer”	a person authorised to deal in foreign exchange as contemplated in the Exchange Control Regulations;
“B-BBEE”	broad-based black economic empowerment, as contemplated in the Broad-Based Black Economic Empowerment Act 53 of 2003, including all regulations and relevant codes of good practice enacted, promulgated, gazetted or issued thereunder from time to time;
“Botswana”	the Republic of Botswana;
“Broker”	any person registered as a “broking member (equities)” in terms of the rules of the JSE made in accordance with the FMA;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Capevin”	Capevin Holdings Proprietary Limited (registration number 1997/020857/07), a company incorporated in accordance with the company Laws of South Africa and which, as at the Last Practicable Date, is a wholly owned Subsidiary of Distell and which, immediately after implementation of the Capevin Distribution (and before the Capevin Offer), will be held by the Scheme Participants in the same proportions as their holding in Distell;
“Capevin B-Linked Ordinary Shares”	58,673,844 Capevin Ordinary Shares held by Remgro Beverages immediately following the implementation of the Capevin Distribution, which will be automatically linked to the Capevin B Shares issued to Remgro Beverages in terms of the Capevin B Share Linking simultaneously upon the implementation of the Capevin Distribution;
“Capevin B Share/s”	unlisted, non-convertible, redeemable, no par value “B” shares of Capevin which have the preferences, rights, limitations and other share terms as detailed in the Capevin B Share Terms, which are summarised in tabular form in Annexure 7 and provided in full in Annexure 6 of this Distell Circular;
“Capevin B Share Issuance”	the issue of 124,226,613 Capevin B Shares to Remgro Beverages by Capevin for an aggregate issue consideration of R1,242.27 (at an issue price of R0.00001 per Capevin B Share) in terms of the Distell Internal Reorganisation, subject to compliance with section 46 of the Companies Act, as detailed more fully in paragraph 3.6.2 of this Distell Circular;

“Capevin B Share Linking”	the linking of the Capevin B Shares, issued to Remgro Beverages pursuant to the Capevin B Share Issuance, to the Capevin B-Linked Ordinary Shares held by Remgro Beverages following the Capevin Distribution by virtue of the provisions of the Capevin B Share Terms, as detailed in paragraph 2.2 of Annexure 4 of this Distell Circular and in paragraph 8.2 of Annexure 1 to the Capevin MOI;
“Capevin B Share Ratio”	2.117 Capevin B Shares for every 1 Capevin B-Linked Ordinary Share. This ratio has, for purposes of this Distell Circular and the Capevin MOI, been rounded and the un-rounded number is 2.11724006015355;
“Capevin B Share Terms”	the preferences, rights, limitations and other share terms attaching to the Capevin B Shares, as provided in Annexure 6 (and in tabular form in Annexure 7) to this Distell Circular and detailed in Annexure 1 to the Capevin MOI;
“Capevin B Shareholder/s”	the holder/s of Capevin B Share/s from time to time;
“Capevin Cash Consideration”	a cash consideration, payable by Heineken, of R15.00 per Capevin Ordinary Share;
“Capevin Deemed Acceptance”	the deemed acceptance by a Scheme Participant of the Capevin Offer in respect of its Capevin Ordinary Shares to be received pursuant to the Capevin Distribution which will be applicable if (i) the Scheme Participant fails to accept or reject the Capevin Offer validly and timeously; (ii) if applicable, the Scheme Participant provides incorrect detail of its bank account or postal address in its Form of Acceptance and Transfer (<i>blue</i>); (iii) if applicable, the Scheme Participant is a Dissenting Shareholder who subsequently becomes a Scheme Participant in terms of paragraph 23.8 of this Distell Circular and fails to submit a validly completed Form of Acceptance and Transfer (<i>blue</i>) to the Transfer Secretaries before 12h00 on the Election Record Date or otherwise in the circumstances contemplated in paragraph 23.9.2 of this Distell Circular; or (iv) the relevant Scheme Participant is a Foreign Excluded Distell Shareholder who has not provided proof that it is entitled to receive the Capevin Ordinary Shares;
“Capevin Directors”	the directors of Capevin from time to time;
“Capevin Distribution”	the declaration by Distell of a distribution <i>in specie</i> and transfer of all the Capevin Ordinary Shares held by it to the Scheme Participants in the Capevin Entitlement Ratio, as contemplated in paragraph 3.8.1 of this Distell Circular;
“Capevin Entitlement Ratio”	1 Capevin Ordinary Share for every 1 Scheme Ordinary Share held by a Scheme Participant on the Election Record Date;
“Capevin Final Board” and “Capevin Final Directors”	the directors appointed to serve as directors of Capevin by Capevin Shareholders at the First Capevin Shareholders’ Meeting;
“Capevin Group”	Capevin and its Subsidiaries after implementation of the Distell Internal Reorganisation, namely Distell International, RCI, DGL and SADW and their Subsidiaries, including CastleWine, which will hold the Distell Out-of-Scope Assets;
“Capevin Group <i>Pro Forma</i> Financial Information”	collectively the <i>pro forma</i> financial effects as set out in paragraph 15.8 of this Distell Circular and the <i>pro forma</i> statement of financial position as at 30 June 2021 and the <i>pro forma</i> income statement of the Capevin Group for the year then ended as set out in Annexure 19 of this Distell Circular;
“Capevin Information Schedule”	the schedule of information about Capevin and the Capevin Group, attached to this Distell Circular as Annexure 3;

“Capevin Interim Board” and “Capevin Interim Directors”	the interim board of directors of Capevin appointed for purposes of managing the conduct of the business of the Capevin Group subsequent to implementation of the Scheme and until the First Capevin Shareholders’ Meeting is convened <i>inter alia</i> to appoint the directors who are to serve on the Capevin Final Board, whose detail is set out in paragraph 14.3 of the Capevin Information Schedule and who will resign immediately after the First Capevin Shareholders Meeting;
“Capevin MOI”	Capevin’s memorandum of incorporation, extracts of which are provided in Annexure 5 to this Distell Circular and a copy of which is available for inspection pursuant to paragraph 45 of this Distell Circular;
“Capevin Offer”	the offer by Heineken to acquire the Capevin Ordinary Shares to be received by Scheme Participants pursuant to the Capevin Distribution for the Capevin Cash Consideration, subject to the Scheme Condition detailed in paragraph 5.2.14 of this Distell Circular;
“Capevin Ordinary Share/s”	ordinary shares with no par value in the capital of Capevin, the salient terms of which are summarised in Annexure 4 of this Distell Circular;
“Capevin Ordinary Shareholder/s”	the holders of Capevin Ordinary Share/s from time to time;
“Capevin Shareholder/s”	the holder/s of Capevin Share/s from time to time;
“Capevin Share/s”	Capevin Ordinary Shares and Capevin B Shares. Both the Capevin Ordinary Shares and the Capevin B Shares are and will remain unlisted;
“CastleWine”	Castle Wine and EK Green Limited (registration number 1963/00227/06), a company incorporated in accordance with the company Laws of South Africa and which, as at the Last Practicable Date is, and after implementation of the Scheme will be, an indirect wholly owned Subsidiary of SADW. The shares in CastleWine are and will remain unlisted;
“Certificate” and “Certificated”	the process by which electronic records of ownership of shares are replaced with paper share certificates and/or other Documents of Title;
“Certificated Distell Shareholder/s”	holders of Certificated Distell Shares;
“Certificated Distell Share/s”	Distell Shares which are represented by a share certificate or other Document(s) of Title, which are not Dematerialised Shares;
“Certification Scheme Conditions”	the Scheme Conditions detailed in paragraphs 5.2.17, 5.2.18, 5.2.19 and 5.2.20 of this Distell Circular;
“Certified”	the confirmation of the fulfilment of the Certification Scheme Conditions, after implementing (and in accordance with) the process contemplated in clause 13.2.11 of the Implementation Agreement;
“CGT”	Capital Gains Tax as determined in terms of the Eighth Schedule of the Income Tax Act;
“Challenge Notice”	a notice issued by Distell, Heineken or Newco in terms of clause 3.2.11.2 of the Implementation Agreement, in terms of which it is disputed that one more of the Scheme Conditions in paragraphs 5.2.17, 5.2.18, 5.2.19 or 5.2.20 of this Distell Circular has been fulfilled;
“CIPC”	the Companies and Intellectual Property Commission;

“Combined Carve-Out Historical Financial Information of Capevin and the Gordon’s Gin interest”	the combined carve-out historical financial information consists of the combined carve-out statements of financial position and the related carve-out income statements and statements of comprehensive income, changes in equity, and cash flows for the 3 financial years up to and ended 30 June 2021, and the notes comprising a summary of significant accounting policies and other explanatory information of Capevin and the Gordon’s Gin interest;
“Combined Carve-Out Historical Financial Information of the Scotch whisky business”	the combined carve-out historical financial information consists of the combined carve-out statements of financial position and the related carve-out income statements and statements of comprehensive income, changes in equity, and cash flows for the 3 financial years up to and ended 30 June 2021, and the notes comprising a summary of significant accounting policies and other explanatory information of the Scotch whisky business;
“Common Monetary Area”	the common monetary area established between South Africa, Namibia, Eswatini and Lesotho;
“Companies Act”	the South African Companies Act, 2008 (Act 71 of 2008), as amended;
“Competition Act”	the South African Competition Act, 1998 (Act 89 of 1998), as amended;
“Competition Authorities”	the South African Competition Authorities and the Foreign Competition Authorities;
“Companies Regulations”	the Companies Regulations, 2011, as amended;
“Company Secretary”	the company secretary of Distell;
“Court”	any South African court with competent jurisdiction to approve the implementation of the Scheme Resolution pursuant to section 115(3) to 115(7) of the Companies Act and/or to determine the fair value of Distell Shares pursuant to section 164(14) of the Companies Act;
“CSDP”	a central securities depository participant as defined in the FMA;
“Custody Agreement”	a custody mandate agreement between a Dematerialised Distell Shareholder and a CSDP or Broker, regulating their relationship in respect of Dematerialised Distell Ordinary Shares held on Distell’s uncertificated securities register administered by a CSDP or Broker on behalf of such Distell Shareholder;
“CVH Trust”	the trustees for the time being of the CVH Trust, a trust which is in the process of being established for purposes of Capevin’s B-BBEE initiatives;
“Dematerialise” and “Dematerialised”	the process by which paper share certificates or other Documents of Title are replaced with electronic records of ownership under the electronic settlement system operated by Strate with a duly appointed CSDP or Broker, as the case may be;
“Dematerialised Distell Shareholder/s”	Distell Shareholders holding Dematerialised Distell Shares;
“Dematerialised Share/s”	shares which have been Dematerialised;
“DGL”	Distell Group Limited (registration number 1988/005808/06), a company incorporated in accordance with the company Laws of South Africa and which, as at the Last Practicable Date, is held 47.2% by Distell and 52.8% by RCI and which, after implementation of the Distell Internal Reorganisation, will be held 100% by RCI and form part of the Capevin Group. The shares in DGL are and will remain unlisted;

“DIH”	Distell International Holdings Limited (registration number 10113870), a company incorporated in accordance with the company Laws of England and which, as at the Last Practicable Date, is wholly owned by DGL and which, after implementation of the Distell Internal Reorganisation, will be held 100% by Distell and form part of the Distell Newco Group. The shares in DIH are and will remain unlisted;
“Dissenting Shareholder/s”	Distell Shareholder/s who deliver a Valid Appraisal Demand to Distell in accordance with the requirements of section 164 of the Companies Act, for so long as such Distell Shareholder/s have not, whether voluntarily or pursuant to a final order of the Court, withdrawn their Valid Appraisal Demands on or prior to the Scheme Implementation Date, or allowed any offers made to them in terms of section 164(11) of the Companies Act to lapse on or prior to the Scheme Implementation Date;
“Distell”	Distell Group Holdings Limited (registration number 2016/394974/06), a company incorporated in accordance with the company Laws of South Africa, whose Distell Ordinary Shares are listed on the JSE and whose Distell B Shares are unlisted. The Distell Ordinary Shares will be delisted following implementation of the Scheme;
“Distell B-Linked Ordinary Shares”	58,673,844 Distell Ordinary Shares held by Remgro Beverages which are linked to Distell B Shares in terms of the Distell B Share Terms;
“Distell B Share/s”	124,226,613 unlisted, non-convertible, no par value shares of Distell, which have the preferences, rights, limitations and other share terms as detailed in the Distell B Share Terms;
“Distell B Share Terms”	the preferences, rights, limitations and other share terms attaching to the Distell B Shares, as detailed in Schedule 2 of the Distell MOI;
“Distell B Shareholder/s”	the holder/s of Distell B Share/s from time to time, namely Remgro Beverages as at the Last Practicable Date;
“Distell Bev Distell Shares”	2,651,946 Distell Ordinary Shares held by Distell Beverages as at the Last Practicable Date;
“Distell Beverages”	Distell Beverages (RF) Proprietary Limited (registration number: 2005/005830/07), a company incorporated in accordance with the company Laws of South Africa and which, as at the Last Practicable Date, is wholly owned by the Distell Development Trust. The shares in Distell Beverages are and will remain unlisted;
“Distell Board”	the board of directors of Distell as at the Last Practicable Date;
“Distell Circular”	this bound document issued to Distell Shareholders, on Monday, 17 January 2022, including the annexures hereto, and incorporating a notice convening the Scheme Meeting, a Form of Proxy (<i>yellow</i>), a Form of Acceptance and Transfer (<i>blue</i>), a Form of Election, Surrender and Transfer (<i>green</i>), a Form of Subscription (<i>pink</i>) and a Form of Application (<i>grey</i>);
“Distell CSP Scheme”	the conditional share plan scheme of the Distell Group known as “ <i>Distell Group Holdings Limited Equity Conditional Share Plan 2017</i> ”;
“Distell DC Breach Adjustment”	the adjustment to the Newco Offer Consideration resulting from a breach of the Distribution Covenant by Distell, as contemplated in paragraph 34.4.7.1 of this Distell Circular;
“Distell Delisting”	the removal of the Distell Ordinary Shares from the list of securities admitted to listing on the JSE, as detailed in paragraph 3.13.1 and 22 of this Distell Circular;

“Distell Development Trust”	the trustees for the time being of the Distell Development Trust (Master’s reference number IT 2118/2005), a trust established for purposes of Distell’s B-BBEE initiatives;
“Distell Director/s”	the board of directors of Distell as at the Last Practicable Date, whose details and further information appear on page 37 of this Distell Circular;
“Distell Full Reinvestment Shareholders”	Scheme Participants that elect the Newco Share Only Option in respect of the Newco Offer;
“Distell Group”	Distell and its Subsidiaries as at the Last Practicable Date, which comprises both the Capevin Group and the Distell Newco Group, and which in appropriate circumstances will mean any 1 or more member/s of the Distell Group;
“Distell In-Scope Assets”	the cider, RTD beverages, spirits and wine business conducted by the Distell Group as at the Last Practicable Date (including the brands contemplated in paragraph 11.1.4.2 of this Distell Circular), as consolidated into and held by Distell Ltd and DIH and their Subsidiaries pursuant to the Distell Internal Reorganisation, further information of which is provided in the Newco Prospectus;
“Distell Independent Board”	the Distell Directors that Distell has indicated are independent directors for purposes of considering the Transaction and expressing an opinion as envisaged in Chapter 5 of the Companies Regulations, as at the Last Practicable Date being the individuals named in paragraph 1.3 and in Annexure 2 of this Distell Circular;
“Distell Internal Reorganisation”	the various steps and actions to be taken by <i>inter alia</i> Distell as contemplated in paragraph 3.6 of this Distell Circular, including the Capevin B Share Issuance;
“Distell International”	Distell International Limited (registration number SC109881), a company incorporated in accordance with the company Laws of Scotland and which, as at the Last Practicable Date, is wholly owned by DIH and which, after implementation of the Distell Internal Reorganisation, will be held 100% by DGL and be part of the Capevin Group. The shares of Distell International are and will remain unlisted;
“Distell Ltd”	Distell Limited (registration number 1963/001333/06), a company incorporated in accordance with the company Laws of South Africa and which, as at the Last Practicable Date, is an indirect wholly owned Subsidiary of Distell and which will, following implementation of the Distell Internal Reorganisation, be held 85% by Distell and 15% by Distell Beverages and will form part of the Distell Newco Group. The shares of Distell Ltd are and will remain unlisted;
“Distell MOI”	Distell’s memorandum of incorporation, a copy of which is available for inspection pursuant to paragraph 45 of this Distell Circular;
“Distell Namibia Companies”	(i) Distell Namibia Limited (registration number 68/15689) (ii) Distillers Corporation Namibia (Proprietary) Limited (registration number 85/061) and (iii) Namibia Wines and Spirits Limited (registration number 79/037), all companies incorporated in accordance with the company Laws of Namibia;
“Distell Namibia Conditions”	the conditions precedent to the Distell Namibia Transaction, as contemplated in paragraph 39.5 of this Distell Circular;
“Distell Namibia Transaction”	the disposal by certain of Distell’s Subsidiaries of their shares in the Distell Namibia Companies to NBL, which is subject to the Distell Namibia Conditions, as contemplated in paragraph 39 of this Distell Circular;
“Distell Namibia Agreement”	has the meaning ascribed thereto in paragraph 39.1 of this Distell Circular;

“Distell Newco Group”	Distell and its Subsidiaries after implementation of the Scheme, namely Distell, DIH and Distell Ltd and their Subsidiaries, which will hold the Distell In-Scope Assets, and which in appropriate circumstances will mean any 1 or more member/s of the Distell Newco Group;
“Distell Out-of-Scope Assets”	the Scotch whisky and Gordon’s Gin business conducted by the Distell Group as at the Last Practicable Date (including the brands contemplated in paragraph 11.1.4.1 of this Distell Circular), which will be held by Capevin through SADW and Distell International and their Subsidiaries following the Distell Internal Reorganisation, further information of which is provided in this Distell Circular;
“Distell Ordinary Share/s”	ordinary shares with no par value in the capital of Distell which are listed on the JSE in the Beverages sector and which, for the avoidance of doubt, includes the Distell B-Linked Ordinary Shares;
“Distell Ordinary Shareholder/s”	the holder/s of Distell Ordinary Share/s from time to time;
“Distell Reinvestment Shareholder”	a Scheme Participant who elects either the Newco Share Only Option or the Newco Fixed Ratio Option in terms of the Newco Offer;
“Distell SAR Scheme”	the equity settled share appreciation rights scheme of the Distell Group known as the “ <i>Distell Group Holdings Limited Equity Settled Share Appreciation Rights Scheme 2017</i> ”;
“Distell Shareholder”	a holder of Distell Shares from time to time;
“Distell Shares”	Distell Ordinary Share/s and Distell B Share/s and a “Distell Share” means any one of them as the context may require;
“Distribution Covenant”	the undertaking by each of Distell, Heineken (in respect of Heineken SA, HSAEC and NIH), NBL and O&L (in respect of NIH), respectively, not to make any distributions until the Scheme Implementation Date, as contemplated in paragraph 34.4.6.1 of this Distell Circular;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to shares;
“EFT”	electronic funds transfer;
“Election Record Date”	the last date (i) by which the Transfer Secretaries must receive validly completed Forms of Acceptance and Transfer (<i>blue</i>) in respect of the Capevin Offer and Forms of Election, Surrender and Transfer (<i>green</i>) in respect of the Newco Offer, respectively, failing which the Capevin Deemed Acceptance and/or the Newco Deemed Cash Election, as applicable, will apply, and (ii) by which the Transfer Secretaries must receive validly completed Forms of Subscription (<i>pink</i>), and (iii) by which Distell Shareholders must be recorded in the Register to participate in the Scheme, which date will be 10 Business Days after the Transaction Update Announcement is released by Distell and is expected to be Friday, 22 July 2022;
“Encumbrance”	includes any pledge, charge, hypothecation, lien, subordination, mortgage, option over, right of retention or any other encumbrance whatsoever, or any form of hedging of or over, or lending of the applicable securities;
“Eswatini”	the Kingdom of Eswatini;
“Excess Amount”	has the meaning ascribed thereto in paragraph 13.2.1 of this Distell Circular;
“Exchange Control Regulations”	the exchange control regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, 1993 (Act 9 of 1933), as amended;
“Finco”	Sunside Acquisitions Holdings Proprietary Limited (registration number 2021/674184/07), a company incorporated in accordance with the company Laws of South Africa and which, as at the Last Practicable Date, is a wholly owned Subsidiary of Heineken;

“Finco Trust Shares”	has the meaning ascribed thereto in paragraph 3.4.5 of this Distell Circular;
“Firm Intention Announcement”	the full-length announcement containing details regarding the Transaction released by Distell on SENS on Monday, 15 November 2021;
“First Capevin Shareholders’ Meeting”	the meeting of Capevin Shareholders to be convened by the Capevin Interim Board as soon as practically possible after implementation of the Scheme, and in any event within no more than 3 months after the Scheme Implementation Date, for purposes of <i>inter alia</i> appointing the Capevin Final Board;
“FMA”	the South African Financial Markets Act, 2012 (Act 19 of 2012), as amended;
“Foreign Competition Authorities”	the relevant competition authority responsible for considering and approving mergers for the following jurisdictions, namely Angola, Botswana, the Common Market for Eastern and Southern Africa (COMESA), Jordan, Mozambique, Namibia, Nigeria, Oman, Taiwan, Tanzania, and United Arab Emirates (and potentially any other competition authority having jurisdiction to consider or provide an approval in respect of the Pre-Scheme Transactions, the Scheme and/or the Distell Namibia Transaction if any as may be applicable), insofar as approvals are required from them in terms of the applicable Laws to implement the Pre-Scheme Transactions, the Scheme and/or the Distell Namibia Transaction, if and as may be applicable, and all other competition authorities whose Approvals are required for the Pre-Scheme Transactions, the Scheme and/or the Distell Namibia Transaction, if and as may be applicable;
“Foreign Distell Shareholders”	Distell Shareholders that are registered in a jurisdiction outside of South Africa, or who are resident, domiciled or located in, or who are a citizen of, a jurisdiction other than South Africa. For purposes of the sections in this Distell Circular dealing with exchange control and/or the Exchange Control Regulations, “Foreign Distell Shareholders” include Distell Shareholders whose registered addresses are outside the Common Monetary Area, or who are resident, domiciled or located in, or who are a citizen of, a jurisdiction outside the Common Monetary Area;
“Foreign Excluded Distell Shareholders”	any Foreign Distell Shareholders to whom the distribution of the Capevin Ordinary Shares and/or transfer of Newco Shares would or may infringe the Laws of their jurisdiction, or would require Distell to comply with any governmental or other consent or other registration, filing or other formality with which Distell has not complied;
“Gordon’s Gin Agreement”	the supply agreement concluded between Gordon’s Dry Gin (South Africa) Proprietary Limited and CastleWine in respect of the production, bottling and distribution of Gordon’s Gin, as set out in paragraph 6.4 of Capevin Information Schedule;
“Governmental Authority”	<ul style="list-style-type: none"> (i) the government of any applicable jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof; (ii) any governmental, quasi-governmental or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental authority or quasi-governmental authority within any applicable jurisdiction; and (iii) any securities exchange within any applicable jurisdiction;
“Group”	a company and its Subsidiaries;

“HBBV”	Heineken Brouwerijen B.V. (registration number 4457013), a company incorporated in accordance with the company Laws of the Netherlands and which, as at the Last Practicable Date, is an indirect wholly owned Subsidiary of Heineken N.V. The shares of HBBV are unlisted;
“Heineken”	Heineken International B.V. (registration number 33103545), a company incorporated in accordance with the company Laws of the Netherlands and which, as at the Last Practicable Date, is an indirect wholly owned Subsidiary of Heineken N.V. The shares of Heineken are unlisted;
“Heineken Directors”	the board of directors of Heineken as at the Last Practicable Date;
“Heineken N.V.”	Heineken N.V. (legal entity identifier 724500K5PTPSST86UQ23), a company incorporated in accordance with the company Laws of the Netherlands, whose shares are listed on Euronext Amsterdam, a licenced exchange operated by Euronext Amsterdam N.V.;
“Heineken SA” or “HSA”	Heineken South Africa (RF) Proprietary Limited (registration number 2003/026165/07), a company incorporated in accordance with the company Laws of South Africa and which, as at the Last Practicable Date, is held 75% by Heineken and 25% by NBL. The shares of Heineken SA are and will remain unlisted;
“Heineken Transactions”	the (i) transfer by Heineken and its affiliates of all distribution agreements and relationships in respect of TUKS to HSAEC; (ii) transfer by HBBV of its shares in HSAEC to Newco in exchange for Newco Shares; (iii) transfer by HBBV of all its Newco Shares to Finco in exchange for the issue of shares in Finco to HBBV; (iv) transfer by Heineken of its shares in Heineken SA, HSAEC and NIH, respectively, to Newco in exchange for Newco Shares; (v) transfer by Heineken of all its Newco Shares to Finco in exchange for the issue of further shares in Finco to Heineken; (vi) the subscription by Heineken of Finco Shares; and (vii) the subscription by Finco of Newco Shares, all as contemplated in paragraph 3.4 of this Distell Circular;
“Historical Financial Information of Distell”	extracts of the historical audited consolidated financial statements of Distell for the 3 financial years up to and ended 30 June 2021 annexed to this Distell Circular as Annexure 12, and the further financial information of Distell incorporated by reference as described in paragraph 15.3 of this Distell Circular;
“HSAEC”	Heineken South African Export Company Proprietary Limited (registration number 2009/007235/07), a company incorporated in accordance with the company Laws of South Africa and which, as at the Last Practicable Date, is a wholly owned Subsidiary of Heineken. The shares of HSAEC are and will remain unlisted;
“IFRS”	International Financial Reporting Standards interpretations of these standards as issued by the International Accounting Standards Board;
“Implementation Agreement”	the agreement concluded between Distell, Heineken, Newco, NBL, NIH and O&L on or about 14 November 2021, which regulates the terms of the Transaction, including the Pre-Scheme Transactions and the Scheme;
“Income Tax Act”	The South African Income Tax Act, 1962 (Act 58 of 1962), as amended;
“Independent Expert”	BDO Corporate Finance Proprietary Limited, a company incorporated under the Laws of South Africa with registration number 1983/002903/07) whose details appear in the “ <i>Corporate Information and Advisers</i> ” section of this Distell Circular;

“Independent Expert Report”	the report of the Independent Expert provided to the Distell Independent Board in connection with the relevant components of the Transaction as contemplated by <i>inter alia</i> regulation 90 of the Companies Regulations, read with sections 114(2) and 114(3), a copy of which is provided in Annexure 1 to this Distell Circular and is available for inspection pursuant to paragraph 45 of this Distell Circular;
“Independent Reporting Accountant to Distell and Capevin Group” or “PwC”	PricewaterhouseCoopers Inc. (registration number 1998/012055/21), further particulars of which appear in the “ <i>Corporate Information and Advisers</i> ” section of this Distell Circular, being the auditor and independent reporting accountant to Distell and Capevin Group;
“Independent Reporting Accountant to Newco Group” or “Deloitte & Touche”	Deloitte & Touche (practice number 902276), further particulars of which appear in the “ <i>Corporate Information and Advisers</i> ” section of this Distell Circular, being the auditor and independent reporting accountant to Newco Group;
“Independent Reporting Accountant to the Scotch whisky business” or “Grant Thornton”	Grant Thornton UK LLP (company number OC307742), further particulars of which appear in the “ <i>Corporate Information and Advisers</i> ” section of this Distell Circular, being the auditor of Distell International and independent reporting accountant to the Scotch whisky business;
“Insolvency Event”	<p>in respect of a person means:</p> <ul style="list-style-type: none"> (i) it is dissolved, terminated or deregistered, unless reinstated or re-registered within 15 days after the date of a dissolution, termination or deregistration; (ii) an order or declaration is made, a board, trustee or shareholder meeting is convened to consider the passing of a resolution, or a resolution is passed, for the sequestration, curatorship, administration, custodianship, bankruptcy, judicial management, business rescue, liquidation, winding-up, receivership, trusteeship or re-organisation of that Person, or of a material part of its assets or undertaking, in each case, whether provisional or final and whether by way of voluntary arrangement, scheme of arrangement or otherwise, other than where (i) such action is dismissed, withdrawn or discharged within 15 days of its service or such step being taken, or (ii) it is demonstrated within such 15 day period that such action is frivolous or vexatious and is being vigorously contested; (iii) it seeks the appointment of a curator, sequestrator, administrator, liquidator, judicial manager, conservator, receiver, administrative receiver, business rescue practitioner, compulsory manager, trustee, custodian or other similar official (whether provisional or final) for it or for any material part of its assets or undertaking, and/or such a person is appointed, other than where such action, proceeding or other procedure or step is withdrawn or discharged within 15 days thereof, or (ii) it is demonstrated within such 15 day period that such action is frivolous or vexatious and is being vigorously contested; (iv) it is unable (or admits inability) to pay its debts generally as they fall due or is (or admits to being) otherwise insolvent; (v) it proposes or seeks to make or makes a general assignment or any arrangement or composition or compromise with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting its indebtedness, or it is or is deemed by any Law to be “financially distressed”; and/or (vi) it is the subject of, or is subjected to, any event which, under the applicable Laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (i) to (v) above (all inclusive);

“Irrevocable Undertakings”	the irrevocable undertakings given by certain Distell Shareholders to vote in favour of the Scheme, as more fully described in paragraph 20 of this Distell Circular;
“JSE”	the stock exchange licenced under the FMA and operated by JSE Limited (registration number: 2005/022939/06), a public company incorporated in accordance with the company Laws of South Africa;
“JSE Listings Requirements”	the listings requirements of the JSE, as amended from time to time;
“Kenya”	the Republic of Kenya;
“Last Practicable Date”	the last practicable date prior to the finalisation of the Scheme Documents, being 31 December 2021;
“Laws”	laws, legislation, statutes, regulations, directives, orders, notices, promulgations and other decrees of any Governmental Authority which have force of law or which would be an offence not to obey, and the common law, all of the aforementioned as modified, re-enacted, restated, replaced or re-implemented from time to time;
“Material Scheme Conditions”	all Scheme Conditions except the PST Scheme Conditions;
“Maximum Capital Raise Amount”	has the meaning ascribed thereto in paragraph 13.2.1 of this Distell Circular;
“Namibia”	the Republic of Namibia;
“Namibia Dollar” or “NAD” and “NAD and cents”	Namibia dollars and cents, the official currency of Namibia;
“Namibia Transactions”	the (i) NBL Disposal; and (ii) the O&L Disposal;
“NBL”	Namibia Breweries Limited (registration number 2/1902), a company incorporated in accordance with the company Laws of Namibia, whose shares are listed on the NSX and in which, as at the Last Practicable Date, NIH holds 59.37% of the issued shares;
“NBL Disposal”	the sale by NBL of its 25% shareholding in and loan claims against Heineken SA to Newco as contemplated in paragraph 3.3.1 of this Distell Circular;
“NBL Dividend”	the distribution of the proceeds from the NBL Disposal by NBL to the NBL Shareholders as contemplated in paragraph 3.3.2 of this Distell Circular;
“NBL Shareholders”	holders of share/s in NBL;
“Netherlands”	the Kingdom of the Netherlands;
“Newco”	Sunside Acquisitions Limited (registration number 2020/811071/06), a public company incorporated in accordance with the company Laws of South Africa and which, as at the Last Practicable Date, is a wholly owned Subsidiary of Heineken and which, after implementation of the Heineken Transactions and the Scheme, will have Heineken, via Finco, and the Distell Reinvestment Shareholders as shareholders. The shares of Newco are and will remain unlisted;
“Newco Capital Raise”	has the meaning ascribed thereto in paragraph 13.1 of this Distell Circular;
“Newco Cash Consideration”	a cash consideration, payable by Newco, of: <ul style="list-style-type: none"> – R165.00 per Scheme Ordinary Share, subject to the Distell DC Breach Adjustment; and – R0.00001 per Scheme B Share;
“Newco Cash Only Option”	the election by a Scheme Participant to receive the Newco Cash Consideration in respect of all of its Scheme Shares;

“Newco Deemed Cash Election”	the deemed election by a Scheme Participant of the Newco Cash Only Option which will be applicable if (i) the Newco Threshold Deemed Cash Election applies; (ii) the Scheme Participant fails to elect the Newco Cash Only Option, the Newco Fixed Ratio Option or the Newco Share Only Option validly and timeously; (iii) if applicable, the Scheme Participant fails to provide or provides incorrect detail of its bank account and/or postal address in its Form of Election, Surrender and Transfer (<i>green</i>); (iv) if applicable, the Scheme Participant is a Dissenting Shareholder who subsequently becomes a Scheme Participant after the Election Record Date in terms of paragraph 23.8 of this Distell Circular, irrespective whether or not such Distell Shareholder submits a completed Form of Election, Surrender and Transfer (<i>green</i>) to the Transfer Secretaries; or (v) the relevant Scheme Participant is a Foreign Excluded Distell Shareholder who has not provided proof by no later than the Election Record Date that it is entitled to receive the Newco Shares;
“Newco Director/s”	the board of directors of Newco as at the Last Practicable Date, whose details and further information appear in the Newco Prospectus;
“Newco Entitlement Ratio”	1 Newco Share for every 1 Scheme Ordinary Share held by a Scheme Participant on the Election Record Date, subject to the Distell DC Breach Adjustment;
“Newco Fixed Ratio Option”	the election by a Scheme Participant to receive a combination of the Newco Share Consideration in respect of 58% of their Scheme Ordinary Shares (or if such calculated number is not a whole number, same shall be rounded down to the nearest whole number) and, if applicable, a corresponding number of linked Scheme B Shares, and the Newco Cash Consideration in respect of the remaining 42% of their Scheme Ordinary Shares (or if such calculated number is not a whole number, same shall be rounded up to the nearest whole number) and, if applicable, a corresponding number of linked Scheme B Shares;
“Newco Group”	Newco and its Subsidiaries after implementation of the Scheme, namely (i) Heineken SA, HSAEC and their Subsidiaries, (ii) NIH, NBL and its Subsidiaries and (iii) the Distell Newco Group, and which in appropriate circumstances will mean any 1 or more member/s of the Newco Group;
“Newco Group <i>Pro Forma</i> Financial Information”	collectively the <i>pro forma</i> financial effects, the <i>pro forma</i> statement of financial position as at 30 June 2021 and the <i>pro forma</i> income statement of Newco for the rolling 12 month period then, as set out in Annexure 22 of this Distell Circular;
“Newco MOI”	Newco’s memorandum of incorporation, extracts of which are provided in Annexure 4 to the Newco Prospectus and a copy of which is available for inspection pursuant to paragraph 45 of this Distell Circular;
“Newco Offer”	the offer by Newco to acquire all the Scheme Shares from Scheme Participants for either the Newco Cash Consideration, the Newco Share Consideration or a combination of the Newco Cash Consideration and the Newco Share Consideration (as contemplated in the Newco Fixed Ratio Option), at the election of each Scheme Participant but subject to the Newco Deemed Cash Election;
“Newco Offer Cash Requirement”	the aggregate amount of cash required to settle the consideration due to Scheme Participants who elect (or are, pursuant to the Newco Deemed Cash Election, deemed to elect) the Newco Cash Only Option and who elect the Newco Fixed Ratio Option;

“Newco Offer Consideration”	the Newco Cash Consideration, the Newco Share Consideration or, in respect of the Newco Fixed Ratio option only, a combination of the Newco Cash Consideration and the Newco Share Consideration, as the context may require;
“Newco Prospectus”	the prospectus and its annexures, issued by Newco and registered with CIPC on or about 14 January 2022, which has been prepared in compliance with the Companies Act and which is issued simultaneously with, and accompanies, this Distell Circular to Distell Shareholders, a copy of which is available for inspection pursuant to paragraph 45 of this Distell Circular;
“Newco Share”	an unlisted no par value ordinary share of Newco, which has the preferences, rights, limitations and other share terms as detailed in the Newco MOI and summarised in Section 1 Paragraph 5 of the Newco Prospectus;
“Newco Share Consideration”	a consideration, payable or to be settled by Newco, of: <ul style="list-style-type: none"> – Newco Shares in the Newco Entitlement Ratio; and – R0.00001 per Scheme B Share, subject to the Newco Threshold Deemed Cash Election;
“Newco Share Only Option”	the election by a Scheme Participant to receive the Newco Share Consideration in respect of all its Scheme Shares, in which event the Scheme Participant is also entitled to elect to participate in the Newco Capital Raise;
“Newco Shareholder”	a holder of a Newco Share from time to time;
“Newco Shareholders’ Agreement”	the agreement concluded between Finco and Newco in respect of Newco on 22 November 2021, which regulates the relationship between the Newco Shareholders <i>inter se</i> and between Newco Shareholders and Newco, and in respect of which Distell Reinvestment Shareholders will be bound by virtue of their election of the Newco Fixed Ratio Option or the Newco Share Only Option, as applicable. In respect of Certificated Distell Shareholders, the Form of Election, Surrender and Transfer (<i>green</i>) and, if applicable, the Form of Subscription (<i>pink</i>) contain a deed of adherence in respect of the Newco Shareholders’ Agreement;
“Newco Threshold Deemed Cash Election”	to the extent that Scheme Participants elect the Newco Share Only Option and/or the Newco Fixed Ration Option (“ Reinvestment Election ”) such that the Newco Shares held by Heineken would, post implementation of the Newco Offer (and save for the Deemed Newco Cash Election), constitute less than 65% of the Newco Shares in issue (“ Minimum Post Scheme Shareholding ”), then (i) in the first instance, in the case of Scheme Participants who have elected the Newco Fixed Ratio Option, the number of Scheme Ordinary Shares in respect of which Scheme Participants must receive the Newco Share Consideration will be reduced <i>pro rata</i> to their respective Reinvestment Election and such Scheme Participants will be deemed to have elected the Newco Cash Consideration in respect of the balance of their Scheme Ordinary Shares, to the extent required to ensure that Heineken will retain the Minimum Post Scheme Shareholding, and (ii) if Heineken’s shareholding in Newco would still be below 65% following the implementation of (i), then, in the second instance, in the case of Scheme Participants who have elected the Newco Share Only Option, the number of Scheme Ordinary Shares in respect of which such Scheme Participants must receive the Newco Share Consideration will also be reduced <i>pro rata</i> to their respective Reinvestment Election and such Scheme Participants will be deemed to have elected the Newco Cash Consideration in respect of the balance of their Scheme Ordinary Shares, such that Heineken will retain the Minimum Post Scheme Shareholding;

“Newco Trust Shares”	has the meaning ascribed thereto in paragraph 3.4.5 of this Distell Circular;
“NIH”	NBL Investment Holdings (Proprietary) Limited (registration number 1998/0546), a company incorporated in accordance with the company Laws of Namibia, and which, as at the Last Practicable Date, is held 50.01% by O&L and 49.99% by Heineken and which will, following implementation of the Namibia Transactions and the Heineken Transactions, be wholly owned by Newco. The shares in NIH are and will remain unlisted;
“NIH Shareholders”	holders of share/s in NIH, as at the Last Practicable Date being O&L and Heineken and following implementation of the Namibia Transactions and the Heineken Transactions being Newco;
“Non-resident”	a person who is not considered to be an ordinary resident in South Africa in terms of the Exchange Control Regulations;
“Notice of Adoption”	the notice which Distell is obliged to give to each Dissenting Shareholder, advising of the adoption of the Scheme Resolution, in terms of section 164(4) of the Companies Act;
“Notice of Objection”	the notice which a Distell Shareholder is obliged to give to Distell, objecting to the Scheme Resolution, in terms of section 164(3) of the Companies Act, if such Distell Shareholder wishes to exercise its Appraisal Rights;
“Notice of Scheme Meeting”	the notice convening the Scheme Meeting of Distell Shareholders, forming part of this Distell Circular;
“NSX”	the Namibian Stock Exchange, a non-proprietary association established by the Namibia Financial Institutions Supervisory Authority to operate a stock exchange within Namibia, in terms of the Namibian Stock Exchanges Control Act of 1985;
“NSX Listings Requirements”	the listings requirements of the NSX, as amended from time to time;
“O&L”	Ohlthaver & List Beverage Company (Proprietary) Limited (registration number 1933/0142), a company incorporated in accordance with the company Laws of Namibia;
“O&L Disposal”	the (i) O&L Repurchase and (ii) O&L Newco Disposal;
“O&L Newco Disposal”	the purchase by Newco of all remaining shares in NIH held by O&L, following implementation of the O&L Repurchase, as contemplated in paragraph 3.3.3 of this Distell Circular;
“O&L Repurchase”	the repurchase by NIH of shares in NIH held by O&L, as contemplated in paragraph 3.3.3 of this Distell Circular;
“Operative”	all the Scheme Conditions Precedent are fulfilled or, if applicable, waived;
“Ordinary Course of Business”	in relation to the performance of any act or any omission or the exercise of any right, power or privilege or the incurrance of any obligation or liability, means that same is done in good faith in the best interests of the business concerned, in a lawful manner, and in a manner consistent in all material respects with the past practice and conduct of the business concerned;
“Own-name Registration”	when used in relation to a Dematerialised Distell Shareholder, means a Dematerialised Distell Shareholder that has elected “own-name” registration in the sub-register of Distell maintained by a CSDP and consequently holds Dematerialised Distell Shares in their own name;
“PIC”	Public Investment Corporation SOC Limited (registration number: 2005/009094/30), a company incorporated in accordance with the company Laws of South Africa;

“Pre-Scheme Agreements”	the agreements which regulate the Pre-Scheme Transactions;
“Pre-Scheme Transactions”	the (i) Namibia Transactions; (ii) the Heineken Transactions; and (iii) the Distell Internal Reorganisation;
“Provisional Date”	the date which is the later of (i) the 8 th Business Day (as defined in the Implementation Agreement) following the Assessment Date and (ii) the date upon which any dispute raised in a Challenge Notice has been resolved in accordance with the relevant provisions of the Implementation Agreement;
“PST Scheme Conditions”	the Scheme Conditions detailed in paragraphs 5.2.5.1 and 5.2.7 of this Distell Circular;
“Rand” or “R” or “ZAR” and “ZAR and cents”	South African rand and cents, the official currency of South Africa;
“Rand Merchant Bank”	Rand Merchant Bank, a division of FirstRand Bank Limited (registration number: 1929/001225/06), a company incorporated in accordance with the company Laws of South Africa;
“RCI”	Remgro-Capevin Investments Proprietary Limited (registration number: 1965/005620/07), a company incorporated in accordance with the company Laws of South Africa and which, as at the Last Practicable Date is, and after implementation of the Distell Internal Reorganisation will be, a wholly owned Subsidiary of Capevin. The shares in RCI are and will remain unlisted;
“Register”	the register of Certificated Distell Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Distell Shareholders maintained by the relevant CSDPs and/or the Company Secretary in accordance with section 50 of the Companies Act;
“Remgro”	Remgro Limited (registration number: 1968/006415/06), a company incorporated in accordance with the company Laws of South Africa, whose ordinary shares are listed on the JSE;
“Remgro Beverages”	Remgro Beverages Proprietary Limited (registration number: 2016/394940/07), a company incorporated in accordance with the company Laws of South Africa and which, as at the Last Practicable Date, is an indirect wholly owned Subsidiary of Remgro;
“Remgro Group”	Remgro and its Subsidiaries from time to time, and which in appropriate circumstances will mean any 1 or more member/s of the Remgro Group;
“RTD”	ready to drink;
“SADW”	South African Distilleries and Wines (SA) Limited (registration number 1958/000725/06), a company incorporated in accordance with the company Laws of South Africa and which, as at the Last Practicable Date, is held 85% by DGL and 15% by Distell Beverages and which, after implementation of the Distell Internal Reorganisation, will be held 85% by DGL and 15% by Distell Beverages and will be part of the Capevin Group. The shares of SADW are and will remain unlisted;
“SARB”	the South African Reserve Bank;
“Scheme”	the Scheme of Arrangement between Distell and Distell Shareholders and to which Heineken and Newco are parties, as detailed in paragraph 3.8 of this Distell Circular;
“Scheme B Shares”	Distell B Shares held by Scheme Participants;
“Scheme Conditions”	the conditions precedent to which the Scheme is subject, as detailed in paragraph 5.2 of this Distell Circular;

“Scheme Documents”	collectively this Distell Circular and the Newco Prospectus (including all annexures to these documents);
“Scheme Implementation Date”	the date upon which the Scheme becomes Operative and is implemented, which (assuming all Scheme Conditions have been fulfilled or, if applicable, waived) is expected to be Monday, 5 September 2022;
“Scheme Longstop Date”	13 May 2023, being the date which is 18 months after the date of signature of the Implementation Agreement, or such later date as may be agreed between Distell, Heineken and Newco, provided that Distell, Heineken and Newco are not entitled to agree to a date which is more than 24 months after the signature date of the Implementation Agreement without the prior written consent of NBL and O&L;
“Scheme Meeting”	the general meeting of Distell Shareholders to be held at 11h00 on Tuesday, 15 February 2022 (or any postponement or adjournment thereof) as more fully set out in the Notice of Scheme Meeting, in order to consider and, if deemed fit, pass <i>inter alia</i> the special and ordinary resolutions of Distell necessary to give effect to the Transaction;
“Scheme of Arrangement”	a scheme of arrangement in terms of section 114 of the Companies Act;
“Scheme Ordinary Shares”	Distell Ordinary Shares held by Scheme Participants;
“Scheme Participants”	Distell Shareholders recorded as such in the Register on the Election Record Date, excluding Dissenting Shareholders who do not subsequently become Scheme Participants as envisaged in paragraph 23.9 of this Distell Circular;
“Scheme Resolution”	the special resolution, in accordance with section 114(1)(c) as read with section 115(2)(a) of the Companies Act, to be proposed to Distell Shareholders at the Scheme Meeting, seeking their approval of the Scheme, details of which are contained in the Notice of Scheme Meeting;
“Scheme Shares”	Scheme Ordinary Shares and Scheme B Shares;
“Scotch whisky business”	the distillation, maturation, blending, bottling, distribution and marketing operations of the Distell Group’s portfolio of premium Scotch whisky brands, which include single malt brands Bunnahabhain, Deanston, Tobermory and Ledaig, as well as blended Scotch brands Black Bottle and Scottish Leader, which business is conducted by Distell International;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa” or “SA”	the Republic of South Africa;
“South African Competition Authorities”	the competition commission established in terms of Chapter IV, Part A of the Competition Act, or the competition tribunal established in terms of Chapter IV, Part B of the Competition Act, or the appeal court established pursuant to Chapter 4, Part C of the Competition Act, as the case may be;
“South Sudan”	the Republic of South Sudan;
“Strate”	Strate Limited (registration number: 1998/022242/06), a private company incorporated in accordance with the company Laws of South Africa and registered as a central securities depository responsible for the electronic clearing and settlement of trades on the JSE;

“STT”	securities transfer tax payable in respect of the transfer of shares in terms of the South African Securities Transfer Tax Act, 2007 (Act 25 of 2007), as amended;
“Subsidiaries” and “Subsidiary”	bears the meaning ascribed thereto in the Companies Act, but also includes a body corporate, trust, company, close corporation, corporate entity, partnership, joint venture, syndicate, unincorporated association of persons or other juristic person or entity incorporated outside South Africa which would, if incorporated in South Africa, be a ‘subsidiary’ as defined in the Companies Act;
“Tanzania”	the United Republic of Tanzania;
“Threshold Scheme Conditions”	the Scheme Conditions detailed in paragraphs 5.2.14, 5.2.15 and 5.2.16 of this Distell Circular;
“Total Capevin Voting Rights”	all voting rights exercisable in respect of matters generally to be decided on by the shareholders of Capevin which, for the avoidance of doubt, includes the voting rights attaching to the Capevin B Shares;
“Transaction”	the (i) Pre-Scheme Transactions, (ii) the Scheme and, if applicable (iii) the Newco Capital Raise and (iv) the Distell Namibia Transaction;
“Transaction Agreements”	the Implementation Agreement and the agreements regulating the Pre-Scheme Transactions and the Distell Namibia Transaction, listed in paragraphs 45.20 and 45.21 of this Distell Circular;
“Transaction Resolutions”	the Scheme Resolution, the ordinary resolution to approve the Capevin Distribution in accordance with section 5.85(c) of the JSE Listings Requirements and the other special and ordinary resolutions detailed in the Notice of Scheme Meeting, to be proposed to Distell Shareholders at the Scheme Meeting, seeking their approval of the Transaction, details of which are contained in the Notice of Scheme Meeting;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in accordance with the company Laws of South Africa;
“Transaction Update Announcement”	the SENS announcement which will be released by Distell within 5 Business Days of fulfilment or, if applicable, waiver of the last Scheme Condition, other than the Threshold Scheme Conditions, the Certification Scheme Conditions and the PST Scheme Conditions, to be fulfilled or waived, as applicable, which announcement will set out the Election Record Date and remaining timetable up to the Scheme Implementation Date;
“Treasury Shares”	equity shares (as defined in the JSE Listings Requirements) of Distell held by a Subsidiary of Distell and/or by a trust through a scheme, and/or by another entity, where the relevant equity shares in Distell are controlled by Distell from a voting perspective, but excluding the Distell Bev Distell Shares, of which 345,679 are in issue as at the Last Practicable Date and which will be repurchased by Distell prior to the Scheme Implementation Date;
“TRP”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“TUKS”	Tanzania, Uganda, Kenya and South Sudan;
“Uganda”	the Republic of Uganda;
“US”	the United States of America;

“Valid Appraisal Demand”

the demand which a Distell Shareholder may deliver to Distell in terms of section 164(5) of the Companies Act, within the time period contemplated in section 164(7) of the Companies Act, for payment of the fair value of its Distell Shares, provided that such Distell Shareholder has complied with the requirements of section 164(5)(a) and (c) of the Companies Act;

“VAT”

value-added tax, payable in terms of the Value-Added Tax, 1997 (Act 89 of 1991), as amended; and

“Voting Record Date”

the date on which Distell Shareholders must be recorded in the Register in order to be eligible to attend and vote at the Scheme Meeting, namely Friday, 4 February 2022.

Distell Directors

Executive

Richard Rushton (CEO)
Lucas Verwey (FD)

Non-executive

Jannie Durand (chairman)
Pieter Louw (alternate to J Durand)

Independent Non-executive

André Parker (lead independent)
Ethel Matenge-Sebesho
Joe Madungandaba
Dr Prieur du Plessis
Gugu Dingaan
Catharina Sevillano-Barredo
Chris Otto
Kees Kruythoff

CIRCULAR TO DISTELL SHAREHOLDERS

1. INTRODUCTION AND BACKGROUND

- 1.1 Distell Shareholders are referred to the Firm Intention Announcement regarding the Transaction published on SENS on 15 November 2021 and subsequently in the press.
- 1.2 Heineken sought to acquire (i) the Distell In-Scope Assets, (ii) a minority holding in the Distell Out-of-Scope Assets, and (iii) the interests in NIH held by O&L, pursuant to which Distell, Heineken, Newco, O&L, NIH and NBL engaged with one another, negotiated the terms of the Transaction and concluded the Implementation Agreement on 14 November 2021.
- 1.3 The Distell Board constituted the Distell Independent Board to consider the Transaction, as it is required to do in terms of the Companies Regulations. The members of the Distell Independent Board constituted for purposes of the Transaction are André Parker (chair), Gugu Dingaan, Kees Kruythoff, Chris Otto and Catharine Sevillano-Barredo.
- 1.4 In relation to Distell Shareholders and briefly summarised:
 - 1.4.1 currently Distell Shareholders hold their interests in the Distell Out-of-Scope Assets and the Distell In-Scope Assets via their holding of Distell Shares. The Transaction offers Distell Shareholders the opportunity to (i) either exit or retain their investment in the Distell Out-of-Scope Assets, and (ii) either exit, retain or partially exit and partially retain their investment in the Distell In-Scope Assets, through the various elections summarised in paragraph 1.4.2 and detailed throughout this Distell Circular;
 - 1.4.2 if the Transaction is approved, it will result in Distell Shareholders having the election:
 - 1.4.2.1 either (i) to exit their investment in the Distell Out-of-Scope Assets by selling their Capevin Ordinary Shares (to be received pursuant to the Capevin Distribution) to Heineken; or (ii) to remain invested in the Distell Out-of-Scope Assets via a holding of Capevin Ordinary Shares, with Capevin being an unlisted company which otherwise substantially mirrors the share capital structure of Distell, by rejecting the Capevin Offer and retaining their unlisted Capevin Ordinary Shares (to be received pursuant to the Capevin Distribution), with the aforesaid being subject to the Scheme Condition in paragraph 5.2.14; and
 - 1.4.2.2 either (i) to exit their investment in the Distell In-Scope Assets fully, by selling to Newco all their Scheme Shares in exchange for the Newco Cash Consideration; or (ii) to exit their investment in the Distell In-Scope Assets partially, by selling to Newco 58% of their Scheme Ordinary Shares (or if such calculated number is not a whole number, same shall be rounded down to the nearest whole number) and, if applicable, the corresponding number of linked Scheme B Shares in exchange for the Newco Share Consideration and the remaining 42% of their

Scheme Ordinary Shares (or if such calculated number is not a whole number, same shall be rounded up to the nearest whole number) and, if applicable, the corresponding number of linked Scheme B Shares in exchange for the Newco Cash Consideration; or (iii) to remain invested in the Distell In-Scope Assets fully, via a holding of unlisted Newco Shares, by selling to Newco all their Scheme Shares in exchange for the Newco Share Consideration, with all of the aforesaid being subject to the Scheme Condition in paragraph 5.2.15 and the Newco Threshold Deemed Cash Election; and

1.4.3 if:

- 1.4.3.1 the Distell Namibia Transaction becomes unconditional and is implemented, it will result in Distell disposing of the Distell Namibia Companies to NBL for cash as contemplated in paragraph 39 of this Distell Circular; and
- 1.4.3.2 the Newco Capital Raise is implemented, Distell Full Reinvestment Shareholders will have the opportunity to subscribe for shares in Newco as contemplated in paragraph 13 of this Distell Circular.

- 1.5 The (i) Pre-Scheme Transactions are all inter-conditional with one another and are conditional upon the Material Scheme Conditions being fulfilled or, if applicable, waived; and (ii) the Scheme, comprising the Capevin Distribution, the Capevin Offer and the Newco Offer, is conditional *inter alia* upon the Pre-Scheme Transactions being implemented.
- 1.6 If the Scheme becomes Operative, the Distell Delisting will occur in terms of paragraph 1.17 of the JSE Listings Requirements, subject to the approval by the JSE. Pursuant to the Distell Delisting, the suspension of the listing of the Distell Ordinary Shares on the Main Board of the JSE is expected to occur with effect from Wednesday, 20 July 2022, and the termination of the listing of the Distell Ordinary Shares on the Main Board of the JSE is expected to occur with effect from the commencement of trading Tuesday, 6 September 2022.

2. PURPOSE OF THE DISTELL CIRCULAR

2.1 The purpose of this Distell Circular is to:

2.1.1 provide Distell Shareholders with:

- 2.1.1.1 information on the Transaction, including in relation to the Scheme and ancillary matters;
- 2.1.1.2 the Independent Expert Report; and
- 2.1.1.3 the opinion of the Distell Independent Board on the Transaction, having considered *inter alia* the Independent Expert Report, and the recommendation of the Distell Independent Board in respect of the Scheme Resolution; and

2.1.2 convene the Scheme Meeting at which Distell Shareholders will be asked to consider and, if deemed fit, pass the Transaction Resolutions.

2.2 To obtain a full understanding of the terms and conditions of the Transaction, Distell Shareholders should familiarise themselves with the content of this Distell Circular, as well as the Newco Prospectus, in their entirety, both of which are available on the Distell website (<https://www.distell.co.za/Investor-Centre/Home/>).

3. OVERVIEW AND TERMS OF THE TRANSACTION

3.1 In terms of the Transaction:

- 3.1.1 subject to the Material Scheme Conditions being fulfilled or, if applicable, waived, the Pre-Scheme Transactions and, if applicable, the Distell Namibia Transaction will be implemented;
- 3.1.2 subject to the Scheme Conditions (including that the Pre-Scheme Transactions are implemented) being fulfilled or, if applicable, waived, the Scheme will become Operative and will be implemented; and
- 3.1.3 the Newco Capital Raise will be implemented, if required, after the implementation of the Scheme.

3.2 The Pre-Scheme Transactions are (i) the Namibia Transactions, (ii) the Heineken Transactions and (iii) the Distell Internal Reorganisation.

- 3.3 In terms of the Namibia Transactions and subject to the Material Scheme Conditions being fulfilled or, if applicable, waived:
- 3.3.1 NBL will sell its 25% shareholding in and loan claims against Heineken SA to Newco for an aggregate cash consideration of NAD 5,515,625,000, but subject to paragraph 34.4.7.3 of this Distell Circular (the NBL Disposal);
 - 3.3.2 NBL will declare the proceeds received by it from the NBL Disposal, less the amount that is allocated to the loan claims sold in terms of the NBL Disposal (being NAD 73,625,000), as a cash dividend to the NBL Shareholders (the NBL Dividend); and
 - 3.3.3 NIH will utilise that portion of the NBL Dividend received by it (i.e. net of any applicable taxes imposed on the NBL Dividend) to repurchase from O&L as many NIH shares as can be repurchased with those funds (the O&L Repurchase) and O&L will sell to Newco all remaining shares, after implementation of the O&L Repurchase, held by it in, and all its loan claims against, NIH (the O&L Newco Disposal).
- 3.4 In terms of the Heineken Transactions and subject to the Material Scheme Conditions being fulfilled or, if applicable, waived:
- 3.4.1 Heineken will procure the transfer to HSAEC of the agreements, relationships and processes in respect of the import, marketing, sale and distribution of its product in TUKS;
 - 3.4.2 HBBV will transfer all its shares in HSAEC to Newco in exchange for the issue of further shares in Newco to HBBV and, thereafter, HBBV will transfer all its shares in Newco to Finco in exchange for the issue of shares in Finco to HBBV;
 - 3.4.3 Heineken will transfer:
 - 3.4.3.1 its 75% shareholding in Heineken SA;
 - 3.4.3.2 its shareholding in HSAEC; and
 - 3.4.3.3 its shareholding in NIH,
 to Newco in exchange for the issue of shares in Newco to Heineken;
 - 3.4.4 thereafter, Heineken will transfer all the shares it holds in Newco to Finco in exchange for the issue of further shares in Finco to Heineken; and
 - 3.4.5 Heineken will subscribe for shares in Finco and Finco will, in turn, subscribe for shares in Newco to provide funding for Newco's acquisition of shares in Heineken SA and NIH and the Newco Cash Consideration and the cash amount payable in respect of Scheme B Shares in terms of the Newco Share Consideration. Heineken will further subscribe for shares in Finco and Finco will, in turn, subscribe for shares in Newco, which will be issued into trust as contemplated in terms of section 40(5) of the Companies Act and held by an escrow agent ("**Finco Trust Shares**" and "**Newco Trust Shares**", respectively) pending payment, respectively, by Heineken of the subscription consideration due in respect of the Finco Trust Shares and by Newco of the subscription consideration due in respect of the Newco Trust Shares, as more fully described in Section 4 Paragraph 1 and items 13 and 14 of Annexure 6 of the Newco Prospectus.
- 3.5 Following the Namibia Transactions and the Heineken Transactions:
- 3.5.1 Newco will hold 100% of the shares in Heineken SA, HSAEC (which will hold *inter alia* the agreements, relationships and processes in respect of the import, marketing, sale and distribution of Heineken product in TUKS) and NIH; and
 - 3.5.2 NIH will hold 59.37% of the shares in NBL.
- 3.6 In terms of the Distell Internal Reorganisation and subject to the Material Scheme Conditions being fulfilled or, if applicable, waived:
- 3.6.1 Distell will implement various internal reorganisation steps in terms of which it will create 2 separate business units, namely:
 - 3.6.1.1 a business unit consisting of the cider, RTD beverages, spirits and wine business, including the brands detailed in paragraph 11.1.4.2 of this Distell Circular (the Distell In-Scope Assets), which will be held by Distell through:
 - 3.6.1.1.1 DIH, which will hold the international Distell In-Scope Assets and will be a wholly owned Subsidiary of Distell; and
 - 3.6.1.1.2 Distell Ltd, which will hold the South African Distell In-Scope Assets (and some of the international Distell In-Scope Assets) and in which Distell will hold 85% of the shares and Distell's B-BBEE partner, Distell Beverages, will hold the remaining 15% of the shares; and

- 3.6.1.2 a business unit consisting of the Scotch whisky and Gordon's Gin operations of the Distell Group, including the brands detailed in paragraph 11.1.4.1 of this Distell Circular (the Distell Out-of-Scope Assets), which will be held by Capevin, through RCI and:
 - 3.6.1.2.1 DGL, which will hold the international Out-of-Scope Assets; and
 - 3.6.1.2.2 SADW, which will hold the South African Distell Out-of-Scope Assets and in which SADW will hold 85% of the shares and Distell Beverages will hold the remaining 15% of the shares; and
 - 3.6.2 Capevin will issue 124,226,613 Capevin B Shares to Remgro Beverages for an aggregate issue consideration of R1,242.27, constituting an issue price of R0.00001 per Capevin B Share (the Capevin B Share Issuance).
- 3.7 The purpose of the Capevin B Share Issuance is to ensure that the share capital of Capevin subsequent to implementation of the Scheme mirrors that of Distell prior to implementation of the Scheme.
- 3.8 In terms of the Scheme and subject to the Scheme Conditions being fulfilled or, if applicable, waived:
 - 3.8.1 Distell will, subject to compliance with section 46 of the Companies Act, declare and implement a distribution *in specie* of the Capevin Ordinary Shares to the Scheme Participants in the Capevin Entitlement Ratio (i.e. on a 1 for 1 basis) (the Capevin Distribution);
 - 3.8.2 Heineken will, in terms of the Capevin Offer and subject to the Scheme Condition in paragraph 5.2.14, acquire Capevin Ordinary Shares to be received by Scheme Participants for the Capevin Cash Consideration. Scheme Participants who:
 - 3.8.2.1 accept (or are, pursuant to the Capevin Deemed Acceptance, deemed to accept) the Capevin Offer will dispose of their Capevin Ordinary Shares to Heineken and receive the Capevin Cash Consideration, being R15.00 per Capevin Ordinary Share; or
 - 3.8.2.2 reject the Capevin Offer, will retain their unlisted Capevin Ordinary Shares; and
 - 3.8.3 Newco will, in terms of the Newco Offer and subject to the Scheme Condition in paragraph 5.2.15, acquire all the Scheme Shares in exchange for, at the election of each Scheme Participant:
 - 3.8.3.1 the Newco Cash Consideration for all their Scheme Shares, being:
 - 3.8.3.1.1 R165.00 per Scheme Ordinary Share; and
 - 3.8.3.1.2 R0.00001 per Scheme B Share; or
 - 3.8.3.2 the Newco Share Consideration for all their Scheme Shares, being:
 - 3.8.3.2.1 Newco Shares in the Newco Entitlement Ratio; and
 - 3.8.3.2.2 R0.00001 per Scheme B Share,
 subject to the Newco Threshold Deemed Cash Election; or
 - 3.8.3.3 a combination of the Newco Share Consideration in respect of 58% of their Scheme Ordinary Shares (or if such calculated number is not a whole number, same shall be rounded down to the nearest whole number) and, if applicable, a corresponding number of linked Scheme B Shares and the Newco Cash Consideration in respect of their remaining 42% of the Scheme Ordinary Shares (or if such calculated number is not a whole number, same shall be rounded up to the nearest whole number) and, if applicable, a corresponding number of linked Scheme B Shares, subject to the Newco Threshold Deemed Cash Election.
- 3.9 Heineken requires that it hold no less than 65% of the Newco Shares following implementation of the Scheme. The Newco Threshold Deemed Cash Election ensures that this objective is achieved.
- 3.10 If applicable:
 - 3.10.1 the Distell Namibia Transaction will be implemented prior to the Scheme and simultaneously with the Pre-Scheme Transactions. Further detail regarding the Distell Namibia Transaction is provided in paragraph 39 of this Distell Circular; and
 - 3.10.2 the Newco Capital Raise will be implemented subsequent to the Scheme. Further detail regarding the Newco Capital Raise is provided in paragraph 13 of this Distell Circular.

- 3.11 The Pre-Scheme Transactions, the Scheme (which includes the Capevin Distribution, the Capevin Offer and the Newco Offer) and, if applicable, the Distell Namibia Transaction and the Newco Capital Raise collectively represent the Transaction.
- 3.12 All Distell Shareholders are entitled to vote on the Transaction Resolutions to approve the Transaction, including the Scheme Resolution.
- 3.13 Following the implementation of the Scheme:

As regards the listing of the Distell Ordinary Shares on the JSE

- 3.13.1 The listing of the Distell Ordinary Shares on the Main Board of the JSE will terminate following implementation of the Scheme.

As regards Capevin, Distell International and the Distell Out-of-Scope Assets

- 3.13.2 Capevin will hold 100% of the shares in RCI, which will hold 100% of the shares in DGL, which:

- 3.13.2.1 will hold 100% of Distell International, which constitutes the international Distell Out-of-Scope Assets; and
- 3.13.2.2 will hold 85% of the shares in SADW, which will hold the South African Distell Out-of-Scope Assets, including CastleWine. Distell Beverages will hold the remaining 15% of the shares in SADW. Please see paragraph 11.2.6 regarding B-BBEE in Capevin after implementation of the Transaction.

Distell International and CastleWine will be the primary operating entities within the Capevin Group.

- 3.13.3 Scheme Participants who accept (or are, pursuant to the Capevin Deemed Acceptance, deemed to accept) the Capevin Offer will receive the Capevin Cash Consideration and will no longer hold any shares in Capevin. The default, if (among other things) a Scheme Participant fails to accept or reject the Capevin Offer validly or at all, is that the Scheme Participant will be deemed to have accepted the Capevin Offer.
- 3.13.4 Scheme Participants who reject the Capevin Offer will, after the Capevin Distribution, hold unlisted Capevin Ordinary Shares in the same ratio as they held Distell Ordinary Shares immediately before the implementation of the Scheme. Heineken will hold the Capevin Ordinary Shares of those Scheme Participants who accept (or are, pursuant to the Capevin Deemed Acceptance, deemed to accept) the Capevin Offer, subject to the Scheme Condition in paragraph 5.2.14 of this Distell Circular. The terms and conditions attaching to the Capevin Ordinary Shares and the Capevin B Shares are substantially the same as those which attach to the Distell Ordinary Shares and Distell B Shares, respectively (and are detailed in paragraph 9 and Annexure 4 of this Distell Circular). In particular, Scheme Participants who reject the Capevin Offer will each be entitled to exercise the same percentage of voting rights and will enjoy the same percentage of economic interests in Capevin after implementation of the Scheme as they were able to exercise and enjoy in Distell before the implementation of the Scheme.

As regards Distell, DIH, Distell Ltd and the Distell In-Scope Assets

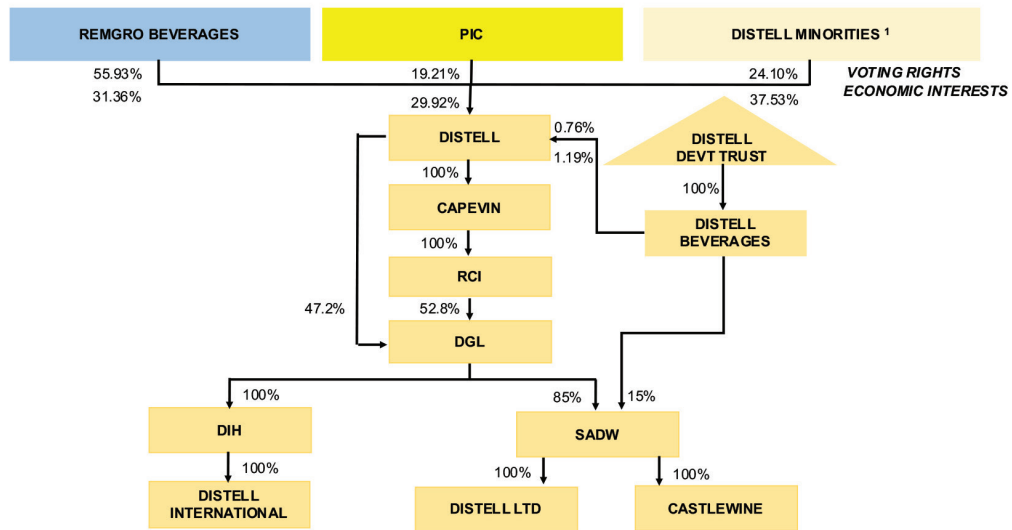
- 3.13.5 Newco will hold:

- 3.13.5.1 100% of the shares in Heineken SA;
- 3.13.5.2 100% of the shares in HSAEC (which will hold *inter alia* Heineken's distribution agreements and relationships in relation to TUKS);
- 3.13.5.3 100% of the shares in NIH, which will hold 59.37% of the shares in NBL; and
- 3.13.5.4 100% of the Distell Ordinary Shares and Distell B Shares in Distell. Distell will no longer hold the Distell Out-of-Scope Assets but will hold the Distell In-Scope Assets through:
 - 3.13.5.4.1 100% of the shares in DIH; and
 - 3.13.5.4.2 85% of the shares in Distell Ltd, with the remaining 15% in Distell Ltd held by Distell's B-BBEE partner, Distell Beverages.

- 3.13.6 Scheme Participants who elect (or are, pursuant to the Newco Deemed Cash Election, deemed to elect) the Newco Cash Only Option will receive cash and will not hold any Newco Shares, subject to the Scheme Condition in paragraph 5.2.15 of this Distell Circular.
- 3.13.7 Scheme Participants who elect the Newco Share Only Option or the Newco Fixed Ratio Option, being Distell Reinvestment Shareholders, will hold shares in Newco alongside Heineken (through Finco).

3.14 Pre and Post Transaction diagrams

Distell Group, Pre-Transaction:

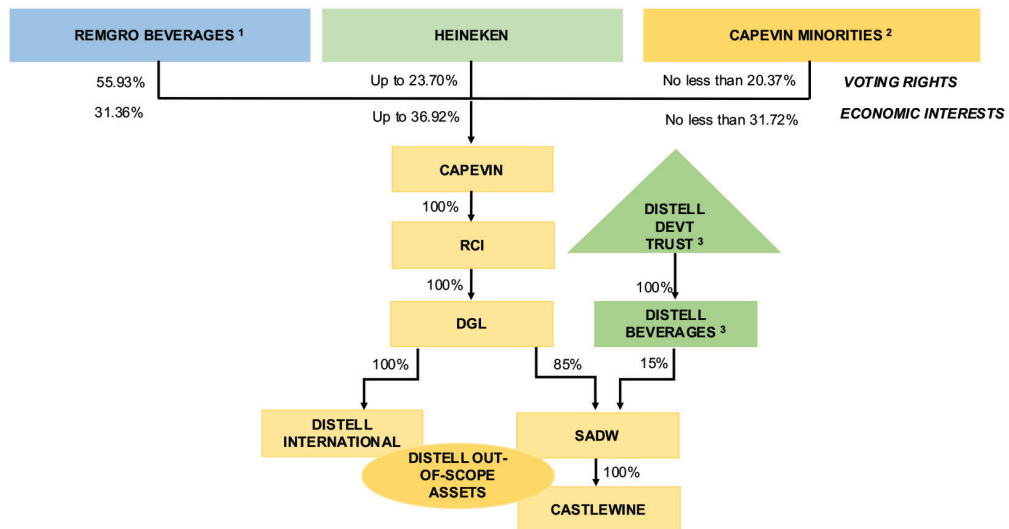


Notes:

¹ Distell Shareholders, excluding Remgro Beverages, PIC and Distell Beverages

The above diagram is as at 31 December 2021

Capevin Group, Post-Transaction:



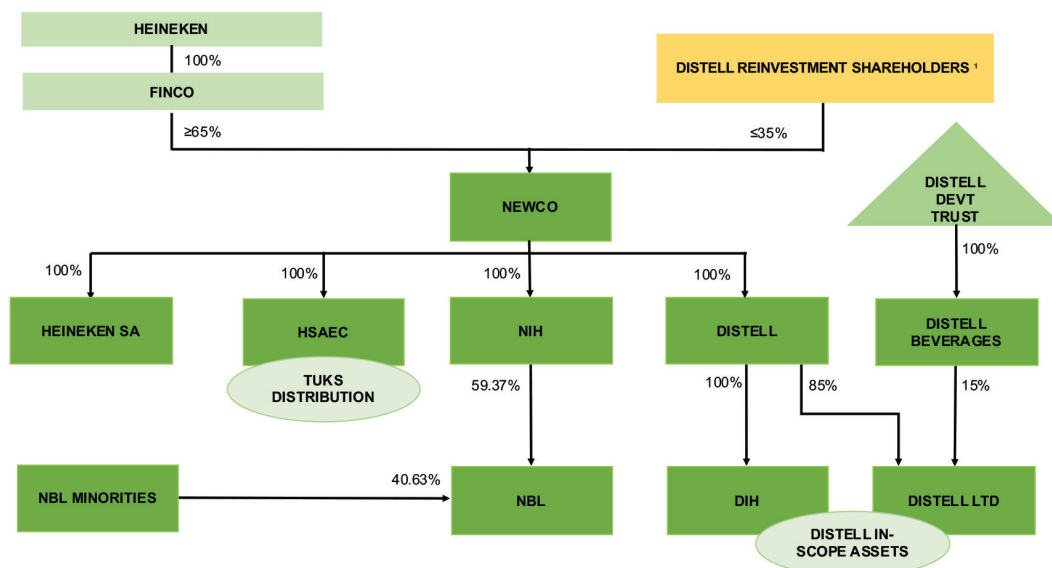
Notes:

¹ Remgro released an announcement on SENS on 15 November 2021, indicating that Remgro Beverages does not intend to accept the Capevin Offer.

² Capevin Shareholders, excluding Remgro Beverages and Heineken.

³ Please see paragraph 11.2.6 of this Distell Circular regarding B-BBEE in Capevin after implementation of the Transaction, whereby it is intended that the holding of shares in SADW by Distell Development Trust and Distell Beverages will be transferred to the CVH Trust.

Newco Group, Post-Transaction:



Notes:

¹ Remgro released an announcement on SENS on 15 November 2021, indicating that Remgro Beverages intends to elect to receive the Newco Share Consideration in respect of its Scheme Shares. The Distell Reinvestment Shareholders are accordingly expected to include Remgro.

4. RATIONALE FOR THE TRANSACTION

- 4.1 The Transaction will create a world-class, southern-African focused, alcoholic beverages entity (Newco) with a leading beer and cider portfolio, combining the complementary brands, talent and skills of Distell, Heineken and NBL, to better serve consumers across the region. Newco will also have a significant presence in adjacent African markets.
- 4.2 Newco will benefit from strengthened route-to-market and scale that is expected to unlock revenue and cost synergies, which will improve its ability to grow and compete with the other players in the region.
- 4.3 The combined Newco Cash Consideration and the Capevin Cash Consideration represents a significant premium to the 30-, 90- and 180-day Distell VWAP of the day before the date on which Distell first issued a cautionary announcement relating to the Transaction on 18 May 2021 (“**Undisturbed VWAP**”). In this regard, the premium to the 30-day Undisturbed VWAP of R133.55 is 35%; to the 90-day Undisturbed VWAP of R117.46 is 53% and to the 180-day Undisturbed VWAP of R103.66 is 74%.
- 4.4 Further, the Transaction will realise significant value for the Distell Development Trust, Distell’s B-BBEE partner, and demonstrates the broad-based benefits that could result from government’s B-BBEE policies.
- 4.5 Capevin, with its premium Scotch whisky business and Gordon’s Gin business, will be a focused, pure spirits player with strong premium brands and a well-developed international route to market.
- 4.6 The Distell Independent Board believes that the Scheme, in the context of the Transaction, will be beneficial to the Distell Shareholders as it will *inter alia* unlock significant value for all Distell Shareholders through the following:

Newco Offer for the Scheme Shares:

- 4.6.1 The Newco Offer will provide Distell Shareholders who receive the Newco Cash Consideration (in terms of the Newco Cash Only Option or the Newco Fixed Ratio Option) a significant premium, with reference to the intrinsic value of the Distell In-Scope Assets.
- 4.6.2 Similarly, the Newco Offer provides Distell Shareholders who receive the Newco Share Consideration (in terms of the Newco Share Only Option or the Newco Fixed Ratio Option) an opportunity to gain exposure to a newly-formed unlisted southern-Africa focused, multi-category alcoholic beverages entity.

Capevin Offer for the Capevin Ordinary Shares:

- 4.6.3 The Capevin Offer will provide Distell Shareholders who do not wish to remain invested in Capevin and accept (or are, pursuant to the Capevin Deemed Acceptance, deemed to accept) the Capevin Offer a premium to the net asset value of the Distell Out-of-Scope Assets.
- 4.6.4 Distell Shareholders who reject the Capevin Offer will retain their Capevin Ordinary Shares and remain exposed to Distell's existing, but unlisted, Scotch whisky and Gordon's Gin business.
- 4.7 Accordingly, the Distell Independent Board has resolved to submit the Scheme to Distell Shareholders for their consideration and approval at the Scheme Meeting.

5. CONDITIONS PRECEDENT

- 5.1 The Pre-Scheme Transactions are subject to the fulfilment or, if applicable, waiver of the Material Scheme Conditions, being the Scheme Conditions excluding the PST Scheme Conditions. The Scheme is subject to the fulfilment or, if applicable, waiver of all the Scheme Conditions. By way of explanation:
 - 5.1.1 once the Material Scheme Conditions are fulfilled or, if applicable, waived, the Pre-Scheme Transactions will be implemented;
 - 5.1.2 once the Pre-Scheme Transactions are implemented, application will be made to the TRP for a compliance certificate, being the last outstanding Scheme Condition; and
 - 5.1.3 once the TRP compliance certificate is received, the Scheme will be unconditional and will be implemented.
- 5.2 The Scheme is subject to the fulfilment or, if applicable, waiver of the following Scheme Conditions:
 - 5.2.1 in respect of the Distell Shareholder Appraisal Rights:
 - 5.2.1.1 no Distell Shareholder (i) gives Notice of Objection (ii) nor votes against the Scheme Resolution; or
 - 5.2.1.2 if any Distell Shareholder does give a Notice of Objection and votes against the Scheme Resolution, Distell Shareholders holding no more than 5% of the aggregate Distell Shares in issue as at the Last Practicable Date give such Notice of Objection and vote against the Scheme Resolution; or
 - 5.2.1.3 if Distell Shareholders do give Notice of Objection and vote against the Scheme Resolution in respect of more than 5% of the aggregate Distell Shares in issue as at the Last Practicable Date, such Distell Shareholders exercise their Appraisal Rights by giving Valid Appraisal Demands in respect of no more than 5% of the aggregate Distell Shares in issue as at the Last Practicable Date;
 - 5.2.2 the Scheme Resolution is approved by the requisite majority of votes of Distell Shareholders as contemplated in section 115(2) of the Companies Act and the Capevin Distribution is approved by the requisite majority of votes of Distell Shareholders as contemplated in paragraph 5.85(c) of the JSE Listings Requirements, as applicable;
 - 5.2.3 to the extent required in terms of the Companies Act, the Court approves the implementation of the Scheme Resolution;
 - 5.2.4 if any person who voted against the Scheme Resolution applies to Court for a review of the Scheme Resolution in terms of section 115(3)(b) and section 115(6) of the Companies Act, either:
 - 5.2.4.1 leave to apply to Court for such review is refused; or
 - 5.2.4.2 if leave is granted, the Court refuses to set aside the Scheme Resolution;
 - 5.2.5 all regulatory approvals required to implement the Scheme are obtained, including:
 - 5.2.5.1 the TRP issuing a compliance certificates to Distell with respect to the Scheme in terms of section 121(b) of the Companies Act;
 - 5.2.5.2 the Competition Authorities granting such approvals as are required in terms of the Competition Act and other applicable Laws to implement the Scheme, either unconditionally, or subject to conditions acceptable to (i) Distell, acting reasonably, if the conditions are imposed on and/or will apply in respect of Capevin (including its Subsidiaries after implementation of the Scheme) and/or any Distell Shareholder; (ii) Newco and Distell, acting reasonably, if the conditions are imposed on and/or will apply in respect of Newco (including its Subsidiaries after implementation of the Scheme); or (iii) Newco, acting reasonably, in any other case;

- 5.2.5.3 the Financial Surveillance Department of SARB granting such approvals with respect to the Scheme, and any financing arrangements relating thereto, as are required in terms of the South African Exchange Control Regulations to implement the Scheme, either unconditionally, or subject to conditions acceptable to the party upon whom the relevant conditions are imposed and/or will apply, acting reasonably; and
- 5.2.5.4 the JSE grants such approvals as are required in terms of the JSE Listings Requirements with respect to the implementation of the Scheme;
- 5.2.6 all approvals (whether regulatory or otherwise and including NSX, Competition Authorities and exchange control, but excluding corporate approvals) required to implement the Pre-Scheme Transactions are obtained either unconditionally, or subject to conditions acceptable to (i) Distell, acting reasonably, if the conditions are imposed on and/or will apply in respect of Capevin (including its Subsidiaries after implementation of the Scheme) and/or any Distell Shareholder; and (ii) Newco and Distell, acting reasonably, if the conditions are imposed on and/or will apply in respect of Newco (including its Subsidiaries after implementation of the Scheme); or (iii) Newco, acting reasonably, in any other case;
- 5.2.7 the Pre-Scheme Transactions are implemented;
- 5.2.8 all resolutions required to be adopted by the NBL Shareholders in respect of the Namibia Transactions are approved by the requisite majority of votes of the NBL Shareholders, as contemplated in section 236 of the Namibian Companies Act and sections 5.85, 9 and 10 of the NSX Listings Requirements and any other sections as may be applicable;
- 5.2.9 NBL meets the requirements in section 96(2) of the Namibian Companies Act to be able to declare and pay the NBL Dividend;
- 5.2.10 all resolutions required to be adopted by the NIH Shareholders in respect of the Namibia Transactions are approved by the requisite majority of votes of the NIH Shareholders, as contemplated in section 89 of the Namibian Companies Act and registered by the registrar of business and industrial property as defined in section 1 of Namibian Business and Intellectual Property Authority Act, 2016 (Act No. 8 of 2016);
- 5.2.11 NIH meets the requirements in sections 90, 91 and 93 of the Namibian Companies Act to be able to undertake the O&L Repurchase;
- 5.2.12 an independent expert appointed by the independent board of directors of NBL provides a “fair and reasonable” opinion in relation to the NBL Disposal;
- 5.2.13 to the extent applicable and/or required by Law, the approval of the shareholders of O&L for the O&L Repurchase and the O&L Newco Disposal is obtained;
- 5.2.14 Scheme Participants accept (or are, pursuant to the Capevin Deemed Acceptance, deemed to have accepted) the Capevin Offer in respect of not more than 82,242,883 of the Capevin Ordinary Shares;
- 5.2.15 Scheme Participants elect (or are, pursuant to the Newco Deemed Cash Election, deemed to have elected) to receive the Newco Cash Consideration, whether pursuant to the Newco Cash Only Option or the Newco Fixed Ratio Option, in respect of not more than 111,921,569 Scheme Ordinary Shares;
- 5.2.16 should the Newco Capital Raise be required to proceed, either Distell Full Reinvestment Shareholders elect, or an underwriter agrees, to subscribe for Newco Shares for an aggregate subscription consideration up to the Maximum Capital Raise Amount but not less than 25% of the Excess Amount;
- 5.2.17 by the Provisional Date and save as contemplated in terms of the Scheme and/or the Transaction Agreements:
 - 5.2.17.1 it has been Certified that no distribution has been declared (whether paid or unpaid) and/or made by the Distell Group to or for the benefit of any Distell Shareholder since 30 June 2021;
 - 5.2.17.2 it has been Certified that no distribution has been declared (whether paid or unpaid) and/or made by the Heineken SA Group to or for the benefit of any shareholder of Heineken SA since 31 December 2020;
 - 5.2.17.3 it has been Certified that no distribution has been declared (whether paid or unpaid) and/or made by the HSAEC Group to or for the benefit of any shareholder of HSAEC since 31 December 2020;
 - 5.2.17.4 it has been Certified that no distribution has been declared (whether paid or unpaid) and/or made by the NIH Group to or for the benefit of any shareholder of NIH since 30 June 2021; and

- 5.2.17.5 it has been Certified that no distribution has been declared (whether paid or unpaid) and/or made by the NBL Group to or for the benefit of any shareholder of NBL since 30 June 2021;
- 5.2.18 by the Provisional Date:
 - 5.2.18.1 it has been Certified that Distell and each member of the Distell Group has since 30 June 2021 carried on its business in all material respects in the Ordinary Course of Business, or if it has failed to do so, it has fully remedied such failure;
 - 5.2.18.2 it has been Certified that Heineken SA and each member of the Heineken SA Group and HSAEC and each member of the HSAEC Group has since 31 December 2020 carried on its business in all material respects in the Ordinary Course of Business, or if it has failed to do so, it has fully remedied such failure; and
 - 5.2.18.3 it has been Certified that NIH, NBL and every other member of the NIH Group has since 30 June 2021 carried on its business in all material respects in the Ordinary Course of Business, or if it has failed to do so, it has fully remedied such failure;
- 5.2.19 by the Provisional Date and save as contemplated in terms of the Scheme and/or the Transaction Agreements:
 - 5.2.19.1 it has been Certified that Distell has not since 30 June 2021 issued, or caused or permitted to be issued, or agreed to issue any securities or options or other rights to subscribe for securities nor has any member of the Distell Group done so in relation to a third party;
 - 5.2.19.2 it has been Certified that neither Heineken SA nor HSAEC has since 31 December 2020 issued, or caused or permitted to be issued, or agreed to issue any securities or options or other rights to subscribe for securities nor has any Member of the Heineken SA or HSAEC Groups, respectively, done so in relation to a third party;
 - 5.2.19.3 it has been Certified that NIH has not since 30 June 2021 issued, or caused or permitted to be issued, or agreed to issue any securities or options or other rights to subscribe for securities;
 - 5.2.19.4 it has been Certified that NBL has not since 30 June 2021 issued, or caused or permitted to be issued, or agreed to issue any securities or options or other rights to subscribe for securities nor has any member of the NBL Group done so in relation to a third party; and
- 5.2.20 by the Provisional Date, it has been Certified that no Insolvency Event has occurred in respect of Distell, Heineken SA, HSAEC, NIH and/or NBL or any of their respective material Subsidiaries.
- 5.3 The Scheme Conditions:
 - 5.3.1 in paragraphs 5.2.1, 5.2.7, 5.2.17.4, 5.2.17.5, 5.2.18.3, 5.2.19.3, 5.2.19.4 and, if an Insolvency Event has occurred in relation to NIH and/or NBL, 5.2.20 (to the extent of such Insolvency Event) and, to the extent contemplated in paragraph 5.5 of this Distell Circular, also 5.2.5.2 and 5.2.6 can be waived by agreement between Distell and Heineken;
 - 5.3.2 in paragraphs 5.2.17.2, 5.2.17.3, 5.2.18.2, 5.2.19.2 and, if an Insolvency Event has occurred in relation to Heineken SA or HSAEC, 5.2.20 (to the extent of such Insolvency Event) can be waived by Distell;
 - 5.3.3 in paragraphs 5.2.14, 5.2.15, 5.2.16, 5.2.17.1, 5.2.18.1, 5.2.19.1 and, if an Insolvency Event has occurred in relation to Distell, 5.2.20 (to the extent of such Insolvency Event) can be waived by Heineken; and
 - 5.3.4 in paragraphs 5.2.2, 5.2.3, 5.2.4, 5.2.5.1, 5.2.5.3, 5.2.5.4, 5.2.6 (other than to the extent contemplated in paragraph 5.5), 5.2.8, 5.2.9, 5.2.10, 5.2.11, 5.2.12 and 5.2.13 cannot be waived.
- 5.4 The Scheme Conditions must be fulfilled or, if applicable, waived on or before the Scheme Longstop Date, failing which the Scheme will not proceed.
- 5.5 In relation to the Scheme Conditions in paragraph 5.2.5.2 and (in so far as it relates to an approval from a Competition Authority) paragraph 5.2.6, if the relevant Competition Authority (or another Competition Authority on appeal):
 - 5.5.1 approves the Scheme or the Pre-Scheme Transaction, as applicable, subject to conditions which are not acceptable to (i) Distell, acting reasonably, if the conditions are imposed on and/or will apply in respect of Capevin (including its Subsidiaries after implementation of

the Scheme) and/or any Distell Shareholder; (ii) Newco and Distell, acting reasonably, if the conditions are imposed on and/or will apply in respect of Newco (including its Subsidiaries after implementation of the Scheme); or (iii) Newco, acting reasonably, in any other case;

5.5.2 has not made a ruling on the Scheme or the Pre-Scheme Transaction, as applicable, by the date which is 1 month prior to the Scheme Longstop Date; or

5.5.3 does not approve the Scheme or the Pre-Scheme Transaction, as applicable,

Heineken and Distell are obliged to negotiate to agree that Distell will put in place appropriate ring fencing arrangements in relation to any jurisdiction, other than South Africa and Namibia, to the extent such arrangements are legally permissible under the applicable Law, such that the Scheme or the Pre-Scheme Transaction, as applicable, can be implemented outside that jurisdiction, pursuant to which Heineken and Distell will waive, in part or in whole, the relevant Scheme Condition.

5.6 In relation to the Scheme Conditions in paragraph 5.2.5.2 and (in so far as it relates to approval by a Competition Authority) paragraph 5.2.6, if the relevant Competition Authority:

5.6.1 approves the Scheme or the Pre-Scheme Transaction, as applicable, subject to conditions which are not acceptable to (i) Distell, acting reasonably, if the conditions are imposed on and/or will apply in respect of Capevin (including its Subsidiaries after implementation of the Scheme) and/or any Distell Shareholder; and (ii) Newco and Distell, acting reasonably, if the conditions are imposed on and/or will apply in respect of Newco (including its Subsidiaries after implementation of the Scheme); or (iii) Newco, acting reasonably, in any other case; or

5.6.2 does not approve the Scheme or the Pre-Scheme Transaction, as applicable,

the Scheme Condition in paragraph 5.2.5.2 or paragraph 5.2.6, as applicable, shall be fulfilled if any of Distell, Heineken or Newco appeals against, or seeks a review of, that decision to another competent Competition Authority, and the Scheme or the Pre-Scheme Transaction, as applicable, is then approved by that Competition Authority by the relevant Scheme Longstop Date unconditionally, or subject to conditions acceptable to (i) Distell, acting reasonably, if the conditions are imposed on and/or will apply in respect of Capevin (including its Subsidiaries after implementation of the Scheme) and/or any Distell Shareholder; (ii) Newco and Distell, acting reasonably, if the conditions are imposed on and/or will apply in respect of Newco (including its Subsidiaries after implementation of the Scheme); or (iii) Newco, acting reasonably, in any other case.

6. REGULATORY APPROVALS

Save for (i) the approval of the South African Competition Authorities and the Foreign Competition Authorities, (ii) the TRP issuing a TRP compliance certificate in respect of the Scheme, (iii) all required foreign regulatory approvals being obtained and (iv) SARB approval for the Pre-Scheme Transactions and, if applicable, the Distell Namibia Transaction, all requisite regulatory approvals regarding the Scheme have been obtained. In this regard:

6.1 the issue of the Distell Circular by Distell to Distell Shareholders in respect of the Scheme was approved by the JSE on 7 January 2022 and the TRP on 6 January 2022; and

6.2 the Newco Prospectus was registered by CIPC on 14 January 2022.

7. SETTLEMENT OF THE CAPEVIN DISTRIBUTION OR CAPEVIN CASH CONSIDERATION AND NEWCO CASH CONSIDERATION OR NEWCO SHARE CONSIDERATION

7.1 Pursuant to the Scheme, each Scheme Participant will receive:

7.1.1 the Capevin Cash Consideration or, if the Scheme Participant rejects the Capevin Offer, Capevin Ordinary Shares in the Capevin Entitlement Ratio; and

7.1.2 the Newco Cash Consideration or, if the Scheme Participant elects (i) the Newco Share Only Option in respect of the Newco Offer, only Newco Shares in the Newco Entitlement Ratio, subject to the Newco Threshold Deemed Cash Election, and R0.00001 for every Scheme B Share, or (ii) the Newco Fixed Ratio Option in respect of the Newco Offer, a combination of the Newco Share Consideration (with the Newco Shares being issued in the Newco Entitlement Ratio), subject to the Newco Threshold Deemed Cash Election, in respect of 58% of their Scheme Ordinary Shares (or if such calculated number is not a whole number, same shall be rounded down to the nearest whole number) and, if applicable, a corresponding number of linked Scheme B Shares and the Newco Cash Consideration in respect of the remaining 42% of their Scheme Ordinary Shares (or if such calculated number is not a whole number, same shall be rounded up to the nearest whole number) and, if applicable, a corresponding number of linked Scheme B Shares.

- 7.2 Settlement of the Scheme will be administered and effected by the Transfer Secretaries on behalf of Distell, Newco and Heineken.
- 7.3 Payment of the Capevin Cash Consideration and Newco Cash Consideration
- Cash payable to Scheme Participants who accept (or are, pursuant to the Capevin Deemed Acceptance, deemed to have accepted) the Capevin Offer and/or elect (or are, pursuant to the Newco Deemed Cash Election, deemed to have elected) to receive the Newco Cash Consideration whether pursuant to the Newco Cash Only Option or the Newco Fixed Ratio Option, as applicable, will:
- 7.3.1 if the Scheme Participant is a Dematerialised Distell Shareholder without Own-name Registration, be credited to the Scheme Participant's account with their CSDP or Broker on the Scheme Implementation Date; or
 - 7.3.2 if the Scheme Participant is a Certificated Distell Shareholder or Dematerialised Distell Shareholder with Own-name Registration, be paid by EFT into the bank account identified by the Scheme Participant in the Form of Acceptance and Transfer (*blue*) or Form of Election, Surrender and Transfer (*green*), as applicable. If incorrect or incomplete bank account details are provided, the provisions of paragraph 2.3.6 on page 11 and paragraph 3.6.6 on page 15, respectively, of this Distell Circular will apply.
- 7.4 Settlement of the Capevin Distribution and Newco Share Consideration
- 7.4.1 The Capevin Ordinary Shares and/or Newco Shares which are to be delivered to Scheme Participants who reject the Capevin Offer and/or elect either the Newco Fixed Ratio Option or the Newco Share Only Option, as applicable and as contemplated in paragraph 7.4.2.2, will be delivered by means of posting by registered post, to be dispatched within 10 Business Days of the Scheme Implementation Date, the original share certificates in respect of the Capevin Ordinary Shares and/or Newco Shares to which the relevant Scheme Participant is entitled, to the postal address:
 - 7.4.1.1 of its CSDP or Broker, if such Scheme Participant is a Dematerialised Distell Shareholder without Own-name Registration; or
 - 7.4.1.2 provided by the relevant Scheme Participant in its Form of Acceptance and Transfer (*blue*) and/or Form of Election, Surrender and Transfer (*green*), as applicable, if such Scheme Participant is a Certificated Distell Shareholder or a Dematerialised Distell Shareholder with Own-name Registration that indicated the postal address to which they would like to receive their Capevin Ordinary Shares and/or Newco Shares, as applicable.

All original share certificates will be posted at the risk of Scheme Participants.
 - 7.4.2 Scheme Participants contemplated in paragraph 7.4.1 will receive:
 - 7.4.2.1 an appropriate number of unlisted Capevin Ordinary Shares, determined in accordance with the Capevin Entitlement Ratio (namely 1 Capevin Ordinary Share for every 1 Distell Ordinary Share held by the Scheme Participant on the Election Record Date); and/or
 - 7.4.2.2 an appropriate number of unlisted Newco Shares, determined in accordance with the Newco Entitlement Ratio, subject to the Newco Threshold Deemed Cash Election,

as applicable.
 - 7.4.3 The cash amount payable to Scheme Participants in respect of Scheme B Shares in terms of the Newco Share Consideration, if applicable, will be settled in accordance with paragraph 7.3 above.
- 7.5 Transfer of the Capevin Ordinary Shares
- 7.5.1 Capevin Ordinary Shares are unlisted shares in a private company, issued in Certificated form. As such, Capevin Ordinary Shares will be transferred to Scheme Participants in Certificated form by way of an instrument of transfer, acceptable to the board of directors of Capevin, and accompanied by a share certificate.
 - 7.5.2 All Capevin Ordinary Shares will be transferred to Scheme Participants and Heineken at the expense of Capevin.
 - 7.5.3 All Capevin Ordinary Shares are subject to the provisions of the Capevin MOI.
 - 7.5.4 The Capevin Ordinary Shares will rank *pari passu* in all respects with each other. Paragraph 9 of this Distell Circular provides detail of the Capevin Ordinary Shares and Annexure 5 to this Distell Circular contains relevant extracts from the Capevin MOI.
 - 7.5.5 Capevin Ordinary Shares will be unlisted and will not be traded in electronic form.

7.6 Issue and allotment of the Newco Shares

- 7.6.1 All Newco Shares will be issued to Scheme Participants at the expense of Newco.
- 7.6.2 All Newco Shares will be subject to the provisions of the Newco MOI.
- 7.6.3 The Newco Shares will rank *pari passu* in all respects with each other. Annexures 4 and 5 to the Newco Prospectus contains relevant extracts from the Newco MOI and Newco Shareholder's Agreement.
- 7.6.4 Newco Shares will be issued to Scheme Participants in Certificated form.
- 7.6.5 Newco Shares will be unlisted and will not be traded in electronic form.

7.7 Trading of Newco Shares

Newco Shares are unlisted shares in a public company issued in Certificated form. Please see Section 2 Paragraph 5 of the Newco Prospectus for further detail.

- 7.8 Dissenting Shareholders that subsequently become Scheme Participations as envisaged in paragraph 23.9 of this Distell Circular must consider paragraph 23 of this Distell Circular for settlement purposes.

8. OPERATION OF THE SCHEME

8.1 Subject to the Scheme becoming Operative, Scheme Participants –

- 8.1.1 who accept (or are, pursuant to the Capevin Deemed Acceptance, deemed to have accepted) the Capevin Offer:
 - 8.1.1.1 shall be deemed, with effect from the Scheme Implementation Date, to have disposed of (and to have undertaken to transfer) their Capevin Ordinary Shares to Heineken, free of Encumbrances, and all risk and benefit in the Scheme Participants' Capevin Ordinary Shares will pass from the Scheme Participants to Heineken; and
 - 8.1.1.2 shall be entitled to receive their respective portion of the Capevin Cash Consideration. The Transfer Secretaries will, in accordance with their mandate from Distell, administer the payment of the Capevin Cash Consideration to the Scheme Participants, in accordance with the "*Action Required by Distell Shareholders*" section on page 8 of this Distell Circular;
- 8.1.2 who reject the Capevin Offer shall be entitled to receive, with effect from the Scheme Implementation Date, their respective portion of the Capevin Ordinary Shares in the Capevin Entitlement Ratio. The Transfer Secretaries will, in accordance with their mandate from Distell, administer the transfer of the Capevin Ordinary Shares to Scheme Participants pursuant to the Capevin Distribution, in accordance with the "*Action Required by Distell Shareholders*" section on page 8 of this Distell Circular. In this regard, the original share certificates in respect of the Capevin Ordinary Shares will be posted to the relevant Scheme Participants by registered post and all risk and benefit in the Scheme Participants' Capevin Ordinary Shares will pass from Distell to the relevant Scheme Participants on the Scheme Implementation Date;
- 8.1.3 shall be deemed, with effect from the Scheme Implementation Date, to have disposed of (and to have undertaken to transfer) their Scheme Shares to Newco, free of Encumbrances, and all risk and benefit in the Scheme Participants' Scheme Shares will pass from the Scheme Participants to Newco; and
- 8.1.4 be entitled to receive their respective portion of the Newco Cash Consideration and/or the Newco Share Consideration in the Newco Entitlement Ratio (subject to the Newco Threshold Deemed Cash Election), as applicable. The Transfer Secretaries will, in accordance with their mandate from Distell and Newco, administer the payment of the Newco Cash Consideration and the cash amount payable in terms of the Newco Share Consideration and the issue and transfer of the Newco Shares in respect of the Newco Share Consideration, as applicable, to the Scheme Participants, in accordance with the "*Action Required by Distell Shareholders*" section on page 8 of this Distell Circular. In this regard, the original share certificates in respect of the Newco Shares will be posted to the relevant Scheme Participants by registered post and all risk and benefit in the Scheme Participants' Newco Shares will pass from Newco to the relevant Scheme Participants on the Scheme Implementation Date.

- 8.2 With effect from the Scheme Implementation Date, the Transfer Secretaries and/or each and every Director of Distell or any other person nominated by Distell will irrevocably be deemed to be the attorney and agent *in rem suam* of the Scheme Participants to implement the transfer (i) to Heineken of the Capevin Ordinary Shares sold to Heineken in terms of the Capevin Offer; and (ii) to Newco of the Scheme Shares, and to sign any instrument of transfer in respect thereof or any other documents and to do any other acts required or desirable to implement the Scheme and to take all steps necessary to procure delivery of the Capevin Ordinary Shares, the Newco Shares and/or the Scheme Shares, as appropriate.
- 8.3 Settlement of the Capevin Cash Consideration and Newco Offer Consideration to which any Scheme Participant is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Distell, Heineken and/or Newco may otherwise be, or claim to be, entitled against the relevant Scheme Participant.

9. SALIENT PROVISIONS OF THE CAPEVIN ORDINARY SHARES AND CAPEVIN B SHARES

- 9.1 The Capevin Ordinary Shares are unlisted, no par value shares, which rank *pari passu* with one another and which have the preferences, rights, limitations and other terms as detailed in the Capevin MOI, extracts of which are provided in Annexure 5 to this Distell Circular.
- 9.2 The Capevin B Shares are unlisted, non-convertible, redeemable no par value B shares which have the preferences, rights, limitations and other terms as detailed in the Capevin MOI, extracts of which are provided in Annexure 5 to this Distell Circular.
- 9.3 A summary of the salient preferences, rights, limitations and other terms attaching to the Capevin Ordinary Shares and the Capevin B Shares is provided in Annexure 4 to this Distell Circular. Annexure 7 contains a tabular-form summary of the Capevin B Share Terms.

10. SALIENT PROVISIONS OF THE NEWCO SHARES

Please see Section 2 Paragraph 5 and Annexures 4 and 5 of the Newco Prospectus for further detail.

11. OVERVIEW OF DISTELL, CAPEVIN AND NEWCO RESPECTIVELY

11.1 Distell

- 11.1.1 DGL was created through the merger of Distillers Corporation (SA) Limited and Stellenbosch Farmers Winery Group Limited in 2001. Distell was created and became the new listed holding company of the group in June 2018, pursuant to the collapse of the multi-tiered ownership structure of DGL.
- 11.1.2 Distell and its Subsidiaries as at the Last Practicable Date are South Africa and Africa's leading producer and marketer of ciders, RTD beverages, spirits and wines. With a diverse portfolio of brands with rich provenance and authenticity, its products are priced across the pricing continuum to cater to a broad spectrum of consumers.
- 11.1.3 Many of its brands are household names to consumers in Africa and select international markets and can be categorised into 2 baskets, namely (i) Scotch whisky and gin and (ii) cider, RTD beverages, spirits and wines. Distell's wines are sold on every continent.
- 11.1.4 Brands in the:
 - 11.1.4.1 Scotch whisky and Gordon's Gin business unit (Distell Out-of-Scope Assets) include Bunnahabhain, Deanston, Scottish Leader and Gordon's Gin, among others; and
 - 11.1.4.2 cider, RTD beverages, spirits and wine business unit (Distell in-Scope Assets) include Amarula, Hunter's, Savanna, 4th Street, J.C. Le Roux, Klipdrift, Nederburg, Richelieu, Viceroy and Zonnebloem, among others. Amarula is South Africa's most widely distributed international alcoholic beverage brand.
- 11.1.5 Save as contemplated in terms of the Transaction, there has been no material change in the business of Distell during the 3 years preceding the Last Practicable Date.

11.2 Capevin and the Distell Out-of-Scope Assets

- 11.2.1 Upon implementation of the Scheme and if they reject the Capevin Offer, Scheme Participants will hold shares in Capevin.

- 11.2.2 Capevin will, in turn, hold the Distell Out-of-Scope Assets through its holding of 100% of the shares in RCI, which will in turn hold 100% of the shares in DGL, which will hold 100% of the shares in Distell International and 85% of the shares in SADW. The remaining 15% of the shares in SADW will be held by Distell Beverages. Please see paragraph 11.2.6 regarding B-BBEE in Capevin after implementation of the Transaction.
- 11.2.3 The Distell Out-of-Scope Assets constitute the Scotch whisky and Gordon's Gin business currently conducted by Distell and its Subsidiaries, as described in paragraphs 3.6.1.2 above.
- 11.2.4 Capevin will serve primarily as an investment holding company, holding shares in DGL (indirectly via RCI).
- 11.2.5 Distell Shareholders should note the provisions of clause 12 of the Capevin MOI, which provides for the potential disposal of Distell International or its Scotch whisky business subsequent to implementation of the Scheme. These provisions are included in the extracts of the Capevin MOI provided in Annexure 5.
- 11.2.6 After implementation of the Transaction, it is anticipated that (i) Distell Beverages will declare and distribute as a distribution *in specie* to the Distell Development Trust the 15% shares it holds in SADW and (ii) Distell Development Trust will, in turn, distribute the 15% shares which it holds in SADW to the CVH Trust, thereby transferring the B-BBEE interests in Capevin to a separate vehicle (namely CVH Trust) from Distell Development Trust and Distell Beverages.
- 11.2.7 Distell Shareholders should also take note of the further information relating to Capevin set out in the Capevin Information Schedule.
- 11.3 Newco and Newco's business (including the Distell In-Scope Assets)
 - 11.3.1 Upon implementation of the Scheme, Newco will hold:
 - 11.3.1.1 100% of Heineken SA;
 - 11.3.1.2 100% of HSAEC (which will hold the distribution agreements and relationships of Heineken in TUKS);
 - 11.3.1.3 100% of NIH which, in turn, will hold 59.37% in NBL; and
 - 11.3.1.4 Distell, which will in turn hold the Distell In-Scope Assets.
 - 11.3.2 Distell Shareholders should take note of the further information relating to Newco in the Newco Prospectus.

12. PROSPECTS OF CAPEVIN

- 12.1 The Distell Board is of the opinion, for the reasons stated below, that the prospects of Capevin, following implementation of the Transaction remain attractive and strategically position Capevin as a niche, premium player in the global Scotch whisky category with a leading gin position in South Africa.
- 12.2 The reasons for the Distell Board's opinion are as follows:
 - 12.2.1 Capevin will own a portfolio of attractive and scarce Scotch whisky distilleries, including Bunnahabhain, Deanston, Ledaig, Tobermory, as well as the Scottish Leader and Black Bottle blended Scotch whisky brands. These distilleries and brands have unique provenance and heritage in locations across Scotland. Bunnahabhain, as Capevin's flagship single malt brand, is distilled on Islay which is considered one of the most prestigious whisky locations;
 - 12.2.2 the global single malt whisky category is forecasted to deliver strong growth in the future and Capevin's portfolio of brands are well placed to continue its strong growth momentum. The continued investment behind the brands and aged inventory over the past years will see significantly more mature liquid becoming available to sell in the coming years;
 - 12.2.3 Capevin will have a strong route-to-market platform, especially in the United Kingdom and Taiwan. In Taiwan, a significant whisky market for both blended scotch and single malts, Capevin's brands have a leading market position with Scottish Leader being the second largest blended Scotch whisky brand. Taiwan also serves as an entry point into China, where the business is seeing strong sales with significant further growth opportunities. Focused and choiceful investments made in e-commerce and digital platforms will continue to support meaningful growth in the United Kingdom and Europe in this important channel of trade for Capevin;

- 12.2.4 Capevin has well invested production assets with multiple distilleries, a newly built blending and maturation facility and a bottling facility located in parts across Scotland. The three single malt distilleries also operate profitable and growing brand homes with a recently constructed new visitor centre at Bunnahabhain; and
- 12.2.5 CastleWine's Gordon's Gin business, operated under licence from Diageo in terms of the Gordon's Gin Agreement, entails the largest brand in the gin segment in the South African market.
- 12.3 The Distell Board notes that United Distillers SA Proprietary Limited (a Subsidiary of Diageo plc) has unsuccessfully attempted to terminate the Gordon's Gin Agreement in the past. While CastleWine has always been of the opinion that it has complied with all its obligations under the Gordon's Gin Agreement, and intends to continue to do so, and that no grounds for termination exist or will arise in the context of the Transaction, there is no guarantee that United Distillers SA Proprietary Limited will not again attempt to terminate the Gordon's Gin Agreement in future.

13. NEWCO CAPITAL RAISE

- 13.1 Distell Full Reinvestment Shareholders are required to elect whether or not they wish to subscribe for additional Newco Shares after implementation of the Scheme, should Newco require additional capital in the circumstances detailed in paragraph 13.2.1 below ("**Newco Capital Raise**").
- 13.2 The Newco Capital Raise will be subject to the following terms and conditions:
 - 13.2.1 the issue of Newco Shares pursuant to the Newco Capital Raise will proceed only if the aggregate amount of cash required to settle the consideration due to Scheme Participants who elect (or are deemed to have elected) the Newco Cash Only Option and who elect the Newco Fixed Ratio Option ("**Newco Offer Cash Requirement**") exceeds R13,571,793,762. If the Newco Offer Cash Requirement exceeds R13,571,793,762, the amount of such excess ("**Excess Amount**") will be funded post implementation of the Scheme in the ratio 75% by way of debt or preference share funding raised by Newco and 25% through the Newco Capital Raise subject to a maximum of R1,200,000,000 ("**Maximum Capital Raise Amount**"). Prior to implementation of the Scheme, this Excess Amount will have been funded by a bridge loan as detailed in Section 1 Paragraph 9 of the Newco Prospectus;
 - 13.2.2 the Newco Shares issued to Distell Full Reinvestment Shareholders in terms of the Newco Capital Raise will be issued at a subscription price of R165.00 per Newco Share. The subscription price due in respect of the additional Newco Shares subscribed for by the Distell Full Reinvestment Shareholders will be required to be paid in full, without deduction or set off, to Newco on the date set out in the written notice to be issued by Newco as contemplated in paragraph 3.7 on page 16 of this Distell Circular, currently anticipated to be the Scheme Implementation Date;
 - 13.2.3 Finco, as shareholder in Newco, will not participate in the Newco Capital Raise;
 - 13.2.4 if the Newco Capital Raise proceeds, Distell Full Reinvestment Shareholders shall be entitled to:
 - 13.2.4.1 subscribe for Newco Shares in proportion to their holding of Newco Shares immediately subsequent to implementation of the Scheme; and
 - 13.2.4.2 apply to subscribe for Newco Shares which are in excess of their proportionate holding of Newco Shares subsequent to implementation of the Scheme,
 subject thereto that the aggregate subscription price payable by all Distell Full Reinvestment Shareholders shall not exceed the Maximum Capital Raise Amount; and
 - 13.2.5 if Distell Full Reinvestment Shareholders apply to subscribe for additional Newco Shares as contemplated in paragraph 13.2.4.1 which have an aggregate subscription price in excess of the Maximum Capital Raise Amount, the number of Newco Shares to be issued to each Distell Full Reinvestment Shareholder in terms of the Newco Capital Raise will be reduced proportionately to their holding of Newco Shares immediately after implementation of the Scheme so that the aggregate subscription price payable by all Distell Full Reinvestment Shareholders is equal to the Maximum Capital Raise Amount.
- 13.3 Distell Full Reinvestment Shareholders wishing to participate in the Newco Capital Raise that are Certificated Distell Shareholders or Dematerialised Distell Shareholders with Own-name Registration should complete the Form of Subscription (*pink*) enclosed with this Distell Circular and return the duly completed document to the Transfer Secretaries by no later than 12h00 on

the Election Record Date. Distell Full Reinvestment Shareholders that are Dematerialised Distell Shareholders without Own-name Registration must NOT complete the Form of Subscription (*pink*) and should contact their CSDP or Broker regarding their election in respect of the Newco Capital Raise.

14. FINANCIAL EFFECTS OF THE SCHEME

The Scheme entails an offer to Distell Shareholders of R180.00 per Distell Ordinary Share and R0.00001 per Distell B Share, valuing Distell at R40,096,203,102.27, made up of the following:

- 14.1 in respect of the Distell Out-of-Scope Assets, a cash consideration of R15.00 per Capevin Ordinary Share, ascribing a value of R3,341,350,155.00 to the Distell Out-of-Scope Assets. Distell Shareholders have the election to reject the Capevin Offer, in which event they will receive Capevin Ordinary Shares pursuant to the Capevin Distribution; and
- 14.2 in respect of the Distell In-Scope Assets, a cash consideration of R165.00 per Distell Ordinary Share and R0.00001 per Scheme B Share, ascribing a value of R36,754,852,947.27 to the Distell In-Scope Assets. In this regard, Distell Shareholders have the election to receive the Newco Share Consideration instead of the Newco Cash Consideration in respect of:
 - 14.2.1 some (in the case of the Newco Fixed Ratio Option), or
 - 14.2.2 all (in the case of the Newco Share Only Option),

of their Scheme Shares, in which event such Distell Shareholders will receive Newco Shares in the Newco Entitlement Ratio, subject to the Newco Threshold Deemed Cash Election, in respect of the relevant number of Scheme Ordinary Shares and R0.00001 per Scheme B Share.

15. FINANCIAL INFORMATION

- 15.1 From a financial information perspective, the Transaction essentially entails *inter alia* (i) the internal reorganisation of Distell's current operations between the Distell In-Scope Assets and the Distell Out-of-Scope Assets, respectively and (ii) the combination of the Distell In-Scope Assets with the businesses of NBL, Heineken SA and HSAEC (which will hold Heineken's business in TUKS). In this regard, the Distell In-Scope Assets and the Distell Out-of-Scope Assets do not currently in all respects exist as separate business units and do not have separate historical financial information, independent from one another (both are included in the historical information of Distell). Similarly, the financial information relevant to Heineken's business in TUKS does not exist as a separate business unit.
- 15.2 The preparation and presentation of historical financial information to Distell Shareholders for purposes of assisting them to assess the Transaction and to make an informed decision with regard to both the Capevin Offer and the Newco Offer has been carefully considered and discussed with the JSE and TRP. In this regard and following engagement with the JSE and TRP, it was agreed that the most appropriate financial information to present to Distell Shareholders for purposes of the Transaction is the format detailed in paragraphs 15.5, 15.8 and 15.9 of this Distell Circular. A dispensation was obtained from the JSE and TRP in this regard.

Historical financial information

- 15.3 The historical audited consolidated annual financial statements of Distell for the 3 financial years up to and ended 30 June 2021 can be obtained from Distell's website (<https://www.distell.co.za/Investor-Centre/Home/>) and will also be available for inspection as set out in paragraph 45 of this Distell Circular.
- 15.4 The interim results of Distell for the 6 months ended 30 December 2021 are expected to be published on SENS on or about 24 February 2022, failing which Distell will publish a detailed trading update.
- 15.5 The following historical financial information is provided in this Distell Circular:
 - 15.5.1 Annexure 12 to this Distell Circular contains extracts of the audited consolidated annual financial statements of Distell for the 3 financial years up to and ended 30 June 2021, prepared in accordance with IFRS,
 - 15.5.2 Annexure 13 and Annexure 16 to this Distell Circular contains the following carve-out historical financial information which represents the Distell Out-of-Scope Assets, namely:
 - 15.5.2.1 the Combined Carve-out Historical Financial Information of Capevin and the Gordon's Gin interest for the 3 financial years up to and ended 30 June 2021, prepared in accordance with the basis of preparation as described in Annexure 13 of this Distell Circular;

- 15.5.2.2 the Combined Carve-out Historical Financial Information of the Scotch whisky business for the 3 financial years up to and ended 30 June 2021, prepared in accordance with the basis of preparation as described in Annexure 16 of this Distell Circular; and
- 15.5.3 Further historical financial information regarding Distell can be obtained from Distell's website (<https://www.distell.co.za/Investor-Centre/Home/>).
- 15.6 The following historical financial information, annual financial statements or extracts thereof are contained in the Newco Prospectus, namely:
 - 15.6.1 those of Heineken SA for the 3 financial years up to and ended 31 December 2020 and interim results for the 6 month period ended 30 June 2021;
 - 15.6.2 those of HSAEC for the 3 financial years up to and ended 31 December 2020; and
 - 15.6.3 those of NBL for the 3 financial years up to and ended 30 June 2021. Further historical financial information regarding NBL can be obtained from the NBL website (www.nambrew.com).

Pro forma financial effects

- 15.7 The preparation and presentation of the *pro forma* financial information to Distell Shareholders for purposes of assisting them to assess the Pre-Scheme Transactions and the Scheme and to make an informed decision with regard to both the Capevin Offer and the Newco Offer has been carefully considered and discussed with the JSE and TRP. In this regard and following engagement with the JSE, it was agreed that the most appropriate *pro forma* financial information to present to Distell Shareholders for purposes of the Transaction is that detailed in paragraphs 15.8 and 15.9 of this Distell Circular. A dispensation was obtained from the JSE in this regard.
- 15.8 In terms of the Companies Regulations and the JSE Listings Requirements, the following *pro forma* financial information is provided:
 - 15.8.1 in this Distell Circular, as required in terms of Regulation 106(7)(c) of the Companies Regulations:

Paragraph 15.10 of this Distell Circular contains the *pro forma* financial effects of the Pre-Scheme Transactions and the Scheme for Distell Shareholder/s and/or Scheme Participants including applicable scenarios as a consequence of the Newco Capital Raise, the potential disposal of the Strongbow business (as contemplated in Section 4 Paragraph 1 of the Newco Prospectus) and the Distell Namibia Transaction.
 - 15.8.2 in this Distell Circular, as required in terms of Regulation 106(6)(d)(ii) of the Companies Regulations, considering that the Newco Share Consideration consists of Newco Shares:

Annexure 22 to this Distell Circular contains the *pro forma* income statement and *pro forma* statement of financial position for the Newco Group (referred to collectively as “**Newco Group Pro Forma Financial Information**”). The Independent Reporting Accountant's assurance report in respect thereof is contained in Annexure 23 to this Distell Circular.
- 15.9 In order to place Scheme Participants in a position to make an informed decision in relation to the Capevin Offer, the following further *pro forma* financial information is provided in this Distell Circular (referred to collectively as the “**Capevin Group Pro Forma Financial Information**”):
 - 15.9.1 Paragraph 15.10 of this Distell Circular contains the *pro forma* financial effects of the Pre-Scheme Transactions and the Scheme for Distell Shareholder/s and/or Scheme Participants, including the *pro forma* effect of the Capevin Distribution and the Capevin Offer;
 - 15.9.2 Annexure 19 to this Distell Circular contains the *pro forma* income statement and *pro forma* statement of financial position for the Capevin Group. It should be noted that the Capevin Group *Pro Forma* Financial Information does not include the earnings effects of additional costs which may be incurred and new agreements the Capevin Group may have to enter into post the Distell Internal Reorganisation to operate as a stand-alone entity post the Distell Internal Reorganisation as the financial impact of operating as a stand-alone entity cannot be reliably determined and is not factually supportable as at the Last Practicable Date prior to the issue of the Distell Circular. In addition, the Capevin Group *Pro Forma* Financial Information include significant non-recurring expenses as a consequence of the Pre-Scheme Transactions and the Scheme which adversely impact the *pro forma* financial effects of the Capevin Group as set out in paragraph 15.10 of this Distell Circular. Refer to notes 4, 5, 6 and 8 of the *pro forma* income statement for the Capevin Group as set out in Annexure 19 to this Distell Circular for further details of such non-recurring expenses. Consequently the Capevin *Pro Forma* Financial Information should be read with caution.

15.10 *Pro forma* financial effects of the Pre-Scheme Transactions and the Scheme for Distell Shareholder/s and/or Scheme Participants:

15.10.1 The tables below set out the *pro forma* financial effects of the Pre-Scheme Transactions and the Scheme on Distell Shareholder/s and/or Scheme Participants and have been prepared for illustrative purposes only, in order to enable Distell Shareholder/s and/or Scheme Participants to assess the impact of the Pre-Scheme Transactions and the Scheme and the various elections and outcomes as a consequence of the Scheme, which are available to Distell Shareholder/s and/or Scheme Participants under the Scheme. The options are summarised in this paragraph 15.10.1 to this Distell Circular, being:

15.10.1.1 an all cash option (being the acceptance (or deemed acceptance) of the Capevin Offer with consequent receipt of the Capevin Cash Consideration and the election (or deemed election) of the Newco Cash Only Option);

15.10.1.2 an all equity option (being the rejection of the Capevin Offer with consequent receipt of the Capevin Ordinary Shares and the election of the Newco Share Only Option);

15.10.1.3 the rejection of the Capevin Offer (with consequent receipt of the Capevin Ordinary Shares) and the election of Newco Cash Only Option;

15.10.1.4 the acceptance of the Capevin Offer (with consequent receipt of the Capevin Cash Consideration) and the election of the Newco Share Only Option;

15.10.1.5 the rejection of the Capevin Offer (with consequent receipt of the Capevin Ordinary Shares) and the election of the Newco Fixed Ratio Option; and

15.10.1.6 the acceptance of the Capevin Offer (with consequent receipt of the Capevin Cash Consideration) and the election of the Newco Fixed Ratio Option.

15.10.2 The *pro forma* financial effects set out below are the responsibility of the Distell Directors. Their responsibility includes determining that the *pro forma* financial effects have been properly compiled on the basis stated, and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Companies Regulations and JSE Listings Requirements. The Independent Reporting Accountant's assurance report in respect thereof is contained in Annexure 20 to this Distell Circular.

15.10.3 Because of their nature, the *pro forma* financial effects may not give a fair presentation of a Distell Shareholder and/or Scheme Participant's financial position and performance after the Pre-Scheme Transactions and the Scheme have been implemented.

Table 1: *All cash option (being the acceptance (or deemed acceptance) of the Capevin Offer with consequent receipt of the Capevin Cash Consideration and the election (or deemed election) of the Newco Cash Only Option)*

<i>Pro forma after Pre-Scheme Transactions and the Scheme^a</i>					
	Distell Before 1	Newco Cash Only Option 3.2, 4.2.1	Capevin Cash Consideration 3.2, 4.3.1	Newco Cash Only Option and Capevin Cash Consideration	% Change
Earnings per ordinary share (cents)					
– basic earnings basis	880.6	594.0	54.0	648.0	–26%
– diluted earnings basis	877.8	594.0	54.0	648.0	–26%
– headline basis	769.6	594.0	54.0	648.0	–16%
– diluted headline basis	767.1	594.0	54.0	648.0	–16%
Net asset value per share (cents)	5,865.9	16,500.0	1,500.0	18,000.0	>100%
Net tangible asset value per share (cents)	4,932.4	16,500.0	1,500.0	18,000.0	>100%
Per share performance:					
Issued number of ordinary shares ('000)	223,102.4	–	–	–	
Weighted average number of ordinary shares ('000)	219,840.5	–	–	–	
Weighted average number of ordinary shares for diluted earnings ('000)	220,543.0	–	–	–	

Table 2: All equity option (being the rejection of the Capevin Offer with consequent receipt of the Capevin Ordinary Shares and the election of the Newco Share Only Option)

Pro forma after Pre-Scheme Transactions and the Scheme^a					
	Distell Before 1	Newco Share Only Option 3.3.1, 4.4	Capevin Ordinary Shares 3.3.2, 4.5	Newco Share Only Option and Capevin Ordinary Shares	% Change
Earnings per ordinary share (cents)					
– basic earnings basis	880.6	(247.0)	(294.9)	(541.9)	>-100%
– diluted earnings basis	877.8	(247.0)	(294.9)	(541.9)	>-100%
– headline basis	769.6	(297.0)	(45.5)	(342.5)	>-100%
– diluted headline basis	767.1	(297.0)	(45.5)	(342.5)	>-100%
Net asset value per share (cents)	5,865.9	11,221.0	1,320.8	12,541.8	>100%
Net tangible asset value per share (cents)	4,932.4	2,043.0	889.2	2,932.2	-41%
Per share performance:					
Issued number of ordinary shares ('000)	223,102.4	401,438.3	222,756.7		
Weighted average number of ordinary shares ('000)	219,840.5	401,438.3	222,756.7		
Weighted average number of ordinary shares for diluted earnings ('000)	220,543.0	401,438.3	222,756.7		

Table 3: Rejection of the Capevin Offer (with consequent receipt of the Capevin Ordinary Shares) and the election of Newco Cash Only Option

Pro forma after Pre-Scheme Transactions and the Scheme^a					
	Distell Before 1	Newco Cash Only Option 3.2, 4.2.1	Capevin Ordinary Shares 3.3.2, 4.5	Newco Cash Only Option and Capevin Ordinary Shares	% Change
Earnings per ordinary share (cents)					
– basic earnings basis	880.6	594.0	(294.9)	299.1	-66%
– diluted earnings basis	877.8	594.0	(294.9)	299.1	-66%
– headline basis	769.6	594.0	(45.5)	548.5	-29%
– diluted headline basis	767.1	594.0	(45.5)	548.5	-28%
Net asset value per share (cents)	5,865.9	16,500.0	1,320.8	17,820.8	>100%
Net tangible asset value per share (cents)	4,932.4	16,500.0	889.2	17,389.2	>100%
Per share performance:					
Issued number of ordinary shares ('000)	223,102.4	–	222,756.7		
Weighted average number of ordinary shares ('000)	219,840.5	–	222,756.7		
Weighted average number of ordinary shares for diluted earnings ('000)	220,543.0	–	222,756.7		

Table 4: Acceptance of the Capevin Offer (with consequent receipt of the Capevin Cash Consideration) and the election of the Newco Share Only Option

Pro forma after Pre-Scheme Transactions and the Scheme ^a					
	Distell Before 1	Newco Share Only Option 3.3.1, 4.4	Capevin Cash Consideration 3.2, 4.3.1	Newco Share Only Option and Capevin Cash Consideration	% Change
Earnings per ordinary share (cents)					
– basic earnings basis	880.6	(247.0)	54.0	(193.0)	>-100%
– diluted earnings basis	877.8	(247.0)	54.0	(193.0)	>-100%
– headline basis	769.6	(297.0)	54.0	(243.0)	>-100%
– diluted headline basis	767.1	(297.0)	54.0	(243.0)	>-100%
Net asset value per share (cents)	5,865.9	11,221.0	1,500.0	12,721.0	>100%
Net tangible asset value per share (cents)	4,932.4	2,043.0	1,500.0	3,543.0	–28%
Per share performance:					
Issued number of ordinary shares ('000)	223,102.4	401,438.3	–		
Weighted average number of ordinary shares ('000)	219,840.5	401,438.3	–		
Weighted average number of ordinary shares for diluted earnings ('000)	220,543.0	401,438.3	–		

Table 5: Rejection of the Capevin Offer (with consequent receipt of the Capevin Ordinary Shares) and the election of the Newco Fixed Ratio Option

Pro forma after Pre-Scheme Transactions and the Scheme²						
Newco Fixed Ratio Option						
	Distell Before	Newco Cash Only Option (42%)	Newco Share Only Option (58%)	Capevin Ordinary Shares	Newco Fixed Ratio Option and Capevin Ordinary Shares	% Change
	1	3.2, 4.2.2	3.3.1, 4.4	3.3.2, 4.5		
Earnings per ordinary share (cents)						
– basic earnings basis	880.6	249.5	(143.3)	(294.9)	(188.7)	>-100%
– diluted earnings basis	877.8	249.5	(143.3)	(294.9)	(188.7)	>-100%
– headline basis	769.6	249.5	(172.3)	(45.5)	31.8	–96%
– diluted headline basis	767.1	249.5	(172.3)	(45.5)	31.8	–96%
Net asset value per share (cents)	5,865.9	6,930.0	6,508.2	1,320.8	14,759.0	>100%
Net tangible asset value per share (cents)	4,932.4	6,930.0	1,184.9	889.2	9,004.2	83%
Per share performance:						
Issued number of ordinary shares ('000)	223,102.4	–	401,438.3	222,756.7		
Weighted average number of ordinary shares ('000)	219,840.5	–	401,438.3	222,756.7		
Weighted average number of ordinary shares for diluted earnings ('000)	220,543.0	–	401,438.3	222,756.7		

Table 6: Acceptance of the Capevin Offer (with consequent receipt of the Capevin Cash Consideration) and the election of the Newco Fixed Ratio Option

Pro forma after Pre-Scheme Transactions and the Scheme^a						
Newco Fixed Ratio Option						
	Distell Before	Newco Cash Only Option (42%)	Newco Share Only Option (58%)	Capevin Cash Consideration	Newco Fixed Ratio Option and Capevin Cash Consideration	% Change
	1	3.2, 4.2.2	3.3.1, 4.4	3.2, 4.3.1		
Earnings per ordinary share (cents)						
– basic earnings basis	880.6	249.5	(143.3)	54.0	160.2	–82%
– diluted earnings basis	877.8	249.5	(143.3)	54.0	160.2	–82%
– headline basis	769.6	249.5	(172.3)	54.0	131.2	–83%
– diluted headline basis	767.1	249.5	(172.3)	54.0	131.2	–83%
Net asset value per share (cents)	5,865.9	6,930.0	6,508.2	1,500.0	14,938.2	>100%
Net tangible asset value per share (cents)	4,932.4	6,930.0	1,184.9	1,500.0	9,614.9	95%
Per share performance:						
Issued number of ordinary shares ('000)	223,102.4	–	401,438.3	–		
Weighted average number of ordinary shares ('000)	219,840.5	–	401,438.3	–		
Weighted average number of ordinary shares for diluted earnings ('000)	220,543.0	–	401,438.3	–		

Notes to the pro forma financial effects on Distell Shareholder/s and/or Scheme Participants

- Based on the published audited results of Distell for the year ended 30 June 2021.
- The “Pro forma after Pre-Scheme Transactions and the Scheme” reflects the effects of the Pre-Scheme Transactions and the Scheme on a Distell Shareholder/s and/or Scheme Participants and excludes the impact of the Newco Capital Raise, the potential disposal of the Strongbow business and the Distell Namibia Transaction.
- The pro forma financial effects on basic earnings, diluted earnings, headline earnings and diluted headline earnings are based on the following principal assumptions:
 - the Pre-Scheme Transactions and the Scheme were effective and implemented on 1 July 2020;
 - for purposes of illustrating the pro forma financial effects of the Newco Cash Only Option, the cash component of the Newco Fixed Ratio Option (i.e. 42%) and Capevin Cash Consideration, it was assumed Distell Shareholder/s earn an after tax yield of 3.6% on the cash consideration; and
 - for purposes of illustrating the pro forma financial effects of:
 - the Newco Share Only Option and the share component of the Newco Fixed Ratio Option (i.e. 58%), the pro forma financial effects have been derived from the Newco Group Pro Forma Financial Information as set out in Annexure 22 to this Distell Circular multiplied by the Newco Entitlement Ratio of 1:1 (i.e. 1 Newco Share for every 1 Scheme Ordinary Share held by a Scheme Participant on the Election Record Date, subject to the Distell DC Breach Adjustment); and
 - the rejection of the Capevin Offer (with consequent receipt of the Capevin Ordinary Shares), the pro forma financial effects have been derived from the Capevin Group Pro Forma Financial Information as set out in Annexure 19 to this Distell Circular multiplied by the Capevin Entitlement Ratio of 1:1 (i.e. 1 Capevin Ordinary Share for every 1 Scheme Ordinary Share held by a Scheme Participant on the Election Record Date).
- The pro forma financial effects on net asset value and tangible net asset value are based on the following principal assumptions:
 - the Pre-Scheme Transactions and the Scheme were effective and implemented on 30 June 2021;
 - for purposes of illustrating the pro forma financial effects of the cash consideration payable by Newco:
 - R165.00 per Scheme Ordinary Share, based on the Newco Cash Only Option; and
 - R69.30 per Scheme Ordinary Share, based on the Newco Fixed Ratio Option (i.e. 42%);
 - for purposes of illustrating the pro forma financial effects of the cash consideration payable by Heineken:
 - R15.00 per Capevin Ordinary Share, based on the Capevin Cash Consideration;
 - for purposes of illustrating the pro forma financial effects of the Newco Share Only Option and the share component of the Newco Fixed Ratio Option (i.e. 58%), the pro forma financial effects have been derived from the Newco Group Pro Forma Financial Information as set out in Annexure 22 to this Distell Circular multiplied by the Newco Entitlement Ratio of 1:1, as explained in note 3.3.1 above; and
 - for purposes of illustrating the pro forma financial effects of the rejection of the Capevin Offer (with consequent receipt of the Capevin Ordinary Shares), the pro forma financial effects have been derived from the Capevin Group Pro Forma Financial Information as set out in Annexure 19 to this Distell Circular multiplied by the Capevin Entitlement Ratio of 1:1 (i.e. 1 Capevin Ordinary Share for every 1 Scheme Ordinary Share held by a Scheme Participant on the Election Record Date).

Newco Capital Raise

- As detailed in paragraph 13 of this Distell Circular, Distell Full Reinvestment Shareholders are required to elect whether or not they wish to subscribe for additional Newco Shares after implementation of the Scheme, should Newco require additional capital in the circumstances detailed in paragraph 13.2.1 of this Distell Circular. Distell Shareholders should note that the Newco Group Pro Forma Financial Information presented in Annexure 22 to this Distell Circular excludes the impact of the Newco Capital Raise. The impact on the Newco Share Only Option, should the Newco Capital Raise be implemented and therefore be considered in the Newco Group Pro Forma Financial Information, is illustrated in the table below.

	Newco Share Only Option 1	Newco Share Only Option after Newco Capital Raise 2	% change (1/2)
Earnings per ordinary share (cents)			
– basic earnings basis	(247.0)	(329.0)	–33.2%
– diluted earnings basis	(247.0)	(329.0)	–33.2%
– headline basis	(297.0)	(382.0)	–28.6%
– diluted headline basis	(297.0)	(382.0)	–28.6%
Net asset value per share (cents)	11,221.0	11,229.0	0.1%
Net tangible asset value per share (cents)	2,043.0	1,514.0	–25.9%
Per share performance:			
Issued number of ordinary shares ('000)	401,438.3	379,270.4	
Weighted average number of ordinary shares ('000)	401,438.3	379,270.4	
Weighted average number of ordinary shares for diluted earnings ('000)	401,438.3	379,270.4	

- The pro forma financial effects have been extracted from the Newco Group Pro Forma Financial Information as set out in Annexure 22 to this Distell Circular.
- The pro forma financial effects have been extracted from the Newco Group Pro Forma Financial Information as set out in Annexure 22 to this Distell Circular.

Subsequent events disclosed in the Newco Group Pro Forma Financial Information

- As detailed in Section 4 Paragraph 1 of the Newco Prospectus, the Strongbow business currently conducted by Heineken (“Strongbow”) may be disposed of subsequent to the implementation of the Transaction. Distell Shareholders should note that the Newco Group Pro Forma Financial Information presented in Annexure 22 to this Distell Circular includes Strongbow. The impact on the Newco Share Only Option and Newco Fixed Ratio Option, should the Strongbow business be disposed of and therefore excluded from the Newco Group Pro Forma Financial Information, is illustrated in the tables below.
- Furthermore, as detailed in paragraph 39 of this Distell Circular and Section 1 Paragraph 3.2 of the Newco Prospectus, the Distell Namibia Transaction may become unconditional prior to the implementation of the Transactions. Distell Shareholders should note that the Newco Group Pro Forma Financial Information presented in Annexure 22 to this Distell Circular excludes the impact of the Distell Namibia Transaction. The impact on the Newco Share Only Option and Newco Fixed Ratio Option, should the Distell Namibia Transaction become unconditional and therefore be considered in the Newco Group Pro Forma Financial Information, is illustrated in the tables below.

The pro forma financial effect of the subsequent events is presented below in order to provide Distell Shareholders with sufficient information for decision making purposes.

	Newco Share Only Option 1	Newco Share Only Option after Strongbow 2	% change (1/2)	Newco Share Only Option after Distell Namibia Transaction 3	% change (3/1)	Newco Share Only Option after excluding Strongbow and the Distell Namibia Transaction 4	% change (4/1)
Earnings per ordinary share (cents)							
– basic earnings basis	(247.0)	(249.0)	0.8%	(257.0)	4.0%	(259.0)	4.9%
– diluted earnings basis	(247.0)	(249.0)	0.8%	(257.0)	4.0%	(259.0)	4.9%
– headline basis	(297.0)	(299.0)	0.7%	(307.0)	3.4%	(309.0)	4.0%
– diluted headline basis	(297.0)	(299.0)	0.7%	(307.0)	3.4%	(309.0)	4.0%
Net asset value per share (cents)	11,221.0	11,214.0	–0.1%	11,163.0	–0.5%	11,156.0	–0.6%
Net tangible asset value per share (cents)	2,043.0	2,036.0	–0.3%	1,985.0	–2.8%	1,978.0	–3.2%

	Newco Share Only Option	Newco Share Only Option after excluding Strongbow	% change	Newco Share Only Option after Distell Namibia Transaction	% change	Newco Share Only Option after excluding Strongbow and the Distell Namibia Transaction	% change
	1	2	(1/2)	3	(3/1)	4	(4/1)
Per share performance:							
Issued number of ordinary shares ('000)	401,438.3	401,438.3		401,438.3		401,438.3	
Weighted average number of ordinary shares ('000)	401,438.3	401,438.3		401,438.3		401,438.3	
Weighted average number of ordinary shares for diluted earnings ('000)	401,438.3	401,438.3		401,438.3		401,438.3	
<ol style="list-style-type: none"> 1. The pro forma financial effects have been derived from the Newco Group Pro Forma Financial Information as set out in Annexure 22 to this Distell Circular. 2. The pro forma financial effects have been derived from the Newco Group Pro Forma Financial Information as set out in Annexure 22 to this Distell Circular, after excluding Strongbow. 3. The pro forma financial effects have been derived from the Newco Group Pro Forma Financial Information as set out in Annexure 22 to this Distell Circular after considering the impact of the Distell Namibia Transaction. 4. Relates to the combined impact on the Newco Group Pro Forma Financial Information when excluding Strongbow and including the impact of the Distell Namibia Transaction. 							

	Newco Share Only Option (58%) excluding Strongbow	% change	Newco Share Only Option (58%) after Distell Namibia Transaction	% change	Newco Share Only Option after excluding Strongbow and the Distell Namibia Transaction	% change
	1	(1/2)	3	(3/1)	4	(4/1)
Earnings per ordinary share (cents)						
– basic earnings basis	(143.3)	(144.4)	0.8%	(149.1)	4.0%	(150.2)
– diluted earnings basis	(143.3)	(144.4)	0.8%	(149.1)	4.0%	(150.2)
– headline basis	(172.3)	(173.4)	0.7%	(178.1)	3.4%	(179.2)
– diluted headline basis	(172.3)	(173.4)	0.7%	(178.1)	3.4%	(179.2)
Net asset value per share (cents)	6,508.2	6,504.1	–0.1%	6,474.5	–0.5%	6,470.5
Net tangible asset value per share (cents)	1,184.9	1,180.9	–0.3%	1,151.3	–2.8%	1,147.2
Per share performance:						
Issued number of ordinary shares ('000)	401,438.3	401,438.3		401,438.3		401,438.3
Weighted average number of ordinary shares ('000)	401,438.3	401,438.3		401,438.3		401,438.3
Weighted average number of ordinary shares for diluted earnings ('000)	401,438.3	401,438.3		401,438.3		401,438.3
<ol style="list-style-type: none"> 1. The pro forma financial effects have been derived from the Newco Group Pro Forma Financial Information as set out in Annexure 22 to this Distell Circular, adjusted for the Newco Fixed Ratio Option. 2. The pro forma financial effects have been derived from the Newco Group Pro Forma Financial Information as set out in Annexure 22 to this Distell Circular, after excluding Strongbow, adjusted for the Newco Fixed Ratio Option. 						

3. *The pro forma financial effects have been derived from the Newco Pro Forma Financial Information as set out in Annexure 22 to this Distell Circular after considering the impact of the Distell Namibia Transaction, adjusted for the Newco Fixed Ratio Option.*
4. *Relates to the combined impact on the pro forma financial effects of Newco when excluding Strongbow and including the impact of the Distell Namibia Transaction, adjusted for the Newco Fixed Ratio Option.*

15.11 When evaluating the *pro forma* financial effects, Distell Shareholders' attention is drawn to:

- 15.11.1 The financial performance of Heineken SA for the period 1 July 2020 – 30 June 2021 was heavily impacted by the effects of the COVID-19 pandemic and the reliance on more expensive imports from the Netherlands, which is evident when comparing these results with those of the last fiscal year preceding the start of the COVID-19 pandemic, being the period 1 January 2019 – 31 December 2019 (refer to Annexure 11 Part A in the Prospectus).
- 15.11.2 The repeated closures of the alcoholic beverage industry in South Africa during 2020 and the earlier part of 2021 due to the COVID-19 pandemic had a more pronounced impact on the profitability of Heineken SA during this time than was the case for Distell. The reason for this being that Heineken SA was not able to respond as quickly to the fast-changing market dynamics in the country as it would have liked, in light of the fact that it was still reliant on more expensive imports from the Netherlands to meet local demand whilst expanding its local manufacturing capabilities at its Sedibeng brewery. The dilutive impact of more expensive imports on margins was exasperated by significant levels of stock outs and resultant lost revenue due to international freight constraints.
- 15.11.3 The completion of the expansion at the Sedibeng brewery during the early part of 2021 has now resulted in local production capacity that exceeds the current demand for Heineken SA products in South Africa, which significantly reduces the reliance on more expensive imports. The twin impact of this is improved profit margins for Heineken SA in 2021 compared to history, as well as a reduction in the significant level of stock outs experienced by the business in 2020 and early 2021.

16. **INDEPENDENT EXPERT'S OPINION**

- 16.1 In accordance with section 114(3) of the Companies Act and regulations 90(1), (2) and 110(10)(b) of the Companies Regulations, the Distell Independent Board appointed BDO Corporate Finance Proprietary Limited as the Independent Expert (which meets the requirements set out in section 114(2) of the Companies Act and Regulation 90 of the Companies Regulations) for the purposes of providing independent advice in the form of a fair and reasonable opinion (the Independent Expert Report) with regard to the Scheme and the consideration payable in terms thereof including, as required in terms of regulation 110(10)(b) of the Companies Regulations, the Newco Shares' value and price.
- 16.2 For purposes of enabling the Independent Expert to consider and opine on the Newco Shares' value and price, Heineken and Newco provided the Independent Expert and the Distell Independent Board with relevant information, as agreed between them, concerning Newco, Heineken SA, HSAEC, NIH and NBL.
- 16.3 The Independent Expert performed a valuation on the Scheme Shares and the Newco Shares for the purposes of the Scheme and provided its opinion (being the Independent Expert Report) to the Distell Independent Board. Based on the procedures performed, detailed valuation work and other considerations and taking into consideration the terms and conditions of the Scheme, including the Newco Shares' value and price, the Independent Expert is of the opinion that the terms and conditions of the Scheme are fair and reasonable to Distell Shareholders, which Independent Expert Report is subject to the assumptions and qualifications set out in the Independent Expert Report.
- 16.4 The full text of the Independent Expert Report is set out in Annexure 1 to this Distell Circular.

17. **RECOMMENDATIONS BY THE DISTELL INDEPENDENT BOARD**

- 17.1 The Distell Independent Board has been tasked to consider whether the terms and conditions of the Scheme are fair and/or reasonable to Distell Shareholders, including a consideration of the price and value per share of the Newco Shares, based on the information provided to the Distell Independent Board as contemplated in paragraph 16.2, relative to Distell Ordinary Shares. In discharging its obligations, the Distell Independent Board considered *inter alia* the information provided to the Distell Independent Board as contemplated in paragraph 16.2, undertook an independent assessment of the terms of the Scheme and engaged the Independent Expert to provide an opinion in this regard.

- 17.2 The Distell Independent Board has given careful consideration to and taken cognisance of the terms of the Scheme (including the price and value per share of the Newco Shares relative to Distell Ordinary Shares) and the Independent Expert Report. The Distell Independent Board has placed reliance on the valuation of the Scheme Shares and the Newco Shares set out in the Independent Expert Report. In accordance with its responsibilities in terms of regulation 110 of the Companies Regulations, the Distell Independent Board is of the opinion that the terms of the Scheme and the consideration payable in terms thereof are fair and reasonable to Distell Shareholders.
- 17.3 Accordingly, the Distell Independent Board recommends that all Distell Shareholders vote in favour of the Scheme.
- 17.4 The Distell Independent Board's recommendation in paragraph 17.3 is not and should not be construed as investment advice. Each Distell Shareholder should consider the full contents of this Distell Circular and the Newco Prospectus in the content of its own circumstances, risk profile, and liquidity requirements to inform its decision in relation to the Scheme and, where appropriate, should seek independent advice in relation to such decision.
- 17.5 No other offers were received within 6 months before the Last Practicable Date.
- 17.6 All the Distell Directors intend, in respect of their own beneficial holdings of Distell Shares, if any, to vote in favour of the Scheme.

18. OPINION OF THE NEWCO DIRECTORS

Distell Shareholders are referred to the Newco Prospectus for the views of the Newco Directors in relation to the Scheme.

19. TREASURY SHARES

As at the Last Practicable Date, the Treasury Shares are held by Distell Ltd. All Treasury Shares will be repurchased by Distell and cancelled prior to the Scheme Implementation Date.

20. IRREVOCABLE UNDERTAKINGS

- 20.1 Distell has received an Irrevocable Undertaking from Remgro Beverages to vote in favour of *inter alia* the Scheme Resolution, with Remgro Beverages holding 55.93% of the exercisable voting rights in Distell:

Distell Shareholder	# of Distell Ordinary Shares held	# of Distell B Shares held	% of voting rights ⁽¹⁾
Remgro Beverages	69,850,256	124,226,613	55.93%
Total	69,850,256	124,226,613	55.93%

¹The percentage of voting rights indicated above is the percentage of voting rights which may be exercised on the Scheme Resolution.

- 20.2 There have been no dealings in Distell Shares by Distell Shareholders who have given Irrevocable Undertakings within the 6 months preceding the date of issue of this Distell Circular.
- 20.3 None of the Distell Shareholders who have given Irrevocable Undertakings have any direct or indirect interests in Newco or Heineken.

21. ABILITY TO SETTLE THE CAPEVIN CASH CONSIDERATION, NEWCO CASH CONSIDERATION AND CASH PORTION OF THE NEWCO SHARE CONSIDERATION, AND CONFIRMATION OF FINANCIAL RESOURCES

- 21.1 The Distell Independent Board confirms that Distell holds and will be able to transfer the required number of Capevin Ordinary Shares to the Scheme Participants pursuant to the Capevin Distribution.
- 21.2 Heineken and Newco have:
- 21.2.1 procured the issue of an irrevocable bank guarantee, as detailed in paragraph 21.3 of this Distell Circular below, in respect of the maximum aggregate cash consideration payable to Distell Shareholders in respect of the Capevin Offer and the Newco Offer; and

- 21.2.2 confirmed to the Distell Board that Newco has sufficient authorised but unissued shares to be able to issue the maximum number of Newco Shares which may be required to be issued pursuant to the Newco Share Consideration in terms of the Newco Offer, and that it has the necessary board and shareholder authority to issue such Newco Shares in accordance with the Scheme.
- 21.3 In accordance with Regulation 111(4) and Regulation 111(5) of the Companies Regulations, Standard Bank of South Africa Limited has provided an unconditional and irrevocable bank guarantee to the TRP totaling R19,670,000,000.
- 21.4 This guarantee confirms that, if the amounts due in respect of the Capevin Offer and the Newco Offer are not paid within the relevant time period, Standard Bank of South Africa Limited agrees to make payment of the relevant amounts. Payment under the guarantee is subject to the Scheme becoming Operative and being implemented in accordance with the terms and conditions of the Scheme.
- 21.5 Newco has confirmed, in accordance with Regulation 106(6)(c) of the Companies Regulations, that the repayment by Newco of the financing obtained to fund the cash consideration due in terms of the Capevin Offer and the Newco Offer is not dependent upon the business of Distell.

22. DISTELL DELISTING

- 22.1 If the Scheme becomes Operative, the Distell Delisting will occur in terms of paragraph 1.17(b) of the JSE Listings Requirements, subject to the approval of the JSE. Pursuant to the Distell Delisting, the suspension of the listing of the Distell Ordinary Shares on the Main Board of the JSE is expected to occur with effect from the commencement of trade on Wednesday, 20 July 2022, and the termination of the listing of the Distell Ordinary Shares on the Main Board of the JSE is expected to occur with effect from the commencement of trade on Tuesday, 6 September 2022.
- 22.2 No approval will be sought from Distell Shareholders for the Distell Delisting as such approval is not required by virtue of paragraph 1.17(b) of the JSE Listings Requirements. Application will be made to JSE for the approval of the Distell Delisting in accordance with the JSE Listings Requirements.

23. DISTELL SHAREHOLDERS' APPRAISAL RIGHTS

- 23.1 In terms of section 164 of the Companies Act:
 - 23.1.1 at any time before the Scheme Resolution is voted on, a Distell Shareholder may give a written notice objecting thereto ("**Notice of Objection**");
 - 23.1.2 within 10 Business Days after the Distell Shareholders have adopted the Scheme Resolution, Distell must send a notice ("**Notice of Adoption**") to each Distell Shareholder who gave a Notice of Objection and who neither withdrew such Notice of Objection nor voted in favour of the Scheme Resolution, informing them that the Scheme Resolution has been adopted;
 - 23.1.3 a Distell Shareholder who has received the Notice of Adoption and complied with all of the procedural steps in section 164 of the Companies Act may, if the Scheme Resolution is adopted, deliver a written notice to Distell demanding that Distell pay the Distell Shareholder the fair value for all the Distell Shares held by that Distell Shareholder. The demand must be sent:
 - 23.1.3.1 within 20 Business Days after receipt from Distell of the Notice of Adoption; or
 - 23.1.3.2 if the Distell Shareholder does not receive the Notice of Adoption, within 20 Business Days after learning that the Scheme Resolutions has been adopted.
- 23.2 The demand sent by the Distell Shareholders to Distell, as detailed in paragraph 23.1.3 above, must set out:
 - 23.2.1 the Dissenting Shareholder's name and address;
 - 23.2.2 the number of Distell Shares in respect of which the Dissenting Shareholder seeks payment; and
 - 23.2.3 a demand for payment of the fair value of such Distell Shares. The fair value of the Distell Shares is determined as at the date on which, and the time immediately before, the Scheme Resolution was adopted.

- 23.3 A copy of the demand must also be provided to the TRP.
- 23.4 An appraisal demand that is made in accordance with paragraphs 23.1.3 and 23.2 shall constitute a Valid Appraisal Demand.
- 23.5 A Dissenting Shareholder may withdraw its Valid Appraisal Demand before Distell makes an offer to it in accordance with section 164(11) of the Companies Act or if Distell fails to make such an offer.
- 23.6 If Distell receives a Valid Appraisal Demand and such Valid Appraisal Demand is not withdrawn by the Dissenting Shareholder before the Scheme Implementation Date, then Distell will, in accordance with section 164(11) of the Companies Act, make an offer to the Dissenting Shareholder within 5 Business Days of the Scheme Implementation Date.
- 23.7 Distell's offer made in accordance with section 164(11) of the Companies Act will, in accordance with section 164(12)(b) of the Companies Act, lapse if it is not accepted by the Dissenting Shareholder within 30 Business Days after it was made.
- 23.8 A Dissenting Shareholder who has sent a Valid Appraisal Demand to Distell has no further rights in respect of its Distell Shares, other than to be paid their fair value, and will be excluded from the Scheme unless:
- 23.8.1 the Dissenting Shareholder withdraws its Valid Appraisal Demand before Distell makes an offer to that Dissenting Shareholder under section 164(11) of the Companies Act, or allows an offer made by Distell to such Dissenting Shareholder to lapse as contemplated under section 164(12)(b) of the Companies Act;
 - 23.8.2 Distell fails to make an offer to that Dissenting Shareholder in accordance with section 164(11) of the Companies Act and the Dissenting Shareholder withdraws its Valid Appraisal Demand; or
 - 23.8.3 Distell revokes the Scheme Resolution by subsequent special resolution in terms of section 164(9)(c) of the Companies Act,
- in which case that Dissenting Shareholder's rights in respect of its Distell Shares shall, in terms of section 164(10) of the Companies Act, be reinstated without interruption.
- 23.9 If the Scheme becomes Operative, a Dissenting Shareholder whose rights are reinstated without interruption as contemplated in paragraph 23.8:
- 23.9.1 on or before the Election Record Date, shall be deemed to be a Scheme Participant and entitled to (i) elect whether or not to accept the Capevin Offer; and (ii) elect the Newco Cash Only Option, the Newco Fixed Ratio Option or the Newco Share Only Option, as applicable, in respect of the Newco Offer, provided such former Dissenting Shareholder's Form of Acceptance and Transfer (*blue*) or election via their CSDP or Broker, as applicable in respect of the Capevin Offer and/or Form of Election, Surrender and Transfer (*green*) or election via their CSDP or Broker, as applicable in respect of the Newco Offer are validly completed or made, as applicable and submitted to the Transfer Secretaries by no later than the Election Record Date, and shall otherwise be subject to the provisions of the Scheme; and
 - 23.9.2 after the Election Record Date, shall be deemed to (i) be a Scheme Participant with retrospective effect from the Election Record Date and (ii) have accepted the Capevin Offer, and (iii) have elected the Newco Cash Only Option. Settlement of the Capevin Cash Consideration and the Newco Cash Consideration to which such former Dissenting Shareholder is entitled, and transfer of such former Dissenting Shareholders' Scheme Shares to Newco, shall take place:
 - 23.9.2.1 if the relevant Distell Shareholder is a Dematerialised Distell Shareholder, on the date which is 5 Business Days after their rights are reinstated without interruption as contemplated in paragraph 23.8, provided that this shall not occur before the Scheme Implementation Date; or
 - 23.9.2.2 if the relevant Distell Shareholder is a Certificated Distell Shareholder, on the date which is 5 Business Days after that Dissenting Shareholder surrenders its Documents of Title and delivers a validly completed Form of Acceptance and Transfer (*blue*) and/or Form of Election, Surrender and Transfer (*green*), as applicable, indicating the relevant Dissenting Shareholder's chosen bank account detail, to the Transfer Secretaries, provided that this shall not occur before the Scheme Implementation Date and

such former Dissenting Shareholder authorises Distell and/or the Transfer Secretaries on its behalf to transfer its Scheme Shares to Newco against settlement of the Capevin Cash Consideration and the Newco Cash Consideration and to take all other actions and steps necessary to give effect to the foregoing.

- 23.10 A Dissenting Shareholder who accepts Distell's offer made in accordance with section 164(11) of the Companies Act will not be a Scheme Participant and will not receive any distribution or consideration under the Scheme. Such Dissenting Shareholder must thereafter, if it is: (i) a Certificated Distell Shareholder, tender its Documents of Title in respect of its Distell Shares to Distell or the Transfer Secretaries; or (ii) a Dematerialised Distell Shareholder, instruct its Broker or CSDP to transfer its Distell Shares to Distell or the Transfer Secretaries. Distell will pay the Dissenting Shareholder the offered amount within 10 Business Days after the Dissenting Shareholder has accepted the offer and transferred their Distell Shares to Distell or the Transfer Secretaries.
- 23.11 A Dissenting Shareholder who has made a Valid Appraisal Demand may also apply to Court to determine a fair value in respect of their Distell Shares that were subject to the Valid Appraisal Demand, and for an order requiring Distell to pay the Dissenting Shareholder the fair value so determined, if (i) Distell fails to make an offer under section 164(11) of the Companies Act or (ii) Distell's offer under section 164(11) of the Companies Act is considered to be inadequate by that Dissenting Shareholder and that offer has not lapsed.
- 23.12 Distell Shareholders should have regard to the fact that, in appropriate circumstances as detailed in section 164 of the Companies Act (extracts of which are included in Annexure 11 to this Distell Circular), the Court is empowered to grant a costs order in favour of, or against, a Dissenting Shareholder, as may be applicable.
- 23.13 Distell Shareholders should further have regard to the Scheme Conditions detailed in paragraph 5.2.1 of this Distell Circular. In terms of this Scheme Condition, if Distell Shareholders validly exercise Appraisal Rights in respect of 5% or more of the Distell Shares, the Scheme will not become unconditional and will not be implemented, unless this Scheme Condition is waived as contemplated in paragraph 5.3.1 of this Distell Circular.
- 23.14 Any Distell Shareholder that is in doubt as to what action to take should consult its legal or professional adviser in this regard.
- 23.15 An extract of the Companies Act, containing the full text of sections 115 and 164, forms Annexure 11 to this Distell Circular.

24. GOVERNING LAW

This Distell Circular and the Scheme will be governed by and construed in accordance with the Laws of South Africa.

25. FOREIGN DISTELL SHAREHOLDERS

- 25.1 The transfer of Capevin Ordinary Shares and/or Newco Shares to Foreign Distell Shareholders in terms of the Scheme may be affected by the Laws of such Foreign Distell Shareholders' relevant jurisdiction. Those Foreign Distell Shareholders should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to realise their entitlement in terms of the Scheme.
- 25.2 Foreign Distell Shareholders are referred to Annexure 9 for further information on the restrictions applicable to Foreign Distell Shareholders.

26. EXCHANGE CONTROL

Distell Shareholders will need to comply with the Exchange Control Regulations, as contemplated in Annexure 10. If Distell Shareholders have any doubts regarding their obligations in terms of the Exchange Control Regulations, they are advised to consult their professional advisers.

27. TAXATION CONSIDERATIONS RELATING TO THE SCHEME

Distell Shareholders are referred to Annexure 8 for information on the taxation consequences relating to the Scheme.

28. INFORMATION RELATING TO DISTELL

28.1 Major Distell Shareholders

Insofar as is known to the Distell Directors, only the Distell Shareholders identified in the table below were, directly or indirectly, beneficially interested in 5% or more of the Distell Shares on the Last Practicable Date:

Share-holder	Beneficial Distell Ordinary Shares		Total Distell Ordinary Shares	Total % Distell Ordinary Shares	Total Distell B Shares	Total %
	Direct	In-direct				
Remgro						
Beverages	69,850,256	0	69,850,256	31.36%	124,226,613	100%
PIC	66,644,906	0	66,644,906	29.92%	0	0%

Based on 222,756,677 Distell Ordinary Shares, excluding Treasury Shares, and 124,226,613 Distell B Shares in issue as at the Last Practicable Date.

28.2 Share capital

The authorised and issued share capital of Distell as at the Last Practicable Date is set out below.

R'000		
<i>Authorised</i>		
20,000,000,000	Distell Ordinary Shares of no par value	N/A
300,000,000	Distell B Shares of no par value	N/A
<i>Issued</i>		
223,102,356 ¹	Distell Ordinary Shares of no par value	N/A
124,226,613	Distell B Shares of no par value	N/A

¹ Includes 345,679 Treasury Shares which will be repurchased and cancelled before the Scheme is implemented.

29. INTERESTS OF NEWCO AND HEINEKEN AND THEIR DIRECTORS

29.1 Neither Newco nor Heineken nor any person Acting in Concert with Newco and/or Heineken hold any interests, directly or indirectly, in Distell.

29.2 None of the Heineken Directors nor the Newco Directors have any direct or indirect interests in Distell, Newco or Heineken.

30. INTERESTS OF DISTELL

Distell does not hold any interests, directly or indirectly, in Heineken or Newco.

31. INFORMATION ON DISTELL DIRECTORS

31.1 Statement of Distell Directors' interests in Distell

31.1.1 As at the Last Practicable Date, the Distell Directors held the following direct and indirect beneficial interests in Distell Shares (excluding Treasury Shares):

Name of Director	Direct beneficial interest	Indirect beneficial interest		CSP interest	SAR interest	Total beneficial interest	
		Distell Ordinary Shares	% interest			Distell Ordinary Shares	% Interest
MJ Madungandaba		13,500	0.006%			13,500	0.006%
RM Rushton	39,282		0.018%	451,702	467,004	39,282	0.018%
LC Verwey		18,179	0.008%	259,640	110,193	18,179	0.008%
Total	39,282	31,679	0.032%	711,342	577,197	70,961	0.032%

Based on total Distell Shares in issue of 222,756,677, which excludes shares held as Treasury Shares.

- 31.1.2 No Distell Directors dealt in Distell Shares in the period beginning 6 months before the date of the Firm Intention Announcement.
- 31.1.3 None of the Distell Directors (or any person who resigned as a Distell Director within the preceding 18 months) had or have any direct or indirect material beneficial interest in transactions effected by Distell during the current or immediately preceding financial year of Distell or during an earlier financial year and which remain outstanding or unperformed.
- 31.2 Distell Directors' interests in Newco, Heineken and/or the Scheme
 - 31.2.1 None of the Distell Directors have any direct or indirect interests in Newco or Heineken.
 - 31.2.2 All Distell Shareholders will be treated equally in relation to the Scheme, whether or not such Distell Shareholders are also directors of Distell. This means that the Distell Directors who hold Distell Shares will:
 - 31.2.2.1 receive Capevin Ordinary Shares calculated in accordance with the Capevin Entitlement Ratio pursuant to the Capevin Distribution, unless they accept (or are, pursuant to the Capevin Deemed Acceptance, deemed to accept) the Capevin Offer; and
 - 31.2.2.2 receive the Newco Cash Consideration or Newco Share Consideration or a combination thereof, depending on their election and subject to the Newco Deemed Cash Election, in respect of their holding of Scheme Shares (if any),
 following the implementation of the Scheme.
- 31.3 Distell Directors' service contracts and remuneration
 - 31.3.1 No service contracts with Distell Directors were entered into or amended within 6 months before the date of the Firm Intention Announcement.
 - 31.3.2 It is anticipated that the service contracts between Distell and the Distell Directors, who currently have service contracts in place, will terminate following the implementation of the Scheme.
 - 31.3.3 The remuneration of the Distell Directors will be affected by the Scheme as follows:
 - 31.3.3.1 certain Directors will cease to receive remuneration by virtue of the termination of their appointment as Director following the implementation of the Scheme; and
 - 31.3.3.2 cash payments will be made to two executive Directors, namely an initial payment in an aggregate amount of R100,928,456 upon implementation of the Scheme and a second payment in an aggregate amount of R29,867,907 if the relevant Directors are in the employ of an entity within the Newco Group 24 months after implementation of the Scheme.
 - 31.3.4 The members of the Distell Independent Board are paid for the services they render in performing their functions as an independent board in relation to the Transaction in line with remuneration received for services rendered on other board committees. In this regard, each member of the Distell Independent Board is paid an amount of R20,000 per meeting of the Distell Independent Board which they attend.
 - 31.3.5 Information regarding the remuneration paid to the Distell Directors can be found on pages 113 to 132 of the Distell Integrated Annual Report for 2021. The aforesaid provisions of the Distell Integrated Annual Report for 2021 are hereby incorporated into this Distell Circular by reference and can be accessed at <https://www.distell.co.za/Investor-Centre/Home/>. A hard copy is available for inspection, by prior arrangement with the Company Secretary, from the registered offices of Distell from the date of issue of the Distell Circular up to the date of the Scheme Meeting at no charge.

32. MATERIAL CHANGES

No material changes in the financial or trading position of Distell or its Subsidiaries have occurred since the end of the last financial period for which audited annual financial statements have been published, namely subsequent to the latest published annual report for the period ended 30 June 2021, other than the changes noted in this Distell Circular.

33. LITIGATION

There are currently no legal or arbitration proceedings, including any such proceedings that are pending or threatened, which may have, or have had, a material effect on the Distell Group's financial position during the 12 months preceding the date of issue of this Distell Circular.

34. AGREEMENTS IN RELATION TO THE SCHEME AND OTHER MATERIAL AGREEMENTS

34.1 Other than the Irrevocable Undertakings, the Implementation Agreement, the Pre-Scheme Agreements and the Distell Namibia Agreement, no agreements exist between Newco and/or Heineken and any person Acting In Concert with Newco and/or Heineken (if any), on the one hand, and Distell and any Distell Directors (or persons who were directors of Distell within the preceding 12 month period), on the other hand.

34.2 Other than the Irrevocable Undertakings, no other agreements, that are considered to be material to a decision regarding the Scheme to be taken by Distell Shareholders, exist between:

34.2.1 Newco and/or Heineken and any person Acting In Concert with Newco and/or Heineken (if any), on the one hand, and Distell Shareholders (or persons who were holders of Distell Shares within the preceding 12 month period); or

34.2.2 Distell and holders of shares (or a beneficial interest in shares) in Newco and/or Heineken (or persons who were holders of shares or a beneficial interest in shares in Newco and/or Heineken within the preceding 12 month period).

34.3 Other than the Implementation Agreement, the Pre-Scheme Agreements and the Distell Namibia Agreement, neither Distell nor any Subsidiary which is material to Distell has, for the 2 years preceding the Last Practicable Date, entered into any material contracts, being (i) restrictive funding arrangements and/or (ii) any contract entered into otherwise than in the ordinary course of the business carried on by Distell, which contains an obligation or settlement that is material to Distell or the Distell Group.

34.4 Implementation Agreement

On 14 November 2021 Distell, Heineken, Newco, NBL, NIH and O&L concluded the Implementation Agreement to propose and implement the Transaction, including the Pre-Scheme Transactions and the Scheme. The material terms of the Implementation Agreement are detailed below.

34.4.1 In terms of the Implementation Agreement:

34.4.1.1 Heineken makes the Capevin Offer;

34.4.1.2 Newco makes the Newco Offer; and

34.4.1.3 the parties to the Implementation Agreement agree to implement the Transaction by way of the Pre-Scheme Transactions, the Scheme and, if applicable, the Distell Namibia Transaction and the Newco Capital Raise.

34.4.2 All parties to the Implementation Agreement are required to use reasonable endeavours to procure the conclusion of all agreements relevant to, and the implementation of, the Pre-Scheme Transactions by no later than 22 November 2021 or such later date as the parties may agree.

34.4.3 The parties agree the terms and conditions of the Scheme, including the applicable Scheme Conditions, which are as detailed in this Distell Circular.

34.4.4 Distell, Heineken and Newco agree their respective rights and obligations with regard to undertaking the actions required to present the Scheme to Distell Shareholders for approval, including in relation to the issue of the Firm Intention Announcement, the TRP guarantee, this Distell Circular and the Newco Prospectus.

34.4.5 The parties to the Implementation Agreement further agree their respective rights and obligations with regard to the preparation and submission of filings and application for the required regulatory approvals, including in relation to the Competition Authorities.

34.4.6 In addition to the Scheme Conditions contemplated in paragraphs 5.2.17, 5.2.18 and 5.2.19:

34.4.6.1 each of Distell, Heineken, NBL and O&L, respectively, have undertaken, in favour of *inter alia* Distell and the Distell Reinvestment Shareholders, that Distell, Heineken SA and HSAEC, NBL and NIH, respectively, have not since their respective last financial year ends declared or made, and will not until the Scheme Implementation Date declare or make, any distributions to their respective shareholders (referred to as the Distribution Covenants); and

- 34.4.6.2 each of Heineken, NIH and O&L have undertaken in favour of Newco and all Reinvestment Shareholders that all payments and provisions for payments to entities within the Heineken B.V. Group and/or the O&L Group, respectively, in respect of services rendered and/or goods delivered to any entity within the Heineken SA Group, the HSAEC Group and/or the NBL Group in the period commencing on 30 June 2021 and terminating on the Scheme Implementation Date will continue in a manner materially consistent with past practice and in the Ordinary Course of Business.
- 34.4.7 If there is a breach:
- 34.4.7.1 by Distell of its Distribution Covenant, then the Newco Offer Consideration due in respect of the Scheme Ordinary Shares (but not the Newco Offer Consideration due in respect of the Scheme B Shares) will be reduced appropriately, by way of a reduction in the cash consideration payable and the number of Newco Shares delivered, in order to reflect the value loss in Distell and to make Newco whole for the breach by Distell of its Distribution Covenant (referred to as the Distell DC Breach Adjustment);
- 34.4.7.2 by Heineken of its Distribution Covenant, then Heineken shall be obliged to make good and repay to Heineken SA and/or HSAEC, as the case may be, on a Rand for Rand (or Euro for Euro) basis, any distribution received by it in breach of its Distribution Covenant;
- 34.4.7.3 by NBL of its Distribution Covenant, then the aggregate purchase price payable by Newco to NBL in respect of the NBL Disposal will be reduced on a Namibia Dollar for Namibia Dollar (or Euro for Euro) basis; and
- 34.4.7.4 by O&L and Heineken of their Distribution Covenant in respect of NIH, then each of O&L and Heineken are obliged, in proportion to their current shareholding in NIH, to make good and repay to NIH, on a Namibia Dollar for Namibia Dollar (or Euro for Euro) basis, any distribution received by them in breach of their Distribution Covenant.
- 34.4.8 Distell is obliged to procure the repurchase of all Treasury Shares before implementation of the Scheme.
- 34.4.9 Distell, Heineken and Newco are obliged, following implementation of the Scheme, to engage with one another for purposes of structuring the most efficient manner to achieve, from an operational perspective, the object of the Pre-Scheme Transactions and the Scheme, namely the separation of the Distell In-Scope Assets from the Distell Out-of-Scope Assets and the integration of all businesses which will be subsidiaries of Newco following implementation of the Scheme. Costs incurred by Capevin as a result of this separation and integration process, excluding ongoing operational costs, are to be borne by Newco.
- 34.4.10 Heineken has indemnified Newco in respect of any loss, liability, damage or expense which Newco or any of its Subsidiaries may incur as a result of or which may be attributable to the business conducted by Heineken and its Subsidiaries in TUKS up to the Scheme Implementation Date and the termination of the agreements which Heineken or its Subsidiaries has in place in respect of its operations in TUKS as at the Signature Date of the Implementation Agreement.
- 34.4.11 Each party to the Implementation Agreement has given the other parties customary representations and warranties as to capacity and authority.
- 34.4.12 Each party to the Implementation Agreement has, further, warranted that its “Designated Accounts” and all “Confidential Information” (both as defined in the Implementation Agreement) provided by it in response to written requests for information and/or in the course of formal interviews (written and answer sessions) in the course of the Transaction’s due diligence investigations and in relation to the Pre-Scheme Transactions and the Scheme is accurate (except for forecasts) and complete in all material respects.
- 34.4.13 No party to the Implementation Agreement is entitled to amend the terms of the Scheme without the written consent of Heineken and Distell and, to the extent required by Law, the TRP. Heineken and Newco are entitled to propose a higher consideration than the Capevin Cash Consideration and the Newco Offer Consideration, respectively, unilaterally but subject thereto that such increased funding requirement is funded by equity contributions to Newco and does not dilute any Distell Reinvestment Shareholders.

- 34.4.14 Distell, Heineken and Newco are entitled to amend the Pre-Scheme Transaction Agreements, with the consent of O&L, NIH and/or NBL in respect of any Pre-Scheme Transaction Agreements to which they are party.
- 34.4.15 Each party is obliged to bear its own costs in relation to the negotiation and conclusion of the Implementation Agreement and the Scheme, including procuring the fulfilment of the Scheme Conditions, save that Heineken will bear the costs of all filing fees payable to Competition Authorities in all jurisdictions and the costs of experts and local counsel appointed to assist in procuring such approvals.
- 34.4.16 No party is entitled to terminate the Pre-Scheme Transaction Agreements (unless the Scheme does not proceed) or the Implementation Agreement. The only remedy for breach is specific performance and a claim for damages.
- 34.4.17 Any disputes which arise in relation to the Pre-Scheme Agreements and/or the Implementation Agreement are subject to resolution by mediation and, if applicable, arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce which will be conducted in London, applying South African Law.

34.5 Pre-Scheme Agreements

Distell and the various parties to the Pre-Scheme Agreements concluded the Pre-Scheme Agreements, which regulate the implementation of the Pre-Scheme Transactions, on 22 November 2021 and during January 2022. Copies of the Pre-Scheme Agreements are available for inspection in terms of paragraph 45 of this Distell Circular.

35. **WORKING CAPITAL STATEMENT**

The Distell Directors have considered the effects of the Transaction and are of the opinion that:

- 35.1 the working capital of Distell and its Subsidiaries is sufficient for the working capital requirements for the next 12 months from the date of issue of this Distell Circular; and
- 35.2 if the Transaction is implemented within 12 months from the date of issue of this Distell Circular:
 - 35.2.1 the working capital of the Distell Newco Group will be sufficient for the working capital requirements of the Distell Newco Group during that period; and
 - 35.2.2 the working capital of the Capevin Group will be sufficient for the working capital requirements of the Capevin Group during that period.

36. **DISTELL EMPLOYEE INCENTIVE SCHEMES**

- 36.1 Distell has 2 long-term employee incentive schemes in place, namely the Distell CSP Scheme and the Distell SAR Scheme.
- 36.2 In terms of the rules applicable to the Distell CSP Scheme, all awards vest upon a change in control of Distell and the Distell remuneration committee has the discretion to determine, in exceptional circumstances, that awards will be cash-settled and not equity-settled. The implementation of the Scheme will accelerate the vesting of awards made under the Distell CSP Scheme and the Distell remuneration committee has determined that the implementation of the Transaction does constitute exceptional circumstances and the awards under the Distell CSP Scheme will accordingly be cash-settled in accordance with the rules of the Distell CSP Scheme.
- 36.3 In terms of the rules applicable to the Distell SAR Scheme, participants in the SAR Scheme become entitled to exercise their awards immediately upon a change in control of Distell and the Distell remuneration committee has the discretion to determine, in exceptional circumstances, that awards will be cash-settled and not equity-settled. The Distell remuneration committee has approved an amendment to the rules applicable to the Distell SAR Scheme, which amendments only become effective upon the Distell Delisting pursuant to the implementation of the Scheme, to the effect that participants will be deemed to have exercised their awards upon the Distell Delisting and that if the awards are cash-settled in these circumstances, the cash settlement will be made at a price equal to the offer consideration pursuant to which the change in control of Distell occurred. The Distell remuneration committee has further determined that the implementation of the Transaction does constitute exceptional circumstances and the awards will accordingly be cash-settled in accordance with the amended rules of the Distell SAR Scheme.

36.4 In the circumstances, if the Scheme is implemented and the Distell Delisting occurs, all awards under both the Distell CSP Scheme and the Distell SAR Scheme will immediately vest and be cash-settled by Distell in accordance with the rules of the applicable incentive scheme. Distell shall be entitled to recover the amount utilised to cash-settle these awards from the Subsidiaries within the Distell Group which employ the relevant participants.

37. **INFORMATION RELATING TO CAPEVIN**

Distell Shareholders are referred to the content of this Distell Circular and the Capevin Information Schedule for information relating to Capevin and the Capevin Group.

38. **INFORMATION RELATING TO NEWCO**

Distell Shareholders are referred to the Newco Prospectus for information relating to Newco and the Newco Group.

39. **DISTELL NAMIBIA TRANSACTION**

39.1 Distell's applicable Subsidiaries (the "**Sellers**"), Newco and NBL concluded a sale agreement (the "**Distell Namibia Agreement**") on 14 December 2021 in terms of which the Sellers have agreed to sell all their shares in the Distell Namibia Companies to NBL for an aggregate cash purchase consideration of NAD 1,638,698,661, which is subject to adjustment calculated with reference to the net revenue of the Distell Namibia Companies on the date the sale is implemented.

39.2 The rationale for this disposal is to ensure that all of Newco's operations in Namibia are held through NBL, which will be to the benefit of both Newco and NBL and ensure an efficient operational structure.

39.3 It should be noted that:

39.3.1 if the Distell Namibia Transaction is implemented, it will be implemented before the Scheme is implemented and, therefore, before Newco holds 100% of the shares in Distell;

39.3.2 the proceeds from the disposal of the Distell Namibia Transaction will be paid to entities which form part of the Distell Newco Group, and will accordingly constitute value for Newco once the Scheme is implemented; and

39.3.3 Distell Shareholders are, however, not prejudiced as the Newco Offer Consideration was calculated on the basis of a valuation of the Distell Newco Group which included the Distell Namibia Companies at a value approximately equivalent to the consideration which NBL will pay for the Distell Namibia Companies. This is confirmed in the Independent Expert's Report.

39.4 By virtue of the provisions of section 126(1) of the Companies Act, Distell requires (i) the approval of the Distell Shareholders and (ii) the prior written consent of the TRP, before the Sellers can effect the disposal of the Distell Namibia Companies to NBL.

39.5 The Distell Namibia Agreement is subject to various conditions precedent, including:

39.5.1 the Material Scheme Conditions are fulfilled or, if applicable, waived;

39.5.2 the Namibian Competition Authorities grant such approvals as are required to implement the Distell Namibia Transaction, either unconditionally, or subject to conditions acceptable to the party upon whom the relevant conditions are imposed and/or will apply, acting reasonably;

39.5.3 NBL notifying the Sellers in writing that it is satisfied with the results of a due diligence investigation which it has undertaken into the Distell Namibia Companies and their affairs, acting reasonably;

39.5.4 the board of directors of NBL passing a resolution unconditionally approving the terms of Distell Namibia Agreement;

39.5.5 an independent expert appointed by the independent board of NBL provides a "fair and reasonable" opinion in relation to the Distell Namibia Transaction;

39.5.6 each of the resolutions required to be adopted by the NBL Shareholder to approve the Distell Namibia Transaction are approved by the requisite majority of votes of the NBL Shareholders;

- 39.5.7 the Distell Namibia Transaction is approved by the requisite majority of votes of the Distell Shareholders, and the prior written consent of the TRP is obtained, as required in terms of section 126 of the Companies Act;
- 39.5.8 to the extent required, each of the Sellers approve the disposal of the Distell Namibia Companies in terms of sections 112 read with 115(2) of the Companies Act;
- 39.5.9 NBL securing, and notifying the Sellers in writing that it has secured, such funding as may be required to enable it to pay the aggregate purchase consideration due to the Sellers;
- 39.5.10 a supply agreement is entered into between NBL, Newco and the Sellers on terms acceptable to the Sellers, NBL and Newco; and
- 39.5.11 the written consent for the disposal of the Distell Namibia Companies to NBL is obtained from the facility agent appointed in terms of the *Term and Revolving Loan Facilities Common Terms Agreement* concluded between *inter alia* Distell Limited, Distell Security SPV (RF) Proprietary Limited, SADW and Nederburg Wines Proprietary Limited (as Original Guarantors), The Standard Bank of South Africa Limited (as Original Lender and Debt Coordinator), FirstRand Bank Limited (as Original Lender, Facility Agent and Security Agent) and Ivuzi Investments (RF) Limited (as Original Lender) on 11 April 2019 (and to which certain further parties have subsequently acceded).
- 39.6 As indicated above, the Distell Namibia Transaction is subject *inter alia* to the Material Scheme Conditions being fulfilled or, if applicable, waived. The Distell Namibia Transaction will therefore only proceed if there is certainty that the Scheme will proceed.
- 39.7 If the Distell Namibia Agreement becomes unconditional, it will be implemented at the same time as the Pre-Scheme Transactions are implemented.

40. **CONSENTS**

The financial advisers, sponsor, legal advisers, independent experts, independent reporting accountants and Transfer Secretaries, whose names are included in this Distell Circular, have consented in writing to act in the capacities stated and to their names being included in this Distell Circular and have not withdrawn their consents prior to the publication of this Distell Circular.

41. **RESPONSIBILITY STATEMENT**

41.1 Distell Independent Board

The members of the Distell Independent Board, collectively and individually, accept full responsibility for the accuracy of the information given in this Distell Circular which relates to the Scheme, but excluding information in relation to Heineken, Newco, O&L, NIH and/or NBL, and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Distell Circular contains all information required by Law and the JSE Listings Requirements.

41.2 Distell Directors

The Distell Directors, collectively and individually, accept full responsibility for the accuracy of the information given in this Distell Circular which relate to Distell and Capevin, but excluding information in relation to the matters on which the Distell Independent Board has opined and information in relation to Heineken, Newco, O&L, NIH and/or NBL, and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Distell Circular contains all information required by Law and the JSE Listings Requirements.

41.3 Heineken

Heineken, in compliance with regulation 106(4)(i) of the Companies Regulations, accepts responsibility for the information contained in this Distell Circular to the extent that it relates to Heineken and to the best of its knowledge and belief, the information contained in this Distell Circular is true and nothing has been omitted which is likely to affect the importance of the information herein.

41.4 Newco

Newco, in compliance with regulation 106(4)(i) of the Companies Regulations, accepts responsibility for the information contained in this Distell Circular to the extent that it relates to Newco and to the best of its knowledge and belief, the information contained in this Distell Circular is true and nothing has been omitted which is likely to affect the importance of the information herein.

42. TRANSACTION EXPENSES

The estimated expenses (excluding VAT) that will be incurred by Distell in the implementation of the Scheme, and which will be settled from Distell's cash resources, are as follows:

Service	Service Provider	Estimated Amount
Financial Adviser and Transaction Coordinator	RMB	R64,700,000
Transaction Sponsor	RMB	R300,000
Legal Adviser	ENSAfrica	R21,439,420
Commercial Advisers	Boston Consulting Group and independent consultants	R23,113,316
Transaction Services and Tax Adviser	PricewaterhouseCoopers Advisory Services (Pty) Ltd	R5,582,500
Communications Advisers	FTI Consulting	R4,000,000
Independent Expert	BDO Corporate Finance	R1,900,000
Independent Reporting Accountant to Distell and Capevin Group	PricewaterhouseCoopers Inc.	R3,860,000
Independent Reporting Accountant to the Scotch whisky business	Grant Thornton UK LLP	R2,415,000
JSE ruling and inspection fees	JSE	R89,612
TRP ruling and inspection fees	TRP	R250,000
Printing	Ince	R900,000
Total		R128,549,848

43. GENERAL

- 43.1 No amendment, variation or modification to the Scheme may be made without the written consent of Distell and Heineken and, to the extent required by Law, the approval of the TRP, provided that Heineken and/or Newco are entitled at any time to unilaterally propose a higher consideration than the Capevin Offer Consideration or the Newco Offer Consideration, as applicable, provided that any funding required by Newco in respect of any higher Newco Offer Consideration shall be funded by way of equity contributions to Newco, which shall not dilute any Distell Reinvestment Shareholders that elect to receive the Newco Share Consideration, and not by way of debt funding.
- 43.2 A certificate signed by a duly authorised director of each of Distell, Heineken and Newco, stating that the Scheme is unconditional and has become Operative, shall be binding on Distell, Heineken and Newco and the Distell Shareholders.
- 43.3 The Scheme will terminate if it does not become unconditional in accordance with its terms and conditions, as set out in this Distell Circular.
- 43.4 Each Scheme Participant shall be deemed, on and with effect from the Scheme Implementation Date, to have warranted and undertaken in favour of:
- 43.4.1 Newco that (i) it is the lawful owner of and has valid title in and to the relevant Scheme Shares; (ii) the relevant Scheme Shares are not subject to a pledge or otherwise Encumbered, or (iii) if subject to such pledge or Encumbrance, such Scheme Shares shall be released from such pledge or other Encumbrance immediately on payment and discharge of the Newco Offer Consideration; and
- 43.4.2 Heineken, if such Scheme Participant accepts (or is, pursuant to the Capevin Deemed Acceptance, deemed to accept) the Capevin Offer, that (i) it is the lawful owner of and has valid title in and to the relevant Capevin Ordinary Shares; (ii) the relevant Capevin Ordinary Shares are not subject to a pledge or otherwise Encumbered, or (iii) if subject to such pledge or Encumbrance, such Capevin Ordinary Shares shall be released from such pledge or other Encumbrance immediately on payment and discharge of the Capevin Cash Consideration.
- 43.5 In relation to paragraph 43.4, each Scheme Participant irrevocably authorises and appoints Distell, Heineken and/or Newco, *in rem suam* (for the advantage of Distell, Heineken and/or Newco), with full power of substitution, to act as agent in the name, place and stead of such Scheme Participant in doing all things and signing all documents in ensuring that the relevant Scheme Shares and/or Capevin Ordinary Shares, as applicable, are released from any pledge or Encumbrance, including the removal of any endorsements to that effect in the Register (in respect of the Scheme Shares) and the Capevin share register (in respect of the Capevin Ordinary Shares).

- 43.6 All times and dates referred to in this Distell Circular are subject to change by agreement between Distell, Heineken and Newco, with the approval of the TRP and JSE where required. Any changes will be published on SENS.

44. **SCHEME MEETING**

- 44.1 The Scheme Meeting is to be held at 11h00 on Tuesday, 15 February 2022, and will be hosted on the online platform accessible at www.smartagm.co.za, in order to consider and, if deemed fit, pass the special and ordinary resolutions of Distell Shareholders necessary to give effect to the Scheme, as detailed in the Notice of Scheme Meeting, which will result in the Distell Delisting.
- 44.2 If the Distell Board in its sole discretion considers it appropriate also to afford Distell Shareholders the opportunity to attend, participate and vote at the Scheme Meeting in person, a SENS announcement will be released no less than 10 Business Days before the date of the Scheme Meeting, setting out full detail regarding in person attendance, participation and voting at the Scheme Meeting, including the venue at which the Scheme Meeting can be attended in person. This will not in any way impact the notice given by Distell to convene the Scheme Meeting in terms of the Notice of Scheme Meeting attached to and forming part of this Distell Circular or the ability of Distell Shareholders to access the Scheme Meeting by electronic communication, and those Distell Shareholders who wish to attend the Scheme Meeting by means of electronic communication and not in person will still be able to do so.
- 44.3 A notice convening the Scheme Meeting is attached to and forms part of this Distell Circular.
- 44.4 Distell Shareholders are referred to the “*Action Required by Distell Shareholders*” section of this Distell Circular commencing on page 8 for information regarding voting, attendance and representation at the Scheme Meeting.

45. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered office of Distell and the offices of Rand Merchant Bank, whose details can be found in the “*Corporate Information and Advisers*” section of this Distell Circular, during normal business hours and on Business Days and can also be accessed via Distell’s website at <https://www.distell.co.za/Investor-Centre/Home/>, from the date of issue of this Distell Circular up to and including the date of the Scheme Meeting:

- 45.1 the letter from the TRP, dated 6 January 2022, approving this Distell Circular;
- 45.2 a signed copy of the Independent Expert Report;
- 45.3 the written letters of consent as given in paragraph 40 above;
- 45.4 the Irrevocable Undertaking;
- 45.5 the Newco Prospectus;
- 45.6 the audited consolidated annual financial statements of Distell for the 3 financial years up to and ended 30 June 2021;
- 45.7 Combined Carve-Out Historical Financial Information of Capevin and the Gordon’s Gin interest for the 3 financial years up to and ended 30 June 2021;
- 45.8 Combined Carve-Out Historical Financial Information of the Scotch whisky business for the 3 years ended 30 June 2021;
- 45.9 Independent Reporting Accountant’s audit report on the Combined Carve-Out Historical Financial Information of Capevin and the Gordon’s Gin interest for the year ended 30 June 2021;
- 45.10 Independent Reporting Accountant’s review report on the Combined Carve-Out Historical Financial Information of Capevin and the Gordon’s Gin interest for the years ended 30 June 2020 and 2019;
- 45.11 Independent Reporting Accountant’s audit report on the Combined Carve-Out Historical Financial Information of the Scotch whisky Business for the year ended 30 June 2021;
- 45.12 Independent Reporting Accountant’s review report on the Combined Carve-Out Historical Financial Information of the Scotch whisky business for the years ended 30 June 2020 and 2019;
- 45.13 Independent Reporting Accountant’s assurance report on the compilation of the *pro forma* financial information of Distell;
- 45.14 Independent Reporting Accountant’s assurance report on the compilation of the *pro forma* financial information of the Capevin Group;
- 45.15 Newco Group *Pro Forma* Financial Information;

- 45.16 Independent Reporting Accountant's Assurance Report on the compilation of the *pro forma* financial information of the Newco Group;
- 45.17 the Distell MOI, including the Distell B Share Terms;
- 45.18 the Capevin MOI, including the Capevin B Share Terms;
- 45.19 the Newco MOI and Newco Shareholders' Agreement;
- 45.20 the memoranda of incorporation (or other applicable constitutional documents) of the material Subsidiaries within the Capevin Group, namely:
 - 45.20.1 Distell International;
 - 45.20.2 SADW; and
 - 45.20.3 CastleWine;
- 45.21 the Implementation Agreement;
- 45.22 the Pre-Scheme Agreements, namely:
 - 45.22.1 the agreement regulating the NBL Disposal and the NBL Dividend (referred to in the Implementation Agreement as the 'Newco/NBL Share Purchase Agreement');
 - 45.22.2 the agreement regulating the O&L Disposal (referred to in the Implementation Agreement as the 'NIH/O&L/Newco Repurchase and Purchase Agreement');
 - 45.22.3 two assignment agreements in terms of which Heineken Tanzania Limited and Heineken Brouwerijen B.V., respectively, cede and assign the distribution agreements and relationships they hold in respect of TUKS to HSAEC (referred to in the Implementation Agreement as the 'HBBV/HSAEC/Newco Assignment Agreements');
 - 45.22.4 the agreement regulating the sale by Heineken Tanzania Limited of a loan claim against HSAEC to Heineken;
 - 45.22.5 the agreement regulating the subscription by Heineken for shares in HSAEC and in terms of which the loan claim by Heineken against HSAEC is set off against the subscription consideration due;
 - 45.22.6 the agreement regulating the transfer by HBBV of its shares in HSAEC to Newco in exchange for the issue of shares in Newco (referred to in the Implementation Agreement as the 'Newco/HBBV Exchange Agreement');
 - 45.22.7 the agreement regulating the transfer by HBBV of its shares in Newco to Finco in exchange for the issue of shares in Finco (referred to in the Implementation Agreement as the 'Finco/HBBV Exchange Agreement');
 - 45.22.8 the three agreements regulating the transfer by Heineken of its interests in Heineken SA, HSAEC and NIH, respectively, to Newco in exchange for the issue of shares in Newco (referred to in the Implementation Agreement as the 'Newco/HINT Exchange Agreements');
 - 45.22.9 the agreements regulating the transfer by Heineken of its shares in Newco to Finco in exchange for the issue of further shares in Finco;
 - 45.22.10 the agreement regulating the subscription by Heineken for shares in Finco in 3 tranches (referred to in the Implementation Agreement as the 'HINT/Finco Subscription Agreement');
 - 45.22.11 the agreement regulating the subscription by Finco for shares in Newco in 3 tranches (referred to in the Implementation Agreement as the 'Finco/Newco Exchange Agreement');
 - 45.22.12 the two template trust agreements in terms of which the escrow agent (not yet identified) will hold the Finco Trust Shares and the Newco Trust Shares, respectively, in trust pending payment by Heineken of the subscription price for such shares (referred to in the Implementation Agreement as the 'HINT/Finco Trust Agreement' and the 'Finco/Newco Trust Agreement', respectively); and
 - 45.22.13 a sequence of agreements and board and shareholder resolutions concluded and/or to be adopted by various entities to give effect to the DGHL Internal Reorganisation and the subscription by Remgro Beverages for the Capevin B Shares, namely:
 - 45.22.13.1 an agreement for the transfer by Distell Ltd of the immovable properties described in the Implementation Agreement as the 'Parva Immovable Properties' to Parva Properties Proprietary Limited in exchange for the issue of shares by Parva Properties Proprietary Limited to Distell Ltd;

- 45.22.13.2 an agreement for the transfer by Distell Ltd of the immovable properties described in the Implementation Agreement as the 'Mons Cellarium Immovable Properties' to Mons Cellarium Properties Proprietary Limited in exchange for the issue of shares by Mons Cellarium Properties Proprietary Limited to Distell Ltd;
- 45.22.13.3 a draft board resolution by the directors of Distell Ltd in terms of which the shares in Parva Properties Proprietary Limited are distributed *in specie* to Distell Ltd's sole shareholder SADW;
- 45.22.13.4 a draft board resolution by the directors of Distell Ltd in terms of which the shares in Mons Cellarium Properties Proprietary Limited are distributed to Distell Limited's sole shareholder SADW;
- 45.22.13.5 an agreement in terms of which Distell transfers to Capevin the shares it holds in DGL in exchange for the issue by Capevin of Capevin Ordinary Shares to Distell (referred to in the Implementation Agreement as the 'Capevin/DGHL Exchange Agreement');
- 45.22.13.6 an agreement in terms of which SADW subscribes for shares in Distell Ltd in exchange for the cession and assignment by SADW to Distell Ltd of its claim against NBL for the purchase consideration due to SADW in terms of the Distell Namibia Agreement;
- 45.22.13.7 an agreement in terms of which Capevin transfers to RCI the shares it holds in DGL in exchange for the issue by RCI of shares to Capevin (referred to in the Implementation Agreement as the 'RCI/Capevin Exchange Agreement');
- 45.22.13.8 a draft board resolution by the directors of DGL in terms of which the preference shares in and loan claims against Distell Beverages held by DGL are distributed *in specie* to DGL's sole shareholder RCI (referred to in the Implementation Agreement as the 'DGL/RCI (DB) Distribution Resolution');
- 45.22.13.9 a draft board resolution by the directors of DIH in terms of which the shares in Distell International held by DIH are distributed *in specie* to DIH's sole shareholder DGL (referred to in the Implementation Agreement as the 'DIH/DGL Distribution Resolution');
- 45.22.13.10 a draft resolution of the sole member of DIH, namely DGL, approving the distribution *in specie* of the shares in Distell International held by DIH;
- 45.22.13.11 an agreement in terms of which SADW disposes of certain cider, wine and spirits assets to Distell Ltd in exchange for the issue of shares by Distell Ltd to SADW (referred to in the Implementation Agreement as the 'Distell Ltd/SADW Exchange Agreement');
- 45.22.13.12 a draft board resolution by the directors of RCI in terms of which the preference shares in and loan claims against Distell Beverages held by RCI are distributed *in specie* to RCI's sole shareholder Capevin (referred to in the Implementation Agreement as the 'RCI/Capevin (DB) Distribution Resolution');
- 45.22.13.13 a draft board resolution by the directors of Capevin in terms of which the preference shares in and loan claims against Distell Beverages held by Capevin are distributed *in specie* to Capevin's sole shareholder Distell (referred to in the Implementation Agreement as the 'Capevin/DGHL (DB) Distribution Resolution');
- 45.22.13.14 a draft board resolution by the directors of SADW in terms of which the shares in Distell Ltd held by SADW are distributed *in specie* to SADW's shareholders DGL and Distell Beverages (referred to in the Implementation Agreement as the 'SADW/DGL/Distell Bev Distribution Resolution');
- 45.22.13.15 a draft notice and minutes, respectively, of a shareholders' meeting of the shareholders of SADW approving the distribution *in specie* of the shares in Distell Ltd to SADW's shareholders in terms of section 112 of the Companies Act (referred to in the Implementation Agreement as the 'SADW Shareholders Resolution');

- 45.22.13.16 a draft board resolution by the directors of DGL in terms of which the shares in DIH and Distell Ltd held by DGL are distributed *in specie* to DGL's sole shareholder RCI (referred to in the Implementation Agreement as the 'DGL/RCI (ISA) Distribution Resolution');
- 45.22.13.17 a draft board resolution by the directors of RCI in terms of which the shares in DIH and Distell Ltd held by RCI are distributed *in specie* to RCI's sole shareholder Capevin (referred to in the Implementation Agreement as the 'RCI/Capevin (ISA) Distribution Resolution');
- 45.22.13.18 a draft board resolution by the directors of Capevin in terms of which the shares in DIH and Distell Ltd held by Capevin are distributed *in specie* to Capevin's sole shareholder Distell (referred to in the Implementation Agreement as the 'Capevin/DGHL (ISA) Distribution Resolution'); and
- 45.22.13.19 an agreement in terms of which Remgro Beverages subscribes for 124,226,613 Capevin B Shares for an aggregate issue consideration of R1,242.27 (referred to in the Implementation Agreement as the 'RemBev/Capevin Subscription Agreement');
- 45.23 the Distell Namibia Agreement;
- 45.24 the service contract concluded between Distell and Prieur Du Plessis in January 2019;
- 45.25 the service contract concluded between Distell and Kees Kruythoff in March 2019; and
- 45.26 a signed copy of this Distell Circular.

For and on behalf of the Distell Independent Board

Lizelle Malan
Company Secretary

Stellenbosch
17 January 2022

For and on behalf of the Heineken Directors

Jordi Borrut Bel
Duly authorised signatory

Cape Town
17 January 2022

For and on behalf of the Newco Directors

Jordi Borrut Bel
Director

Cape Town
17 January 2022

INDEPENDENT EXPERT REPORT



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Distell Group Holdings Limited
Aan-de-Wagenweg, Stellenbosch 7600
PO Box 184, Stellenbosch 7599

5 January 2022

Dear Sirs/ Mesdames

INDEPENDENT EXPERT REPORT IN RESPECT OF THE OFFER TO ACQUIRE THE ENTIRE ISSUED ORDINARY AND B SHARE CAPITAL OF DISTELL

Introduction

In terms of the joint firm intention announcement published by, *inter alia*, Distell Group Holdings Limited (“**Distell**”) and Heineken International B.V. (“**Heineken**”) on the Securities Exchange News Service of the JSE Limited (“**JSE**”) on Monday, 15 November 2021, holders of ordinary shares with no par value in the capital of Distell (“**Distell Ordinary Share/s**”) (“**Distell Ordinary Shareholders**”) and holders of non-convertible, no par value shares in the capital of Distell (“**Distell B Share/s**”) (“**Distell B Shareholders**”, collectively “**Distell Shareholders**”) were advised that, on 14 November 2021, Distell entered into an implementation agreement (“**Implementation Agreement**”) with Heineken, Newco, a South African subsidiary of Heineken, Namibia Breweries Limited (“**NBL**”) and parties associated with NBL in respect of a proposed transaction, which comprises a series of inter-conditional transactions as part of a single indivisible transaction (“**Transaction**”), including, *inter alia*:

- a scheme of arrangement in terms of section 114 (read with section 115) of the Companies Act, 71 of 2008 (“**Companies Act**”) to be proposed by the board of directors of Distell (“**Distell Board**” or “**Distell Directors**”) to the Distell Shareholders and to which Heineken and Newco are parties, as detailed further below (“**Scheme**”);
 - as a preliminary step to the Scheme, an internal restructuring of Distell in order to create two separate businesses, namely:
 - the cider, ready to drink (“**RTD**”) beverages, spirits and wine business conducted by the Distell Group (“**Distell In-Scope Assets**”). The Distell In-Scope Assets will be held by Distell. Distell Beverages (RF) Proprietary Limited, Distell’s broad-based black economic empowerment (“**B-BBEE**”) partner, will hold 15% of the Distell In-Scope Assets located in South Africa;
 - the Scotch whisky and Gordon’s Gin business conducted by the Distell Group (“**Distell Out-of-Scope Assets**”). The Distell Out-of-Scope Assets will be held by Capevin Holdings Proprietary Limited (“**Capevin**”), a wholly owned subsidiary of Distell. All the unlisted ordinary shares with no par value in the capital of Capevin (“**Capevin Ordinary Share/s**”) will be distributed by Distell to Distell Ordinary Shareholders in the ratio of one Capevin Ordinary Share for every one Distell Ordinary Share (“**Capevin Entitlement Ratio**”) as a distribution *in specie* (“**Capevin Distribution**”);
 - immediately prior to the Capevin Distribution, in order to ensure that the share capital of Capevin after implementation of the Scheme mirrors that of Distell prior to the Scheme, non-convertible, redeemable, no par value “B” shares in the capital of Capevin (“**Capevin B Share/s**”) will be issued to the current Distell B Shareholder *pro rata* and on a one for one basis to its holding of Distell B Shares. The Capevin B Shares will have substantially the same terms and conditions as the Distell B Shares except that voting rights will only attach to the Capevin B Shares when such shares become indivisibly linked to Capevin Ordinary Shares, which will occur automatically when the Distell B Shareholders receive the Capevin Ordinary Shares in terms of the Capevin Distribution; and
 - Distell Shareholders will therefore receive one Capevin Ordinary Share for every Distell Ordinary Share held and one Capevin B Share for every Distell B Share held. This will ensure that the economic and voting rights in Capevin after implementation of the Scheme are the same as the economic and voting rights in Distell prior to the Scheme,
- (“**Distell Restructuring**”)

- as another preliminary step to the Scheme, the acquisition by Newco of various assets as follows:
 - Heineken will transfer to Newco (a) its 75% shareholding in Heineken South Africa (RF) (Pty) Ltd (“**HSA**”), being Heineken’s South African operating company, (b) its shareholding in Heineken South African Export Company (Pty) Ltd (“**HSAEC**”) and Heineken Brouwerijen B.V will transfer to Newco its shareholding in HSAEC, resulting in Newco holding 100% of HSAEC, with HSAEC being a South African company, housing Heineken’s export business in Botswana, Zambia, Zimbabwe, eSwatini and Lesotho and which at the time of the Transaction, will also house Heineken’s distribution business in Tanzania, Uganda, Kenya and South Sudan (“**TUKS**”) and (c) its holding in NBL Investment Holdings (Pty) Ltd (“**NIH**”), which holds a 59.37% shareholding in NBL, a Namibian listed entity; and
 - Newco will acquire (a) from NBL, its 25% shareholding in HSA, resulting in Newco holding 100% of HSA, and (b) from Ohlthaver & List Beverage Company (Pty) Ltd (“**O&L**”), the remaining shares in NIH, resulting in Newco holding 100% of NIH

(“**Contribution Transactions**”, together with the Distell Restructuring are the “**Pre-Scheme Transactions**”).

In terms of the Scheme:

- the Capevin Distribution will be undertaken;
 - Distell Shareholders (“**Scheme Participants**”) will receive an offer by Newco to acquire all the issued Distell Ordinary Shares (“**Scheme Ordinary Shares**”) and Distell B Shares (“**Scheme B Shares**”, “**Scheme Shares**”) (“**Newco Offer**”). The Newco Offer is an offer by Newco for a consideration of, at the election of each Scheme Participant, of either:
 - a cash amount of R165.00 per Scheme Ordinary Share and R0.00001 per Scheme B Share (“**Newco Cash Consideration**”); or
 - shares in the unlisted Newco and a cash amount of R0.00001 per Distell B Share (“**Newco Share Consideration**”), with the election to participate in a subsequent subscription for further shares in Newco; or
 - a combination of cash and shares in the unlisted Newco, in a fixed ratio of the Newco Share Consideration in respect of 58% of the Scheme Ordinary Shares (or if such calculated number is not a whole number, same shall be rounded down to the nearest whole number) and, if applicable, a corresponding number of linked Scheme B Shares and the Newco Cash Consideration in respect of the remaining 42% of the Scheme Ordinary Shares (or if such calculated number is not a whole number, same shall be rounded up to the nearest whole number) and, if applicable, a corresponding number of linked Scheme B Shares held by the Distell Shareholder (“**Newco Fixed Ratio Option**”), but without the election to participate in the subsequent subscription for further shares in Newco (the Newco Cash Consideration, the Newco Share Consideration and the Newco Fixed Ratio Option referred to collectively as the “**Newco Offer Consideration**”)
- (“**Newco Offer**”).
- Scheme Participants will receive an offer by Heineken to acquire the Capevin Ordinary Shares which Distell Shareholders will receive pursuant to the Capevin Distribution for a consideration of R15.00 per Capevin Ordinary Share (“**Capevin Cash Consideration**”) (“**Capevin Offer**”, together with the Newco Offer are the “**Heineken Offer**”).

The authorised and issued share capital of Distell as at 31 December 2021, being the last practicable date prior to the finalisation of the circular to Distell Shareholders in respect of the Transaction (the “**Distell Circular**”) (“**Last Practicable Date**”) is set out below, which represents the Company’s securities affected by the proposed arrangement:

Distell Ordinary Shares

Authorised share capital
 20 billion Distell Ordinary Shares
 300 million Distell B Shares
 Issued share capital
 223,102,356 Distell Ordinary Shares
 345,679 Distell Ordinary Shares held as treasury shares
 124,226,613 Distell B Shares

The material interests of Distell Directors are set out in paragraph 31 of the Distell Circular and the effect of the Scheme on those interests and persons are set out in this section of the Distell Circular, of which we agree with. The Scheme will affect all Distell Shareholders. The financial effects of the Scheme are set out in paragraph 15.10 and Annexure 19 and 22 of the Distell Circular.

Extracts of sections 115 and 164 of the Companies Act are set out in Annexure 11 of the Distell Circular and are incorporated herein by reference for purposes of section 114(3)(g) of the Companies Act.

Independent expert report required in terms of the Companies Act

The Scheme is an affected transaction as defined in section 117(1)(c)(iii) of the Companies Act. In terms of section 114(2) of the Companies Act, as read with regulations 90 and 110 of the Companies Regulations, 2011, as amended (“**Companies Regulations**”), the Distell Independent Board of directors of Distell constituted in terms of the Companies Act (“**Distell Independent Board**”) is required to retain an independent expert to provide an independent expert report (in the form of a fair and reasonable opinion) in terms of section 114(3) of the Companies Act and regulations 90 and 110 of the Companies Regulations, with regards to the Scheme and the consideration payable in respect of the Scheme, comprising of the Capevin Cash Consideration in respect of the Capevin Offer and the Newco Offer Consideration in respect of the Newco Offer (“**Scheme Consideration**”) (the “**Fair and Reasonable Opinion**”).

BDO Corporate Finance Proprietary Limited (“**BDO Corporate Finance**”) has been appointed as the independent expert by the Distell Independent Board to assess the Scheme and the Scheme Consideration as required in terms of section 114 of the Companies Act and regulations 90 and 110 of the Companies Regulations and provide the Fair and Reasonable Opinion. The Fair and Reasonable Opinion set out herein is provided to the Distell Independent Board for the sole purpose of assisting the Distell Independent Board in forming and expressing an opinion on the Scheme and the Scheme Consideration for the benefit of Distell Shareholders

Other opinion requested

The Distell Independent Board has further requested an opinion of the disposal by certain of Distell’s Subsidiaries of their shares in the Distell Namibia Limited, Distillers Corporation Namibia (Proprietary) Limited and Namibia Wines and Spirits Limited (together “**Distell Namibia Companies**”) to NBL (“**Distell Namibia Transaction**”), and for confirmation that Distell shareholders are not prejudiced by the Distell Namibia purchase consideration, given that the Newco Offer Consideration was calculated on the basis of a valuation of the Distell Group which included the Distell Namibia Companies at a value approximately equivalent to the consideration which NBL will pay for the Distell Namibia companies.

Responsibility

Compliance with the Companies Act and the Companies Regulations is the responsibility of the Distell Independent Board. Our responsibility is to report to the Distell Independent Board on whether the Scheme and the Scheme Consideration are fair and reasonable to Distell Shareholders.

Definition of the terms “fair” and “reasonable” applicable in the context of the Scheme

The “fairness” of a transaction is primarily based on quantitative issues. A transaction will generally be considered to be fair to a company’s shareholders if the benefits received, as a result of the transaction, are equal to or greater than the value given up.

An offer may generally be considered to be fair to shareholders if the offer consideration is equal to or greater than the fair value of an offer share, or unfair if the offer consideration is less than the fair value of an offer share. Furthermore, in terms of regulation 110(8) of the Companies Regulations, an offer with a consideration per offeree regulated company security within the fair-value range is generally considered to be fair.

The assessment of reasonableness of an offer is generally based on qualitative considerations surrounding the offer. Hence, even though the consideration to be paid in respect of an offer may be lower than the market price, the offer may be considered reasonable after considering other significant qualitative factors. In terms of regulation 110(9) of the Companies Regulations, an offer is generally said to be reasonable if the offer consideration is greater than the trading price of an offer share as at the time of announcement of the offer consideration, or at some other more appropriate identifiable time.

Details and sources of information

- In arriving at our opinion we have relied upon the following principal sources of information:
- the terms and conditions of the Transaction, as set out in the Distell Circular
- financial information of Distell comprising:
 - annual integrated report and audited annual financial statements for the years ended 30 June 2018, 2019, 2020 and 2021;
 - year-to-date management accounts for the three months ended 30 September 2021;
 - budget and forecast financial information prepared by the management of Distell for the financial years ending 30 June 2022 to 30 June 2025;
 - historical and forecast information in respect of the Distell Namibia Companies;

- financial information of Capevin comprising;
 - carve-out historical financial information of Capevin for the financial years ended 30 June 2019, 2020 and 2021;
 - forecast financial information of Capevin for the financial years ending 30 June 2022 to 30 June 2026;
- financial information of Newco comprising;
 - historical financial information of HSA, HSAEC, TUKS and NBL for the financial years ending 31 December 2017 to 31 December 2020;
 - forecast financial information of HSA, HSAEC, TUKS and NBL for the financial years ending 31 December 2021 to 31 December 2026;
 - carve-out historical financial information of the Distell In-Scope Assets for the financial years ended 30 June 2019, 2020 and 2021;
 - forecast financial information of the Distell In-Scope Assets for the financial years ending 30 June 2022 to 30 June 2026;
 - independent synergies report compiled by Boston Consulting Group (“**BCG**”) as well as the independent report compiled by independent Distell consultants, the Ex-Canback team
- The rationale for the Transaction, as set out in the Distell Circular and based on discussions with executive management of Distell and their professional advisors;
- Discussions with executive management of Distell or their professional advisors regarding the historical and forecast financial information of Distell;
- Discussions with executive management of Distell or their professional advisors on prevailing market, economic, legal and other conditions which may affect underlying value; and
- Publicly available information relating to Distell that we deemed to be relevant, including company announcements and media articles.

The information above was secured from:

- Executive management of Distell and Distell’s professional advisors; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Distell.

Procedures

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors:

- Reviewed the terms and conditions of the Transaction;
- Reviewed the audited and unaudited financial information related to Distell, Capevin and Newco;
- Held discussions with the management of Distell and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- Reviewed and obtained an understanding from management as to the forecast financial information of the Distell, Capevin and Newco prepared by management of the respective companies or the advisors to Distell. Considered the forecast cash flows and the basis of the assumptions therein including the prospects of the business of Distell, Capevin and Newco. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management of Distell and assessed the achievability thereof by considering historical information as well as macro-economic and sector-specific data;
- Determined the fair value of a Distell Ordinary Share, Distell B Share, Capevin Ordinary Share and unlisted no par value ordinary share of Newco (“**Newco Share**”) by applying appropriate generally accepted valuation approaches and methods in use in the market from time to time;
- Considered appropriate discounts for a Capevin Ordinary Share and unlisted Newco Share;
- Performed a valuation of the Distell Namibia Companies;
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience and knowledge of the Alcoholic Beverages industry generally;
- Assessed the long-term potential of Distell, Capevin and Newco;
- Performed a sensitivity analysis on key assumptions included in the valuations;
- Evaluated the relative risks associated with Distell, Capevin and Newco and the industry in which these businesses operates;
- Reviewed certain publicly available information relating to Distell and the Alcoholic Beverages sector that we deemed to be relevant, including company announcements and media articles, including available analyst coverage;

- Where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which Distell operates, and to analyse external factors that could influence the businesses of Distell; and
- Held discussions with the directors and management of Distell as to their strategy and the rationale for the Transaction and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends in the Alcoholic Beverages sector.

Assumptions

We arrived at our opinions based on the following assumptions that:

- All agreements that are to be entered into in terms of the Transaction will be legally enforceable;
- The Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives of Distell or their professional advisors; and
- Reliance can be placed on the financial information of Distell, Capevin and Newco.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinions by determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of Distell, Capevin and Newco and the economic environment in which these businesses operate.

Limiting conditions

This Fair and Reasonable Opinion is provided to the Distell Independent Board in connection with and for the purposes of the Scheme. The Fair and Reasonable Opinion does not purport to cater for each individual Distell Shareholder's perspective, but rather that of the general body of Distell Shareholders.

Individual Distell Shareholder's decisions regarding the Scheme may be influenced by such Distell Shareholder's particular circumstances and accordingly individual Distell Shareholder should consult an independent adviser if in any doubt as to the merits or otherwise of the Scheme.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinions. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinions, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

We have also assumed that the Transaction will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of Distell and we express no opinion on such consequences.

Our opinions are based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect our opinions, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

Independence, competence and fees

We confirm that neither we nor any person related to us (as contemplated in the Companies Act) have a direct or indirect interest in the Distell Shares or the Transaction, nor have had within the immediately preceding two years, any relationship as contemplated in section 114(2)(b) of the Companies Act, and specifically declare, as required by regulations 90(6)(i) and 90(3)(a) of the Companies Regulations, that we are independent in relation to the Transaction and will reasonably be perceived to be independent taking into account other existing relationships and appointments. We also confirm that we have the necessary competence to provide the Fair and Reasonable Opinion and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our total professional fees of R1,900,000 are not contingent upon the success of the Transaction. Our fees are not payable in Distell Shares.

Valuation approach and results

Distell Share

We have performed a valuation of Distell by applying the discounted cash flow ("**DCF**") methodology as the primary valuation methodology and the capitalisation of maintainable earnings methodology as a secondary methodology to support the results of the DCF valuation.

This valuation has been prepared on the basis of "Market Value". The generally accepted definition of "Market Value" is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.

The valuations were performed taking cognisance of risk and other market and industry factors affecting Distell and are based on board approved business plan incorporating forecast to 30 June 2025. Additionally, sensitivity analyses were performed considering key value drivers.

Key internal value drivers to the DCF valuation included revenue growth, operating profit margins, the discount rate (represented by the weighted average cost of capital (“**WACC**”)), working capital and capital expenditure requirements. Net sales value and volume growth are the main driver of expected revenues to be derived over the forecast period. Input costs and total basket inflation are the main drivers of operating profit margins.

External value drivers, including; key macro-economic parameters such as, GDP growth, interest rates, exchange rates, headline inflation rates, and prevailing market and industry conditions were considered in assessing the forecast cash flows and risk profile of Distell.

In addition, a sensitivity analysis was performed in respect of:

- Revenue compound annual growth rate;
- Operating profit margins;
- Working capital investment;
- WACC; and
- Terminal growth.

Our valuation results are also most sensitive to revenue growth and sustainable operating profit margins applied in the DCF valuation. We note that the board approved business plan reflects improvement in operating margins from 30 June 2021 over the forecast period driven primarily by improvements in gross profit margins and operating leverage.

The lower end of the valuation range is based on a scenario where the revenue compound annual growth rate (“**CAGR**”) and operating profit margin do not materialize to the extent expected in the board approved business plan.

The sensitivity analysis did not indicate a sufficient effect on the valuation of a Distell Share to alter our opinion in respect of the Scheme and the Scheme Consideration.

Newco Share

We performed a sum of the parts (“**SOTP**”) valuation of Newco based on an aggregation of (detailing attributable interest and valuation approach):

- Distell In-Scope Assets (90% attributable interest) (DCF as the primary valuation approach and capitalisation of maintainable earnings as a secondary methodology);
- HSA (100% attributable interest) (DCF as the primary valuation approach and capitalisation of maintainable earnings as a secondary methodology);
- HSAEC (100% attributable interest) (capitalisation of maintainable earnings as the primary valuation approach and DCF as a secondary methodology);
- TUKS (100% attributable interest) (capitalisation of maintainable earnings as the primary valuation approach and DCF as a secondary methodology);
- NBL (59.4% attributable interest) (DCF as the primary valuation approach and capitalisation of maintainable earnings as a secondary methodology); and
- Synergies arising from the Transaction (DCF approach).

Capevin Share

We have performed a valuation of Capevin by applying the DCF methodology as the primary valuation methodology and the capitalisation of maintainable earnings methodology as a secondary methodology to support the results of the DCF valuation.

Valuation results

In undertaking the valuation exercise above, we have determined:

- a valuation range of R167.15 to R190.10 per Distell Ordinary Share, with a most likely value of R185.49 per Distell Ordinary Share;
- a valuation range of R13.27 to R14.66 per Capevin Ordinary Share, with a most likely value of R13.97 per Capevin Ordinary Share on a minority non-marketable basis; and
- a valuation range R147.27 to R162.78 per Newco Share, with a most likely value of R155.02 per Newco Share on a minority non-marketable basis.

For the purposes of fundamental transactions, fair value represents a pro rata share of the company's value excluding the application of minority or lack of control discounts as well as other interest level discounts. We are therefore of the view that the voting rights attributable to the Distell B Shares cannot be considered when opining on the fairness and reasonableness of the Heineken Offer. As there is not economic interest attributed to Distell B Shares, no value has been attributed to Distell B Shares.

Six elections are available to Distell shareholders in respect of the Heineken Offer:

- Per equivalent Distell Ordinary Share, based on the Newco Cash Consideration and fair value of the Capevin Distribution, we have determined the following fair value range:

Consideration (R)	Fair Value of Distell Ordinary Share	Newco Cash Option	Capevin Distribution	Newco Cash Consideration and Capevin Distribution
Low range	167.15	165.00	13.27	178.27
Most likely	185.49	165.00	13.97	178.97
High range	190.10	165.00	14.66	179.66

Per equivalent Distell Ordinary Share, based on the Newco Share Consideration and fair value of the Capevin Distribution, we have determined the following fair value range:

Consideration (R)	Fair Value of Distell Ordinary Share	Newco Share Consideration	Capevin Distribution	Newco Share Consideration and Capevin Distribution
Low range	167.15	147.27	13.27	160.54
Most likely	185.49	155.02	13.97	168.99
High range	190.10	162.78	14.66	177.44

- Per equivalent Distell Ordinary Share, based on the Newco Fixed Ratio Option where Distell's Ordinary Shareholders will receive a combination of the Newco Share Consideration and the Newco Cash Consideration in the ratio 58:42 respectively and the fair value of the Capevin Distribution on a minority basis, we have determined the following fair value range:

Consideration (R)	Fair Value of Distell Ordinary Share	Newco Share Consideration (58%)	Newco Cash Option (42%)	Capevin Distribution	Newco Fixed Ratio Option and Capevin Distribution
Low range	167.15	85.42	69.30	13.27	167.99
Most likely	185.49	89.91	69.30	13.97	173.18
High range	190.10	94.41	69.30	14.66	178.37

- Per equivalent Distell Ordinary Share, based on the Newco Fixed Ratio Option where Distell's Ordinary Shareholders will receive a combination of the Newco Share Consideration and the Newco Cash Consideration in the ratio 58:42 respectively and the fair value of the Capevin Cash Consideration, we have determined the following fair value range:

Consideration (R)	Fair Value of Distell Ordinary Share	Newco Share Consideration (58%)	Newco Cash Option (42%)	Capevin Offer Consideration	Newco Fixed Ratio Option and Capevin Cash Consideration
Low range	167.15	85.42	69.30	15.00	169.72
Most likely	185.49	89.91	69.30	15.00	174.21
High range	190.10	94.41	69.30	15.00	178.71

- Per equivalent Distell Ordinary Share, based on the Newco Cash Consideration and Capevin Cash Consideration, we have determined the following fair value range:

Consideration (R)	Fair Value of Distell Ordinary Share	Newco Cash Option	Capevin Cash Consideration	Newco Cash Consideration and Capevin Cash Consideration
Low range	167.15	165.00	15.00	180.00
Most likely	185.49	165.00	15.00	180.00
High range	190.10	165.00	15.00	180.00

- Per equivalent Distell Ordinary Share, based on the Newco Share Consideration and Capevin Cash Consideration, we have determined the following fair value range for the Newco Share Consideration:

Consideration (R)	Fair Value of Distell Ordinary Share	Newco Share Consideration	Capevin Cash Consideration	Newco Share Consideration and Capevin Cash Consideration
Low range	167.15	147.27	15.00	162.27
Most likely	185.49	155.02	15.00	170.02
High range	190.10	162.78	15.00	177.78

The valuation ranges above are provided solely in respect of this opinion and should not be used for any other purposes.

Approach to reasonableness of the Scheme

The Heineken Offer (based on the Newco Cash Consideration and Capevin Cash Consideration) represents a premium of:

- 35% to the VWAP of R133.55 per Distell Ordinary Share for the 30-day period ended on 17 May 2021 (the (“**Pre-cautionary Date**”));
- 53% to the VWAP of R117.46 per Distell Ordinary Share for the 90-day period ended on the Pre-cautionary Date; and
- 74% to the VWAP of R103.66 per Distell Ordinary Share for the 180-day period ended on the Pre-cautionary Date.

In opining on the reasonableness of the Heineken Offer we have also considered the rationale for the Transaction as well as potential synergies.

Opinion

The Scheme will result in the expropriation of Scheme Shares from Scheme Participants in exchange for the Scheme Consideration. The most likely values for the Scheme Consideration exceeds the lower end of the fair value range for a Distell Ordinary Share. The rationale for the Scheme is set out in paragraph 4 of the Distell Circular. We are not aware of any material adverse effects of the Scheme.

BDO Corporate Finance has considered the terms and conditions of the Scheme.

We are not aware of any factors that are difficult to quantify, or are unquantifiable in forming our opinion in respect of the Scheme and Scheme Consideration.

Based upon and subject to the conditions set out herein, BDO Corporate Finance is of the opinion that the Scheme and the Scheme Consideration are fair and reasonable to Distell Shareholders.

We confirm that Distell shareholders are not prejudiced by the Distell Namibia purchase consideration.

Our opinion is necessarily based upon the information available to us up to the Last Practicable Date, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals and consents required in connection with the Scheme will be timeously fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Consent

We hereby consent to the inclusion of this Fair and Reasonable Opinion, in whole or in part, and references thereto in the Distell Circular and any other announcement or document pertaining to the Scheme, in the form and context in which they appear.

Yours faithfully

BDO Corporate Finance Proprietary Limited

Nick Lazanakis

Director

52 Corlett Drive

Illovo

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MANAGEMENT OF CONFLICT AND MAINTENANCE OF INDEPENDENCE IN THE DISTELL BOARD IN RELATION TO THE TRANSACTION

In compliance with the Companies Act and the Takeover Regulations, the Distell Independent Board was established for the purposes of considering and dealing with the Transaction including the Scheme. The members of the Distell Independent Board are:

- André Parker (chair);
- Gugu Dingaan;
- Kees Kruythoff;
- Chris Otto; and
- Catharine Sevillano-Barredo.

The Distell Independent Board carefully considered whether any actual, potential or perceived conflicts existed in relation to the Transaction, including the Scheme, and determined that no such actual, potential or perceived conflicts exist.

CAPEVIN INFORMATION SCHEDULE

1. Corporate information of Capevin

- 1.1 Name: Capevin Holdings Proprietary Limited
- 1.2 Registration Number: 1997/020857/07
- 1.3 Address of registered office: Aan-de-Wagenweg, Stellenbosch, 7600, Western Cape, South Africa
- 1.4 Address of primary place of business: in respect of the Scotch whisky business (Distell International), Avalon House, 72 Lower Mortlake Road, Richmond, Surrey, TW9 2JY, England; and in respect of the Gordon's Gin business (CastleWine), Aan-de-Wagenweg, Stellenbosch and with manufacturing operations at 51 Dekema Road, Wadeville, Gauteng, South Africa.
- 1.5 Date of incorporation: 2 December 1997
- 1.6 Directors of Capevin as at the Last Practicable Date: Richard Rushton, Lucas Verwey, Lizelle Malan

2. Capevin's holding company as at the Last Practicable Date

- 2.1 Name: Distell Group Holdings Limited
- 2.2 Registration Number: 2016/394974/06
- 2.3 Address of registered office: Aan-de-Wagenweg, Stellenbosch, 7600, Western Cape, South Africa

3. Detail of each material Subsidiary within the Capevin Group

All of the below companies will be wholly owned within the Capevin Group after implementation of the Scheme

<i>Name</i>	<i>Date of incorporation</i>	<i>Place of incorporation</i>
South Africa		
3.1 Remgro-Capevin Investments Proprietary Limited	1 July 1965	Stellenbosch
3.2 South African Distilleries and Wines (SA) Limited	7 March 1958	Stellenbosch
3.3 Distell Group Limited	11 October 1988	Stellenbosch
3.4 Castle Wine and EK Green Limited	7 May 1963	Stellenbosch
3.5 Parva Properties Proprietary Limited	19 August 2021	Stellenbosch
3.6 Mons Cellarium Properties Proprietary Limited	19 August 2021	Stellenbosch
International		
3.7 Distell International Limited	16 March 1988	Scotland
Subsidiaries of Distell International, within the Capevin Group:		
3.7.1 Burn Stewart (US Holdings) Limited	12 July 2000	Scotland
3.7.2 Distell North America, Inc	28 April 2016	New York, USA
3.7.3 Distell International Taiwan	07 July 1995	Taiwan branch
3.7.4 Norden McCall Limited	25 November 1988	England
3.7.5 The Black Prince Scotch Whisky Company Limited	25 November 1988	Scotland
3.7.6 Crowtherwood Limited	10 December 1979	England
3.7.7 St Leger & Co Limited	25 November 1988	Scotland
3.7.8 Albyn Bond (Airdrie) Limited	9 August 1979	Scotland
3.7.9 St Andrews Distilling Company Limited	24 May 1989	Scotland
3.7.10 Ingenious Alchemy Company Limited	2 March 1959	England
3.7.11 Tobermory Distillers Limited	13 May 1993	Scotland
3.7.12 The Bunnahabhain Distillery Company Limited	7 January 2003	Scotland
3.7.13 Ledaig Distillery (Tobermory) Limited	13 May 1993	Scotland
3.7.14 The Wallace Malt Liqueur Company Limited	28 August 1995	Scotland
3.7.15 Deanston Distillery Company Limited	19 July 1990	Scotland
3.7.16 Gordon Graham & Company Limited	7 January 2003	Scotland

3.7.17	Burn, Stewart & Co Limited	24 September 1948	Scotland
3.7.18	Burn Stewart (Sutton) Limited	18 November 1947	England
3.7.19	Petnor Blenders (London & Glasgow) Limited	1 June 1939	England
3.7.20	Tower Blending Company Limited	3 June 1946	England
3.7.21	Scottish Leader Limited	20 January 1984	Scotland
3.7.22	Ross Brothers (Blenders) Ltd	17 March 1959	Scotland
3.7.23	Burn, McKenzie & Co Limited	9 June 1951	Scotland
3.7.24	Highland Tower Co Limited	1 August 1984	England
3.7.25	Burn Stewart (Marylebone) Limited	2 March 1959	England
3.7.26	Kitsquare Limited	30 October 1973	England
3.7.27	Bribourne Limited	27 November 1970	England
3.7.28	Northern Blending Co Ltd	12 May 1955	England
3.7.29	Troutsdale Properties Limited	7 March 1973	England

4. Capevin's auditor, company secretary and banker

- 4.1 Auditor: PricewaterhouseCoopers Inc. in respect of Capevin and its Subsidiaries in South Africa and Grant Thornton UK LLP in respect of Distell International and its Subsidiaries
- 4.2 Company secretary: Lizelle Malan, BCom (Hons) CA(SA), in respect of Capevin and its Subsidiaries in South Africa and Nwavudu Constance Ekebuisi, practising solicitor of England and Wales (SRA No. 457600), LLB (Hons) Law, in respect of Distell International and its Subsidiaries
- 4.3 Banker: Capevin's primary bankers are Rand Merchant Bank and Standard Bank of South Africa and Distell International's primary banker is PNC Financial Services UK Ltd

5. Description of the business carried on and to be carried on by the Capevin Group

- 5.1 Capevin will serve as holding company for Distell International and CastleWine.
- 5.2 CastleWine carries on business in the production, bottling and distribution of Gordon's Gin in South Africa and distribution in Namibia, Lesotho, Botswana and Eswatini.
- 5.3 Distell International and its Subsidiaries carry on business in the production and distribution of Scotch whisky.

6. General history of Capevin and material Subsidiaries within the Capevin Group

6.1 Capevin and RCI

Capevin and RCI have, historically, served as vehicles for the holding of shares in DGL. As at the Last Practicable Date, the shares in RCI are Capevin's sole asset and the shares in DGL held by RCI are RCI's sole asset.

Following implementation of the Transaction, Capevin will still hold all the shares in RCI and will also hold all the shares in Distell International (via DGL).

6.2 DGL

DGL was created through the merger of Distillers Corporation (SA) Limited and Stellenbosch Farmers Winery Group Limited in 2001. Distillers Corporation (SA) Limited became a public company on 11 October 1988 and changed its name to "Distell Group Limited" (i.e. DGL) in 2001. As at the Last Practicable Date, DGL is an intermediate holding company, holding 85% of the shares in SADW and 100% of the shares in DIH.

Following implementation of the Transaction, DGL will no longer hold shares in DIH but will hold 100% of Distell International and 85% of the shares in SADW.

6.3 SADW

SADW was created in 1958 and historically and until 2016 served as intermediate holding company of all assets in the Distell Group, as the Distell Group changed and developed over time – namely as intermediate holding company in the Oude Meester group initially, then in the Distillers Corporation group and ultimately in the Distell Group, as it is today.

In 2016 most of the Distell Group's international interests were transferred to DIH. As at the Last Practicable Date, SADW continues to hold all assets in the Distell Group other than those held by DIH and Distell International.

Following implementation of the Transaction, SADW will hold the assets of the Capevin Group located in South Africa (primarily CastleWine) and Distell International will hold the assets of the Capevin Group located abroad.

6.4 CastleWine

CastleWine was created in 1963 and has been an operating Subsidiary in the Distillers Corporation group (now the Distell Group) since its creation in 1988. During 1991, CastleWine entered into the Gordon's Gin Agreement, in terms of which CastleWine provides the plant, raw material and services for the production and bottling of Gordon's Gin in SA and in terms of which CastleWine has been appointed as exclusive distributor of Gordon's Gin in South Africa, Namibia, Lesotho, Botswana and Eswatini.

Following implementation of the Transaction, SADW will still hold all the shares in CastleWine.

6.5 Distell International

Distell International has carried on business since March 1988, under different business names. It became part of the Distell Group through its acquisition by SADW in 2013 and was then transferred to DIH in 2017. It changed its name to its current name on 4 April 2016. As at the Last Practicable Date, Distell International is held by DIH.

Following implementation of the Transaction, Distell International will be held by Capevin (via DGL).

7. A general description, giving a fair presentation, of the state of affairs of Capevin and any material Subsidiary within the Capevin Group and its main business:

7.1 As at the Last Practicable Date, Capevin existed as an intermediate holding company for all Distell Group's operations. Following implementation of the Transaction, Capevin will continue to serve as a holding company for the two operational entities holding the Out-of-Scope Assets, namely Distell International and CastleWine, and two property-holding companies, namely Parva Properties Proprietary Limited and Mons Cellarium Properties Proprietary Limited. Thus, currently Capevin is not representative of how the combined results of Distell International and CastleWine will be comprised post the implementation of the Transaction.

7.2 As at the Last Practicable Date, the manufacturing and distribution of certain brands and supporting structures which will form part of the Distell In-Scope Assets (and which are to be held by the Distell Newco Group) were reflected within the financial results of Distell International. For purposes of assisting Distell Shareholders to assess the Transaction and to make an informed decision with regard to the Capevin Offer, Combined Carve-Out Historical Financial Information for the Scotch whisky business is presented in Annexure 16 to this Distell Circular. The Combined Carve-Out Historical Financial Information of the Scotch whisky business is, however, not necessarily indicative of the results that would have occurred if Distell International had been a completely separate stand-alone entity during the years presented or of future results of the combined carved-out business.

7.3 As at the Last Practicable Date, CastleWine formed part of the Distell Group. Production and certain functions, including bottling and distribution, were performed for CastleWine by Distell Ltd, which will form part of the Distell In-Scope Assets (and which are to be held by the Distell Newco Group). Post the implementation of the Transaction, CastleWine will perform the relevant functions itself. For purposes of assisting Distell Shareholders to assess the Transaction and to make an informed decision with regard to the Capevin Offer, Combined Carve-Out Historical Financial Information for the Capevin and Gordon's Gin interest is presented in Annexure 13 to this Distell Circular. The Combined Carve-Out Historical Financial Information of Capevin and the Gordon's Gin interest is, however, not necessarily indicative of the results that would have occurred if CastleWine had operated as a completely separate stand-alone entity during the years presented or of future results of the combined carved-out business.

8. Material changes in the financial or trading position, business, assets and liabilities of the Capevin Group:

8.1 As at the Last Practicable Date, Capevin served as intermediate holding company between Distell and SADW, along with RCI and DGL. After implementation of the Transaction, Capevin will serve as holding company for CastleWine (via RCI, DGL and SADW) and Distell International, respectively.

8.2 No material changes in the financial or trading position or business or assets or liabilities of Capevin, Distell International or CastleWine, respectively, have occurred subsequent to the latest published annual report of Distell for the period ended 30 June 2021, other than the changes noted in this Distell Circular.

9. Material Litigation

The Distell Directors confirm that there are currently no legal or arbitration proceedings, including any such proceedings that are pending or threatened, which may have, or have had, a material effect on the Capevin Group's financial position during the 12 months preceding the date of issue of this Distell Circular.

10. Material Contracts

10.1 As at the Last Practicable Date, there are no existing contracts, either oral or written, relating to directors' and managerial remuneration; royalties; and secretarial and technical fees payable by Capevin or any Subsidiary of Capevin other than the Gordon's Gin Agreement. It is anticipated that the following agreements will be negotiated and entered into:

10.1.1 an agreement between Remgro Limited and Capevin in terms of which Remgro will render certain services to the Capevin Group, for which it will be paid an annual fee. It is anticipated that this agreement will mirror the agreement currently in place between Distell and Remgro, referred to in Section 1 Paragraph 7.1 of the Newco Prospectus; and

10.1.2 service agreements with the directors of Capevin, once the Capevin Final Directors have been appointed.

10.2 Within the 2 years immediately before the date of this Distell Circular, no entity within the Capevin Group has entered into a material agreement outside the ordinary course of business carried on or proposed to be carried on by the Capevin Group.

11. Immovable property

As at the Last Practicable Date, the principal immovable property held or occupied by the Capevin Group is as follows:

11.1 Properties owned:

11.1.1 Portion 129, a portion of portion 24 of the Farm Roodekop NR 139;

11.1.2 Erf 7602 in the Municipality and Division of Stellenbosch, Western Cape Province, 7,1700 hectares in extent, and held under Deed of Transfer T28931/1989;

11.1.3 Erf 9545 in the Municipality and Division of Stellenbosch, Western Cape Province, 4,524 square meters in extent, and held under Certificate of Consolidated Title T7093/2000;

11.1.4 Remainder Erf 257 in the Municipality and Division of Stellenbosch, Western Cape Province, 6,929 square meters in extent, and held under Deed of Transfer T24642/1989;

11.1.5 Erf 3454 in the Municipality and Division of Stellenbosch, Western Cape Province, 2,944 square meters in extent, and held under Deed of Transfer T18689/1990;

11.1.6 Farm 1261 in the Municipality and Division of Stellenbosch, Western Cape Province, 3,6828 hectares in extent, and held under Deed of Transfer T31251/1989;

11.1.7 Erf 6154 in the Municipality and Division Stellenbosch, Western Cape Province, 1,0272 hectares in extent, and held under Deed of Transfer T26928/1989;

11.1.8 Remainder of the Farm MON REPOS No 1147 in the Municipality and Division Stellenbosch, Western Cape Province, 11,5864 hectares in extent, held under Deed of Transfer T80626/2008;

11.1.9 Remainder Erf 25 Stellenbosch, in the Municipality and Division of Stellenbosch, Western Cape Province, 6929 square meters in extent, and held under Deed of Transfer T24642/1989;

11.1.10 a portion of land forming part of Erf 6284 Stellenbosch, in the Municipality and Division of Stellenbosch, Western Cape Province, upon which a cricket field is situated and which portion of land is in the process of being subdivided and separated from Erf 6284; and

11.1.11 Erf 6092 Stellenbosch, in the Municipality and Division Stellenbosch, Western Cape Province, 1 827 square meters in extent, and held under Deed of Transfer T24642/1989.

11.2 Leasehold Properties

11.2.1 London Office:

11.2.1.1 Property description/address: Part of the ground floor offices at Avalon House, 72 Lower Mortlake Road, Richmond TW9 2JY, London, UK

11.2.1.2 Rent: (initial rent) £178,760 per annum (excluding VAT)

11.2.1.3 Unexpired term: Expires 15 April 2025

- 11.2.2 East Kilbride Office:
 - 11.2.2.1 Property description/address: 2-16 Milton Road, College Milton, East Kilbride, Glasgow G74 5BU, Scotland
 - 11.2.2.2 Rent: £138,000 per annum (excluding VAT)
 - 11.2.2.3 Unexpired term: Expires 30 September 2031
- 11.3 Freehold Properties
 - 11.3.1 Bunnahabhain Distillery:
 - 11.3.1.1 Property description/address: Land & buildings known as the blending & maturation plant, 101 Carlisle Road, Airdrie, Lanarkshire, ML6 8AG
 - 11.3.1.2 Internal Accommodation Area: 20,179 sq m (217,207 sq ft) Bonded Warehouses: 14,512 sq m (156,207 sq ft)
 - 11.3.1.3 Title Area: 12.4 hectares (30 acres)
 - 11.3.2 Deanston Distillery:
 - 11.3.2.1 Property description/address: Land & buildings known as Deanston Distillery, Deanston, Doune, Perthshire, FK16 6AG
 - 11.3.2.2 Internal Accommodation Area: 11,038 sq m (118,818 sq ft)
 - 11.3.2.3 Title Area: 2.83 hectares (7 acres)
 - 11.3.3 East Kilbride Bottling Plant:
 - 11.3.3.1 Property description/address: Land & buildings known as the Bottling Plant, 16 West Mains Road, College Milton North, East Kilbride, G74 1PJ (formerly known as 1A Milton Road, East Kilbride, Glasgow, G74 5BU)
 - 11.3.3.2 Internal Accommodation Area: 11,397 sq m (122,676 sq ft)
 - 11.3.3.3 Title Area: 1.42 hectares (3.5 acres)
 - 11.3.4 East Kilbride Blend Centre:
 - 11.3.4.1 Property description/address: Land & Buildings known as the Blend Centre & Tank Farm, 16 West Mains Road, College Milton North, East Kilbride, G74 1PJ
 - 11.3.4.2 Internal Accommodation Area: 6,105 sq m (65,714 sq ft)
 - 11.3.4.3 Title Area: 2.55 hectares (6.3 acres)
 - 11.3.5 Tobermory/Ledaig Distillery:
 - 11.3.5.1 Property description/address: Land & buildings known as Ledaig Distillery, Tobermory, Isle of Mull, Argyllshire, PA75 6NR
 - 11.3.5.2 Internal Accommodation Area: 1,181 sq m (12,711 sq ft)
 - 11.3.5.3 Title Area: 0.23 hectares (0.57 acres)
- 11.4 Distell International sold its immovable property described as 101 Carlisle Road, Airdrie, ML6 8AG, to Lidl Great Britain Limited for an aggregate purchase consideration of £1.9m (excluding VAT) in and during September 2021. The site was used as a whisky blending centre and for whisky cask warehousing. Save as aforesaid, no other immovable property or other fixed asset that is material to the Capevin Group's business has been acquired or disposed of in the 3 years preceding the date of this Distell Circular.
- 11.5 No entity within the Capevin Group has any material commitments for the purchase, construction or installation of buildings, plant or machinery.

12. Loans and debentures

- 12.1 As at the Last Practicable Date and other than as contemplated in paragraph 12.3 of this Capevin Information Schedule, no entity within the Capevin Group is the debtor in respect of any material loan advanced or has issued any debentures.

- 12.2 As at the Last Practicable Date, no entity within the Capevin Group has advanced any material loan and/or issued any material debenture not in the ordinary course of business.
- 12.3 As at the Last Practicable Date, the Scotch whisky business is a debtor in respect of a material loan incurred, being a revolving credit facility granted by PNC Bank. The facility expires on 28 February 2022, with discussion to renew the facility at an advanced stage. The effective interest rate on the facility amounts to 1.60%, and the facility is secured by a bond and floating charge over the whole assets and undertaking of the business, together with a standard security creating a fixed charge over each of the business's heritable properties.

13. Capevin Share Capital

- 13.1 The authorised and issued share capital of Capevin immediately prior to the Capevin B Share Issuance is set out below. Distell is, and at the time of implementation of the Capevin B Share Issuance will be, the sole shareholder of Capevin.

		R'000
Authorised		
20,000,000,000	Capevin Ordinary Shares of no par value	N/A
300,000,000	Capevin B Shares of no par value	N/A
Issued		
222,756,677	Distell Ordinary Shares of no par value	N/A
0	Distell B Shares of no par value	N/A

- 13.2 After implementation of the Scheme, the authorised and issued share capital of Capevin will be as set out below. The expected shareholders of Capevin are depicted in the diagram on page 42 of this Distell Circular:

		R'000
Authorised		
20,000,000,000	Capevin Ordinary Shares of no par value	N/A
300,000,000	Capevin B Shares of no par value	N/A
Issued		
222,756,677	Capevin Ordinary Shares of no par value	N/A
124,226,613	Capevin B Shares of no par value	N/A

- 13.3 Brief particulars of any alteration of capital of Capevin during the preceding 3 years
- 13.3.1 On 29 September 2021, the share capital of Capevin was increased from 2,000,000,000 Capevin Ordinary Shares to 20,000,000,000 Capevin Ordinary Shares; and
- 13.3.2 On 29 November 2021, the share capital of Capevin was increased by the creation of 300,000,000 Capevin B Shares of no par value.
- 13.4 Save as contemplated in Annexure D to the Implementation Agreement and the accompanying Pre-Scheme Agreements, no securities were issued or agreed to be issued by Capevin or any material Subsidiary within the Capevin Group within the 3 years prior to the issue of the Distell Circular to any person other than for cash.
- 13.5 There are no founders' and management or deferred shares.
- 13.6 There have been no offers of Capevin securities to the public in the 3 years preceding the Distell Circular.
- 13.7 No agreement has been concluded or is proposed to be concluded whereby an option or preferential right of any kind is given to any person to subscribe for (or acquire) shares in Capevin or any material Subsidiary within the Capevin Group.
- 13.8 No commissions have been paid or are payable in respect of underwriting any Capevin Securities.

14. Capevin Board of Directors

- 14.1 As at the Last Practical Date, the business and affairs of Capevin are managed by the Capevin Board and will be managed by the Capevin Board until the Scheme Implementation Date. The current directors of Capevin are listed in paragraph 1.6 of this Capevin Information Schedule.

14.2 Immediately prior to the Scheme Implementation Date, the Capevin Interim Board will be appointed by Distell (as sole shareholder of Capevin) and will manage the business and affairs of Capevin until the Capevin Final Board is appointed. The Capevin Interim Board is obliged to convene the First Capevin Shareholders Meeting for purposes of enabling the Capevin Shareholders to elect and appoint the Capevin Final Board in accordance with the provisions of the Capevin MOI, the relevant provisions of which are included with the extracts of the Capevin MOI provided in Annexure 5 of this Distell Circular. The Capevin Interim Board will resign with effect from the end of the First Capevin Shareholders' Meeting.

14.3 The name, age, nationality, occupation and qualifications of the members of the Capevin Interim Board are given in the table below:

Name, age and nationality	Occupation	Qualifications
Jannie Durand 55, South African	Chief Executive Officer of Remgro and director of <i>inter alia</i> RCL Foods Limited, RMI Holdings Limited and Mediclinic International plc	BAcc (Hons), MPhil (Oxon), CA(SA)
Gugu Dingaan 46, South African	Investment executive at WIPHOLD and non-executive director of various WIPHOLD investee companies	BCom (Acc), HDip (Acc), CA(SA)
Catharina Sevillano-Barredo 58, South African & Dutch	Co-founder, director and chief financial officer of the Universal Healthcare group of companies	BCom (Hons), CA(SA)
Richard Rushton 58, South African	Distell Group Chief Executive Officer	BCom
Lucas Verwey 47, South African	Distell Group Chief Financial Officer	BCompt (Hons), CA(SA)

14.4 Senior Management of Capevin

The senior management of Capevin are expected to continue with their employment in terms of their current contracts of employment following implementation of the Transaction.

14.5 No commission or any consideration of any kind has been paid or agreed to be paid to a director, a related person, any company in which a director is beneficially interested or also a director, or to any partnership, syndicate or other association of which the director is a member, to induce the director to become a director or to qualify as a director, or for services rendered by the director or by a company, partnership, syndicate or other association in connection with the promotion or formation of Capevin.

15. CORPORATE GOVERNANCE

The entities within the Capevin Group will adopt and implement such policies and procedures as they may be required to adopt and implement under applicable Laws.

SALIENT PROVISIONS OF THE CAPEVIN ORDINARY SHARES AND CAPEVIN B SHARES

1. SALIENT PREFERENCES, RIGHTS, LIMITATIONS AND OTHER TERMS ATTACHING TO THE CAPEVIN ORDINARY SHARES

- 1.1 The Capevin MOI distinguishes between a “significant shareholder” and a “controlling shareholder”, as follows:
- 1.1.1 **“Significant Shareholder”** means (i) any person, excluding the Controlling Shareholder, holding at least 10% of the issued Capevin Ordinary Shares; and (ii) Heineken, if it did not acquire at least 10% of the issued Capevin Ordinary Shares pursuant to the Capevin Offer, as long as it retains all the issued Capevin Ordinary Shares it acquired pursuant to the Capevin Offer; and
- 1.1.2 **“Controlling Shareholder”** means a person holding more than 50% of all the issued shares (of any class) in Capevin;
- 1.2 The Controlling Shareholder and Significant Shareholder each have specific rights pursuant to the Capevin MOI.
- 1.3 There are certain restrictions as to the transferability, and prohibitions on the disposal, of the Capevin Ordinary Shares, as follows:
- 1.3.1 no shareholder shall sell, transfer or grant any security interest over or otherwise dispose of any share or grant any interest in any share other than in accordance with the Capevin MOI;
- 1.3.2 until the earlier of (i) the date on which Heineken is no longer a Significant Shareholder or (ii) the third anniversary of the Scheme Implementation Date, the Controlling Shareholder may not transfer any of its shares to any person without the approval by at least one director appointed by each Significant Shareholder if such a transfer would result in the Controlling Shareholder ceasing to control Capevin;
- 1.3.3 except in the case of certain permitted transfers, the Controlling Shareholder and the Significant Shareholders may not transfer any of their shares other than in the circumstances contemplated in, and without having complied with the pre-emptive provisions (and subject to paragraph 1.3.4 to the extent applicable);
- 1.3.4 a Controlling Shareholder and a Significant Shareholder may at any time transfer any or all of its shares to any affiliate of that Shareholder without having to comply with the pre-emptive provisions stipulated in the Capevin MOI, provided that it has, prior to such transfer, given notice to the board of Capevin of such transfer; and
- 1.3.5 the pre-emptive process on transfer only applies to a disposal by a Controlling Shareholder and/or a Significant Shareholder.
- 1.4 Regard should be had to the Capevin B Share Terms which detail the consequences which will follow if Capevin B-Linked Ordinary Shares and/or Capevin B Shares are not transferred in accordance with the provisions of the Capevin B Share Terms.
- 1.5 The Capevin Ordinary Shares will afford Scheme Participants the same proportional economic interest and participation in Capevin as such participants held in Distell prior to implementation of the Scheme. As is the case in relation to Distell, the voting rights attaching to Capevin Ordinary Shares will be diluted by the voting rights attaching to the Capevin B Shares. The table below contains an illustrative example of the effect of such dilution, namely a Distell Ordinary Shareholder's shareholding and voting rights, and a Capevin Ordinary Shareholder's shareholding and voting rights, in Distell pre- and post- the Transaction:

Distell Ordinary Shareholder's interest in Distell

Economic interest in Distell	5.00%
Direct voting interest in Distell	3.21%

Capevin Ordinary Shareholder's interest in Capevin

Economic interest in Capevin	5.00%
Voting interest in Capevin	3.21%

- 1.6 It is anticipated that, subject to the Companies Act and the Capevin MOI, Capevin will declare and pay to the holders of Capevin Ordinary Shares distributions amounting to at least 80% of the Capevin Group's profit after tax for each financial year (calculated on a consolidated basis). The board of directors of Capevin may also from time to time declare and pay to the holders of Capevin Ordinary Shares such interim distributions as the board considers to be appropriate (but subject to the Companies Act and the Capevin MOI). Any dividends will be paid in accordance with the Laws of South Africa.
- 1.7 The Capevin B Shares are not entitled to participate in any dividends or distributions of Capevin, except if:
 - 1.7.1 the Capevin B Shares are repurchased by Capevin, in which event the Capevin B Shares are to be repurchased at their issue price;
 - 1.7.2 Capevin unbundles the equity securities of any subsidiary by way of a distribution *in specie* to the holders of Capevin Ordinary Shares, in which event Capevin shall, as far as possible, and unless otherwise agreed with the Capevin B Shareholders, procure that prior to such unbundling, the capital structure of the unbundled company is amended to be substantially the same as the capital structure of Capevin. Notwithstanding that the Capevin B Shareholders shall not be entitled to participate in the unbundling, they shall be entitled to subscribe for shares in the unbundled company for nominal consideration, which shares shall have equivalent rights, preferences, limitations and other terms to those of the Capevin B Shares; or
 - 1.7.3 Capevin is wound up, in which event the holders of the Capevin B Shares are entitled to be paid the issue price of the Capevin B Shares in priority to any winding-up payment or distribution being made to the holders of Capevin Ordinary Shares.
- 1.8 No dividend shall be declared or paid unless the Capevin Directors are satisfied on reasonable grounds that, immediately after payment of the dividend, the value of Capevin's assets will exceed its liabilities and Capevin will be able to pay its debts as they fall due.
- 1.9 Each Capevin Ordinary Share entitles the holder thereof to 1 vote per Capevin Ordinary Share.
- 1.10 Pre-emptive rights apply in respect of the issue of Capevin Ordinary Shares, subject to the terms and conditions of the Capevin MOI.
- 1.11 The extracts of the MOI of Capevin provided in Annexure 5 to this Distell Circular sets out the requirements to amend the Capevin MOI, including the preferences, rights, limitations and other terms attaching to the Capevin Ordinary Shares.

2. **SALIENT PREFERENCES, RIGHTS, LIMITATIONS AND OTHER TERMS ATTACHING TO CAPEVIN B SHARES**

- 2.1 The Capevin B Shares will be issued to Remgro Beverages, on a once-off basis, in the Capevin B Share Ratio, namely 2.117 (after rounding) Capevin B Shares for every 1 Capevin B-Linked Ordinary Shares to be held by Remgro Beverages, following the Capevin Distribution. In this regard:
 - 2.1.1 the Capevin B-Linked Ordinary Shares are 58,673,844 out of the 69,850,256 Capevin Ordinary Shares in aggregate in Capevin which will be transferred to Remgro Beverages pursuant to the Capevin Distribution, being the same number of Distell Ordinary Shares which are linked to Distell B Shares that Remgro Beverages currently holds and the same aggregate number of Distell Ordinary Shares that Remgro Beverages currently holds; and
 - 2.1.2 having regard to the number of Capevin B-Linked Ordinary Shares which are to be held by Remgro Beverages and applying the Capevin B Share Ratio, this equates to 124,226,613 Capevin B Shares which will be issued by Capevin to Remgro Beverages in terms of the Capevin B Share Issuance, being the same number of Distell B Shares that Remgro Beverages currently hold.
- 2.2 The Capevin B Shares will be issued to Remgro Beverages in order to mirror and maintain the 55.93% voting rights which Remgro Beverages held in Distell. The Capevin B Shares alone (excluding the Capevin Ordinary Shares which will be held by Remgro Beverages) will afford Remgro Beverages 35.80% voting rights in Capevin. The Capevin B Shares are only entitled to voting rights (which only become effective once the Capevin B Shares are linked to the Capevin B-Linked Ordinary Shares, which Capevin B Share Linking will occur automatically upon receipt by Remgro Beverages of its Capevin Ordinary Shares pursuant to the Capevin Distribution) and have no right to any economic participation in Capevin save for (i) the right, if repurchased, to be repurchased at their issue price, (ii) the right, upon liquidation of Capevin, for the Capevin B Shareholders to be paid the issue price of the Capevin B Shares before any liquidation payment or distribution is made to the Capevin Ordinary Shareholders and (iii) if Capevin unbundles the equity in any Subsidiary, the right to subscribe for shares in an unbundled Subsidiary for nominal

consideration, which shares shall have equivalent rights and limitations to those of the Capevin B Shares. Other than as detailed above, the Capevin B Shares are not entitled to share in any dividends or distributions by Capevin.

- 2.3 In the circumstances, the Capevin B Share Issuance does not lead to any economic dilution in Capevin for the holders of Distell Ordinary Shares, compared to their economic participation in Distell.
- 2.4 The voting rights attaching to the Capevin B Shares only become effective once the Capevin B Shares are linked to the Capevin B-Linked Ordinary Shares, which will occur upon receipt by Remgro Beverages of Capevin Ordinary Shares in terms of the Capevin Distribution.
- 2.5 The Capevin B Shares will be issued to Remgro Beverages in terms of the Capevin B Share Issuance at an issue price of R0.00001 per Capevin B Share. The aggregate issue price for the 124,226,613 Capevin B Shares which will be issued by Capevin to Remgro Beverages in terms of the Capevin B Share Issuance is, in the circumstances, an amount of R1 242.27.
- 2.6 The Capevin B Shares will be linked to the Capevin B-Linked Ordinary Shares by virtue of the provisions of the Capevin MOI (including the Capevin B Share Terms).
- 2.7 The Capevin B Share Terms provide for the immediate cessation of the voting rights attaching to the relevant Capevin B Shares, and the right in favour of Capevin to redeem the relevant Capevin B Shares at their issue price, upon the happening of certain events, namely:
 - 2.7.1 if there is no Capevin B Shareholder that, together with its related and/or concert parties, holds more than 25% of the Total Capevin Voting Rights;
 - 2.7.2 any disposal and/or transfer of Capevin B Shares without the relevant Capevin B Shareholder giving prior written notice to Capevin's company secretary;
 - 2.7.3 any disposal and/or transfer of Capevin B Shares without the accompanying Capevin B-Linked Ordinary Shares simultaneously being disposed of;
 - 2.7.4 any disposal and/or transfer of Capevin B-Linked Ordinary Shares without the accompanying linked Capevin B Shares simultaneously being disposed of;
 - 2.7.5 if a Capevin B Shareholder disposes and/or transfers its Capevin B Shares together with corresponding Capevin B-Linked Ordinary Shares and the transferee, together with its related and/or concert parties, fail to hold more than 25% of the Total Capevin Voting Rights;
 - 2.7.6 if a Capevin B Shareholder disposes and/or transfers its Capevin B Shares together with corresponding Capevin B-Linked Ordinary Shares and, as a result of the disposal, such Capevin B Shareholder together with its related to and/or concert parties no longer holds more than 25% of the Total Capevin Voting Rights;
 - 2.7.7 if, as a result of a transaction or series of transactions as contemplated in section 41(4)(b) of the Companies Act) relating to the disposal of Capevin B Shares together with the corresponding number of Linked Ordinary Shares, immediately after implementing such transaction or series of transactions:
 - 2.7.7.1 the combined voting rights of the transferor together with its related and/or concert parties comprise more than 25% of the Total Capevin Voting Rights; and
 - 2.7.7.2 the combined voting rights of the transferee(s), together with its/their related and/or concert parties comprise more than 25% of the Total Capevin Voting Rights,and such transferee has, at its sole discretion, elected not to make an offer to all of the other holders of the Capevin Ordinary Shares *mutatis mutandis* in accordance with section 123; (collectively, the "**Redemption Events**").
- 2.8 Where an offer to the Capevin Ordinary Shareholders (the minorities) is triggered as a result of the provisions of paragraph 2.7.7 or where the transferee is obliged to do so pursuant to section 123 of the Companies Act, the full consideration payable to the Capevin B Shareholders in terms of the transaction which triggers this offer will be attributed to the Capevin Ordinary Shares forming the subject matter of the offer and no value will be attributed to the Capevin B Shares.
- 2.9 If Capevin undertakes an alteration of its capital structure or certain corporate actions (as described in the Capevin MOI), which impacts the voting rights exercisable by the Capevin B Shareholders in relation to the Total Capevin Voting Rights (referred to as an 'Adjustment Event' in the Capevin B Share Terms), the number of Capevin B Shares held by the Capevin B Shareholders shall be increased or decreased, as the case may be, to maintain the position of the Capevin B Shareholders as regards their voting rights in relation to the Total Capevin Voting Rights after the Adjustment Event, as was the position prior to such Adjustment Event. In this regard:

- 2.9.1 If, for example, the Adjustment Event is a rights issue of Capevin Ordinary Shares in which the Capevin B Shareholders elect to follow their rights in respect of their Capevin B-Linked Ordinary Shares, further Capevin B Shares will be issued to the Capevin B Shareholders so as to ensure that they are able to exercise the same proportion of the Total Capevin Voting Rights after the Adjustment Event as they were able to exercise before the Adjustment Event. This is to prevent any unwarranted dilution of the Capevin B Shareholders' voting rights. Similarly, if there is any alteration to the capital structure of Capevin which has a dilutionary effect on the voting rights of the Capevin B Shareholders, such as a share split or a capital distribution, further Capevin B Shares will be issued to the Capevin B Shareholders so as to ensure that they are able to exercise the same proportion of the Total Capevin Voting Rights after the relevant Adjustment Event as they were able to exercise before the relevant Adjustment Event;
- 2.9.2 If a Capevin B Shareholder increases its interests in Capevin through the purchase of Capevin Ordinary Shares (and not through an Adjustment Event), no Adjustment Event will have occurred and, therefore, no further Capevin B Shares will be issued to such Capevin B Shareholder as a result of such purchase;
- 2.9.3 Any Adjustment Event which requires an increase in the number of Capevin B Shares held by the Capevin B Shareholders will be effected by way of an allotment and issue to the Capevin B Shareholders of the requisite number of Capevin B Shares at an issue price of R0.00001 per Capevin B Share;
- 2.9.4 Any Adjustment Event which requires a reduction in the number of Capevin B Shares held by the Capevin B Shareholders will be effected by way of a repurchase of the relevant number of Capevin B Shares by Capevin, in accordance with the provisions of the Companies Act, for a repurchase price equal to the issue price of each Capevin B Share, namely R0.00001; and
- 2.9.5 The following will not constitute Adjustment Events and will not result in an increase or decrease of the number of Capevin B Shares held by the Capevin B Shareholders and, in the circumstances, the Capevin B Shareholders will be diluted as a consequence of the occurrence of any of the following events, namely:
 - 2.9.5.1 an issue of Capevin Ordinary Shares in respect of which Capevin Ordinary Shareholders (including Capevin B Shareholders, as holders of Capevin B-Linked Ordinary Shares) are not entitled to participate, such as the issue of Capevin Ordinary Shares under any employee incentive scheme;
 - 2.9.5.2 a rights issue in respect of Capevin Ordinary Shares where the Capevin B Shareholders do not follow their rights in respect of their Capevin B-Linked Ordinary Shares;
 - 2.9.5.3 an issue of Capevin Ordinary Shares pursuant to an acquisition;
 - 2.9.5.4 a vendor consideration placing of Capevin Ordinary Shares;
 - 2.9.5.5 an issue of Capevin Ordinary Shares for cash or for the extinction of any liability, obligation, expense or commitment; or
 - 2.9.5.6 an amalgamation or merger in accordance with the provisions of section 113 of the Companies Act.
- 2.10 The detailed Capevin B Share Terms are set out in Annexure 6 to this Distell Circular and a tabular summary of the Capevin B Share Terms are set out in Annexure 7 to this Distell Circular.

EXTRACTS FROM THE CAPEVIN MOI

1. DEFINITIONS AND INTERPRETATION

In this MOI:

- 1.1 “**Act**” means the Companies Act No 71 of 2008, as amended from time to time, and any regulations published thereunder from time to time;
- 1.2 “**Affiliate**” means, in respect of any person, any other person who, directly or indirectly Controls or is Controlled by, or is under common Control with such person;
- 1.3 “**Annual Budget**” means in relation to any financial year of the Company, the budget (as amended from time to time) for the Group in respect of that financial year (or part thereof);
- 1.4 “**B Shares**” means the non-convertible, redeemable, no par value “B” Shares in the Company, as set out in Article 3.1.1.1 and having the rights, preferences, limitations and other terms as set out in Schedule 1;
- 1.5 “**Board**” means the board of directors of the Company from time to time;
- 1.6 “**Business Day**” means any day other than a Saturday, Sunday or gazetted national public holiday in South Africa;
- 1.7 “**Capevin Offer**” means the offer by Heineken to Shareholders who acquire Ordinary Shares pursuant to the DGHL Distribution, to acquire their Ordinary Shares on the Scheme Implementation Date, which offer shall be implemented pursuant to the Scheme;
- 1.8 “**Change of Control**” means, in relation to any body corporate:
 - 1.8.1 any person who Controls that body corporate ceasing to do so and ceasing to be an Affiliate of that body corporate; or
 - 1.8.2 the acquisition by any person of Control of the body corporate where such person was not an Affiliate of that body corporate prior to its acquisition of Control over it,

provided that, in the case of a Significant Shareholder or Controlling Shareholder that is Controlled by a single individual, a Change of Control shall be deemed not to have occurred as a result only of the shares in, and Control of, the Shareholder being transferred from that individual to (i) his/her spouse or descendants or (ii) any trust, juristic person or combination of natural or juristic persons co-operating pursuant to an agreement, arrangement or understanding over which such individual, his/her spouse or descendants have Control, provided that such spouse or descendants continue to have Control;
- 1.9 “**Control**” means, in relation to a person: (i) the direct or indirect beneficial ownership of over 50% of the equity interest of that person; (ii) the ability to exercise, directly or indirectly, over 50% of the voting rights exercisable by equity holders of that person; or (iii) the entitlement to appoint, directly or indirectly, a majority of members to the board or similar governing body of that person, or to appoint or remove such members having a majority of the votes exercisable at meetings of the board or similar governing body of that person;
- 1.10 “**Controlling Shareholder**” means a person holding more than 50% of the issued Shares of the Company;
- 1.11 “**DGHL**” means Distell Group Holdings Limited, registration number 2016/394974/06, a public company as defined in the Act;
- 1.12 “**DGHL Distribution**” means the distribution by DGHL of all the Ordinary Shares held by it to the DGHL Ordinary Shareholders on the Scheme Implementation Date as a distribution *in specie*, which distribution shall be implemented pursuant to the Scheme;
- 1.13 “**DGHL Ordinary Share**” means an ordinary share of no par value in the capital of DGHL;
- 1.14 “**DGHL Ordinary Shareholder**” means the registered holder of a DGHL Ordinary Share, from time to time;
- 1.15 “**DI**” means Distell International Limited, a company incorporated in accordance with the laws of Scotland under company number SC109881;

- 1.16 “**EBITDA**” refers to the Group’s earnings before interest, taxes, depreciation and amortisation, calculated on a consolidated basis, as set out in the Company’s most recent audited consolidated annual financial statements;
- 1.17 “**Electronic Communication**” has the meaning set out in section 1 of the Electronic Communications and Transactions Act No 25 of 2002, as amended from time to time, and any regulations published thereunder from time to time;
- 1.18 “**Group**” means the Company and its Subsidiaries from time to time;
- 1.19 “**Heineken**” means Heineken International B.V., registration number 33103545, a company incorporated under laws of the Netherlands;
- 1.20 “**IFRS**” means the International Financial Reporting Standards as issued from time to time by the International Accounting Standards Board or its successor body;
- 1.21 “**Implementation Agreement**” means the written implementation agreement entered into between Heineken, Sunside Acquisitions Proprietary Limited (registration number 2020/811071/07), DGHL, Namibia Breweries Limited (registration number 1920/0002), NBL Investment Holdings (Proprietary) Limited (registration number 1998/0546) and Ohlthaver & List Beverage Company (Proprietary) Limited (registration number 1933/0142) on 14 November 2021;
- 1.22 “**Material Subsidiary**” means a Subsidiary of the Company whose assets or revenue represents 10% or more of the total consolidated assets or total revenue of the Group, calculated on a consolidated basis, as set out in the Company’s most recent audited consolidated annual financial statements;
- 1.23 “**Ordinary Shareholder**” means the registered holder of Ordinary Shares;
- 1.24 “**Ordinary Shares**” means ordinary no par value Shares in the Company, as set out in Article 3.1.1.1 and having the rights, preferences, limitations and other terms set out in Article 3.1.2;
- 1.25 “**Rand**” or “**R**” means South African Rand, being the official currency of South Africa;
- 1.26 “**Related Party Transaction**” means any transaction between the Company or a Subsidiary of the Company (on the one hand) and a Shareholder or any person related or inter-related to a Shareholder (on the other hand) (excluding, for the avoidance of doubt, any transaction between the Company and a Subsidiary of the Company);
- 1.27 “**Scheme**” means the scheme of arrangement in terms of which, *inter alia*, the DGHL Distribution and the Capevin Offer are effected, as described in the Implementation Agreement;
- 1.28 “**Scheme Implementation Date**” means the Business Day on which the Scheme will become operative and be implemented, as contemplated in the Implementation Agreement;
- 1.29 “**Share**” means any share in the authorised capital of the Company of whatever class, including all rights and interests in and to such shares;
- 1.30 “**Shareholders**” collectively refers to all the shareholders holding Shares in the Company;
- 1.31 “**Significant Shareholder**” means:
 - 1.31.1 any person, excluding the Controlling Shareholder, holding at least 10% of the issued Ordinary Shares; and
 - 1.31.2 Heineken, if it did not acquire at least 10% of the issued Ordinary Shares pursuant to the Capevin Offer, as long as it retains all the issued Ordinary Shares it acquired pursuant to the Capevin Offer;
- 1.32 “**South Africa**” means the Republic of South Africa;
- 1.33 “**Subsidiary**” means “subsidiary” as defined in the Act and also includes a person incorporated outside of South Africa which would, if incorporated in South Africa, be a “subsidiary” as defined in the Act;

3. SECURITIES OF THE COMPANY

- 3.1.2 Each Ordinary Share shall entitle the holder thereof to the right to:
 - 3.1.2.1 be entered in the securities register of the Company as the registered holder of that Ordinary Share;
 - 3.1.2.2 exercise voting rights on all matters submitted for a decision to Shareholders;
 - 3.1.2.3 attend, participate in, speak at and vote on any matter to be considered at, any meeting of Shareholders;

- 3.1.2.4 exercise one vote per Ordinary Share held;
- 3.1.2.5 participate proportionally in any distributions made by the Company in respect of Ordinary Shares;
- 3.1.2.6 receive, proportionally, the total net assets of the Company remaining upon its liquidation, and
 - any other rights attaching to the Ordinary Share in terms of the Act or any other law.
- 3.1.3 The B Shares shall have rights, preferences, limitations and other terms as set out in Schedule 1.
- 3.1.4 Subject to Article 6.6, the Board shall have the power to amend the authorisation (including increasing or decreasing the number of authorised Shares) and classification of Shares (including determining rights and preferences) as contemplated in section 36(3) read with 36(2)(b).
- 3.1.5 If the Board proposes to issue any authorised but unissued Shares in the Share capital of the Company, the pre-emptive rights of the Company's Shareholders to be offered and to subscribe for additional shares, as set out in section 39(2) read with sections 39(3) and 39(4) do not apply and instead, in the case of a proposed issue of Ordinary Shares, such Shares shall first be offered for subscription to existing Ordinary Shareholders, and may be issued by the Board, in accordance with Article 7, and in the case of a proposed issue of B Shares, such Shares may be issued by the Board in accordance with Schedule 1. Any other issue of authorised but unissued Shares shall require approval in terms of Article 6.6.1.
- 3.1.6 The authority of the Board to authorise the Company to provide financial assistance in relation to the subscription of any option or securities, or for the purchase of any securities, of the Company or of a related or inter-related company, as set out in section 44 is not amended by this MOI.
- 3.1.7 The authority of the Board to approve the issuing of any authorised Shares of the Company as capitalisation Shares, to issue shares of one class as capitalisation Shares in respect of Shares of another class, and to resolve to permit Shareholders to elect to receive a cash payment *in lieu* of a capitalisation share, as set out in section 47(1), is not amended by this MOI.
- 3.1.8 The Shares are subject to the further terms set out in Schedule 2 and any transfer of Shares by a Shareholder must comply with the requirements, and will be subject to the restrictions, in Schedule 1 and/or Schedule 2 (as applicable).
- 4.1 **Shareholders' right to additional information**
 - 4.1.1 In addition to the rights to access information set out in sections 26(1) and 31:
 - 4.1.1.1 every Shareholder has the further rights to information, set out below:
 - 4.1.1.1.1 the Board may, from time to time, in its discretion, grant a Shareholder the right to access any information pertaining to the Company in addition to that to which he is entitled in terms of section 26(1) or otherwise in terms of this MOI; and
 - 4.1.1.1.2 the grant of any additional information right(s) shall be on such terms and subject to such conditions and for such period(s) as the Board may determine in writing, provided that the confidential information of the Company is adequately protected;
 - 4.1.1.2 the Controlling Shareholder and each Significant Shareholder shall be provided with a copy of any notice convening any meeting of the Board, any resolution proposed to be adopted by the Board, including any materials provided to the Directors in connection with any such meeting or resolution, as well as any other notice or formal communication by the Company to the Directors, at the same time that they are provided to the Directors;
 - 4.1.1.3 the Controlling Shareholder and each Significant Shareholder shall be entitled to be provided with any information pertaining to the Company (including such business plans as may exist and information required for purposes of financial reporting by a listed Controlling Shareholder or Significant Shareholder, which may require the company to undertake additional accounting procedures as may be reasonably required), which is reasonably requested by such Shareholder;
 - 4.1.1.4 the Controlling Shareholder and each Significant Shareholder shall be entitled, without any charge, to inspect and copy the Annual Budget in respect of each financial year (or part thereof);

- 4.1.1.5 the Group shall at all times maintain accurate and complete accounting and other financial records in accordance with the requirements of all applicable laws and IFRS, as the case may be;
- 4.1.1.6 the Company will prepare and deliver to the Controlling Shareholder and each Significant Shareholder (in a form determined by the Board):
 - 4.1.1.6.1 within 10 Business Days after the end of the month in question, monthly management accounts including a profit and loss account, balance sheet and cash flow statement for the Group;
 - 4.1.1.6.2 within 20 Business Days after the end of each calendar quarter a report by the Board on the financial position and affairs of the Group (including a report on Related Party Transactions and costs) for that quarter;
 - 4.1.1.6.3 as soon as practicable and by no later than two months after the end of the financial year to which they relate, copies of the Group's annual audited accounts; and
 - 4.1.1.6.4 as soon as they are available, full details of any actual or prospective material change in the Group's business or the financial position or affairs of the Group;
- 4.1.1.7 the Company shall provide to the Controlling Shareholder and each Significant Shareholder reasonable access to the auditors of the Company.
- 4.1.2 A director shall be entitled to pass to the Shareholder that appointed the director or nominated the director for appointment (and Affiliates of such Shareholder) any information in relation to the Company that may come into the director's possession while acting in that capacity, but a Shareholder shall not and shall procure that its Affiliates shall not (unless it is under a legal or regulatory obligation to do so) use such information to the detriment of the Group.

5.7 **Quorum for Shareholders' meetings**

- 5.7.1 The quorum requirement for a Shareholders' meeting to begin shall be such that:
 - 5.7.1.1 a Shareholders' meeting may not begin until sufficient persons are present at the meeting to exercise, in aggregate, at least 50% of the voting rights that are to be entitled to be exercised in respect of at least one matter to be decided at the meeting; and
 - 5.7.1.2 a matter to be decided at a Shareholders' meeting may not begin to be considered unless sufficient persons are present at the meeting to exercise, in aggregate 50% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda,

provided that, in addition, a meeting may not begin, or a matter may not be considered (i) unless the Controlling Shareholder and all Significant Shareholders are present at the meeting in person or by proxy, and (ii) if the Company has more than two Shareholders, unless at least three Shareholders entitled to attend and vote, are present at the meeting in person or by proxy.
- 5.7.2 If within 30 minutes of the appointed time for a meeting to begin, a quorum is not present, the meeting will automatically (without any further action or formalities being required, unless the location of the meeting is different) be postponed for one week.
- 5.7.3 If a quorum is not present when a matter is called on the agenda, if there is other business on the agenda, consideration of that matter may be postponed to a later time in the meeting (without further action or formalities being required). If there is no further business on the agenda, the meeting will automatically be adjourned (without any further action or formalities being required, unless the location of the meeting is different) for one week.
- 5.7.4 The chairperson of the meeting shall be entitled to extend the 30 minute time period referred to in Article 5.7.2 in the circumstances contemplated in section 64(5).
- 5.7.5 If at the appointed time for a postponed meeting to begin or an adjourned meeting to resume, the quorum requirements are not met, those Shareholders who are entitled to exercise voting rights in relation to the Company present in person or by proxy will be deemed to constitute a quorum.

5.8 Shareholders' resolutions

- 5.8.1 For an ordinary resolution to be adopted, it must be supported by more than 50% of the voting rights exercised on the resolution, as provided in section 65(7).
- 5.8.2 For a special resolution to be adopted, it must be supported by the holders of at least 75% of the voting rights exercised on the resolution, as provided in section 65(9).
- 5.8.3 A special resolution is not required for any matter to be determined by the Company, except those matters set out in section 65(11) or elsewhere in the Act.

5.9 Chairperson

The chairperson of the Board shall act as the chairperson of each Shareholders meeting, provided that if, at any meeting, the chairperson has notified his inability to attend or is not present within 30 minutes of the time appointed for the meeting, the Shareholders present shall choose another director or, if no director is present and willing to act, one of the Shareholders present, to be the chairperson of that meeting.

6. DIRECTORS AND OFFICERS

6.1 Composition of the Board

- 6.1.1 The Board consists of not less than three directors.
- 6.1.2 The Shareholders shall be entitled, by giving written notice to that effect to the Company, to appoint or nominate directors and alternate directors for election as set out below:
 - 6.1.2.1 the Controlling Shareholder, together with all its Affiliates who are Shareholders, shall be entitled to nominate such number of persons as constitutes the majority of the total number of persons on the Board, taking into account Articles 6.1.2.2 to 6.1.2.4 below, for election as directors and to remove and replace such directors (and their alternates);
 - 6.1.2.2 each Significant Shareholder as contemplated in clause 1.31.1, together with all its Affiliates who are Shareholders, shall, for each complete 10% of the issued Ordinary Share capital in the Company held by that Significant Shareholder and its Affiliates, be entitled to appoint one person as a director (and his/her alternate) and to remove and replace such director (and his/her alternate), as contemplated in section 66(4)(a)(i);
 - 6.1.2.3 Heineken shall, for as long as it is a Significant Shareholder as contemplated in clause 1.31.2, be entitled to appoint one person as a director (and his/her alternate) and to remove and replace such director (and his/her alternate), as contemplated in section 66(4)(a)(i);
 - 6.1.2.4 the Significant Shareholders as contemplated in clause 1.31.1, together with all their Affiliates who are Shareholders, shall, collectively, be entitled to appoint one person as a director (and his/her alternate) and to remove and replace such director (and his/her alternate), as contemplated in section 66(4)(a)(i) for each complete 10% of the aggregate issued ordinary share capital in the Company collectively held by all the Significant Shareholders and their Affiliates, not taking into account any shareholding for which the Significant Shareholders, and their Affiliates, are entitled to appoint directors in terms of Article 6.1.2.2.

For example, and by way of illustration only, if Significant Shareholders, together with their Affiliates who are Shareholders, may in aggregate appoint two persons in terms of Articles 6.1.2.2 to 6.1.2.4, then the Controlling Shareholder may nominate three persons in terms of Article 6.1.2.1, and if such Significant Shareholders, together with their Affiliates who are Shareholders, may in aggregate appoint three persons in terms of Articles 6.1.2.2 to 6.1.2.4, then the Controlling Shareholder may nominate four persons in terms of Article 6.1.2.1.

- 6.1.3 Each Significant Shareholder irrevocably and unconditionally agrees to vote all of its Shares in favour of any resolution to elect any director/s nominated by the Controlling Shareholder in terms of Article 6.1.2.1, and appoints the Controlling Shareholder as its proxy and agent *in rem suam* to represent it at any meeting for purposes of passing any resolution electing any one or more of the director/s (and/or their alternate/s concerned), and to sign and execute any document (including any proxy or written resolution) necessary or desirable to give effect to the provisions of this Article.

- 6.1.4 If any Shareholder ceases to be entitled to appoint or nominate a director (including an alternate director) in terms of Article 6.1.2, then that Shareholder:
 - 6.1.4.1 shall be obliged to procure at its cost and expense the resignation of each director and alternate director appointed or nominated for election by that Shareholder; and
 - 6.1.4.2 indemnifies the Company and each of the Shareholders (and their respective directors, officers, managers and employees) in respect of any claims, losses, costs or expenses whatsoever (including indirect and consequential damages) which may be suffered or incurred by any of them arising out of or in connection with:
 - 6.1.4.2.1 any such director (or his/her alternate) refusing to resign with immediate effect for any reason;
 - 6.1.4.2.2 any contract between the director (or his alternate) concerned and the Company; or
 - 6.1.4.2.3 any claim for wrongful or unfair dismissal or redundancy or any other claim for compensation arising out of such removal or loss of office.
- 6.1.5 At least 50% of the directors (and at least 50% of any alternates) must be elected by holders of the Company's securities entitled to exercise voting rights, as contemplated in section 68 read with section 66(4)(b).
- 6.1.6 Each alternate director is entitled to act as a director in the absence of the director for whom he is an alternate.
- 6.1.7 In addition to the appointed directors as contemplated in Articles 6.1.2.2 to 6.1.2.4 and the elected directors there are no other appointed directors or any *ex officio* directors, as contemplated in sections 66(4)(a)(i) and 66(4)(a)(ii).
- 6.1.8 A person does not need to satisfy any eligibility requirements or qualifications in addition to the qualification and eligibility requirements set out in section 69, to be entitled to become or remain serving as a director or a prescribed officer of the Company.
- 6.1.9 Each appointed or elected director of the Company serves for an indefinite term, as contemplated in section 68(1).
- 6.1.10 The manner of electing directors of the Company is as set out in section 68(2).
- 6.1.11 The authority of the Board to fill any vacancy on the Board on a temporary basis, as set out in section 68(3), is not amended by this MOI.

6.2 **Authority of the Board**

- 6.2.1 Except to the extent contemplated in Article 6.6, the authority of the Board to manage and direct the business and affairs of the Company, as set out in section 66(1), is not amended by this MOI.
- 6.2.2 If the number of directors falls below the minimum number of directors required, the remaining director(s) shall, as soon as possible and in any event not later than three months from the date that the number of directors fell below the minimum, fill the vacancies or call a general meeting for the purpose of filling the vacancies.
- 6.2.3 The failure by the Company to have the minimum number of directors during the three month period referred to in Article 6.2.2 does not limit or negate the authority of the Board.
- 6.2.4 After the expiry of the three month period referred to Article 6.2.2, the remaining directors may act only to:
 - 6.2.4.1 increase the number of directors to the required minimum; or
 - 6.2.4.2 summon a general meeting for that purpose, provided that if there is no director able or willing to act, then any Shareholder may convene a general meeting for that purpose.

6.4.7 **Quorum for Board meetings**

The quorum requirement for a Board meeting to begin, the voting rights at such a meeting, and the requirements for approval of a resolution at such a meeting, are as set out in section 73(5), without variation, except that a quorum shall (unless otherwise agreed in writing by all Directors in relation to a particular meeting) not be established unless all the directors nominated for appointment by the Controlling Shareholder and all the directors appointed by each of the Significant Shareholders are present at the meeting.

6.5 Voting

- 6.5.1 Each director has one vote on a matter before the Board.
- 6.5.2 Subject to Article 6.6, a Board resolution shall be approved by the majority of the votes cast on that resolution.

6.6 Board reserved matters

Notwithstanding anything to the contrary contained in this MOI, for as long as there are Significant Shareholders, the Company shall not undertake, and (to the extent applicable) shall procure that no Subsidiary of the Company undertakes, any of the following matters without approval by at least one director appointed by each Significant Shareholder in terms of Articles 6.1.2.2 to 6.1.2.4:

- 6.6.1 alterations to the Company or a Material Subsidiary's share capital or any restructuring of the Group involving a Material Subsidiary, including:
 - 6.6.1.1 amending the authorisation and classification of Shares as contemplated in Article 3.1.3; and
 - 6.6.1.2 the issue of shares or securities convertible into shares, the granting of options to subscribe for shares or securities convertible into shares, or entering into any agreement do to any of the aforesaid,

other than an issue of Shares in compliance with Article 3.1.5. For the avoidance of doubt, "alterations to the Company or a Material Subsidiary's share capital" do not include the transfer of issued shares, except where such a transfer requires approval in terms of paragraph 2.2 of Schedule 2;
- 6.6.2 the liquidation, winding-up or business rescue of the Company or any Material Subsidiary;
- 6.6.3 any amendment of the MOI;
- 6.6.4 any acquisition, disposal, merger, joint venture, or listing on a securities exchange involving the Company, any Subsidiary of the Company or their respective shares, the aggregate value of which exceeds R1 000 000 000, other than a disposal of shares in accordance with Schedule 1 or 2 or a disposal, merger or joint venture relating to the business conducted as at the Scheme Implementation Date by Castle Wine and E K Green Limited;
- 6.6.5 the Group incurring debt or borrowings, granting any security or issuing debentures or preference Shares to the extent that this would result in the Group having an EBITDA to interest ratio (measured on a consolidated basis, over a rolling 12-month period) of less than 4:1;
- 6.6.6 the Company or any Subsidiary of the Company entering into, amending or terminating any Related Party Transaction;
- 6.6.7 the Company or any Subsidiary of the Company entering into, amending or terminating any agreement (other than a Related Party Transaction) or licence, other than (i) in the ordinary course of business or (ii) a termination of the supply agreement between Castle Wine and E K Green Limited and United Distillers Southern Africa Proprietary Limited;
- 6.6.8 the declaration or payment of a dividend or other distribution by the Company, other than in accordance with Article 13.1.1;
- 6.6.9 any change to the financial year end of the Company or any Subsidiary of the Company;
- 6.6.10 the approval of the Group's accounting policies and any change in the Group's basis of accounting or accounting policies, except to the extent required by IFRS; and
- 6.6.11 a decision contemplated in clause 7.2.

6.7 Tied votes

In the case of a tied vote, the chairperson shall not have a casting or deciding vote and the matter being voted shall fail.

6.8 Chairperson

- 6.8.1 The chairperson of the Board shall be appointed and removed by the Controlling Shareholder.
- 6.8.2 If the chairperson is absent from a meeting for any reason, the directors nominated by the Controlling Shareholder as contemplated in Article 6.1.2.1 shall elect one of their number to be the chairperson of that meeting.

7. FUNDING

7.1 Responsibility of the Board

Subject to the provisions of this MOI, the Board will be responsible for determining the future financial requirements from time to time of the Group.

7.2 Sources of future funding

Unless and to the extent otherwise decided by the Board in accordance with Article 6.6.11, the Company will use its reasonable commercial endeavours to procure that such future financial requirements of the Group are met as far as is practicable from:

7.2.1 the Group's own resources; or

7.2.2 borrowings from banks and other third party sources on the most favourable terms reasonably obtainable as to interest, repayments and security (but without allowing any prospective lender a right to participate in the equity share capital of the Company or any Subsidiary as a condition of any loan).

7.3 Shareholders' future financial commitments

If the Board determines that the Group requires funding which will not be provided from the sources referred to in Article 7.2, then the Shareholders may be requested to provide such funding in proportion to their existing shareholding in accordance with Articles 3.1.5 and 8.

8. PROCESS IN RESPECT OF RIGHTS OF PRE-EMPTION ON ISSUE

8.1 If the Board proposes to issue any Ordinary Shares as contemplated in Article 3.1.5, then the Board shall notify the Ordinary Shareholders in writing (an "**Issue Notice**") and shall set out in the Issue Notice the total number of shares proposed to be issued, the subscription price per share (which must be calculated on the basis of the fair market value of the Company as at the date on which the Issue Notice is provided, as determined by the Board) and the number and class of shares for which the Shareholder is entitled to subscribe.

8.2 A Shareholder may elect by way of a written notice to the Board delivered within 20 Business Days of the Board providing the Issue Notice, to subscribe for its *pro rata* portion of the Ordinary Shares of the proposed issue (being the proportion that each Ordinary Shareholder's shareholding bears to the total issued Ordinary Shares) or a greater (but not smaller) proportion than its *pro rata* portion, provided that:

8.2.1 such election in respect of a greater proportion than its *pro rata* portion will only be effective in respect of the excess if and to the extent that other Ordinary Shareholders do not elect to subscribe for their full respective *pro rata* entitlement within the 20 Business Day period contemplated above in this Article 8.2; and

8.2.2 if elections made within the 20 Business Day period contemplated above in this Article 8.2 together constitute elections to subscribe for more than the aggregate number of Ordinary Shares of the proposed issue, then the aggregate number of Ordinary Shares of the proposed issue as set out in the Issue Notice shall be apportioned amongst the Ordinary Shareholders who have elected to subscribe for at least their respective *pro rata* entitlement within the 20 Business Day period contemplated above in this Article 8.2, in the proportions as near as may be to their existing holdings of Ordinary Shares in the Company on the date on which the Board provided the Issue/Funding Notice (each rounded to the nearest whole number), but on the basis that no Ordinary Shareholder shall be obliged to subscribe for more than the Ordinary Shares in respect of which it made an election.

8.3 As soon as reasonably possible after expiry of the 20 Business Day period contemplated in Article 8.2, the Board shall notify the Ordinary Shareholders who have elected to subscribe for at least their respective *pro rata* entitlement of the exact number of Ordinary Shares for which they must subscribe and the subscription amount of those Shares (calculated with reference to the subscription price per Ordinary Share indicated in the Issue Notice) or the exact amount of funding which they must provide, as applicable, which number of Ordinary Shares or amount of funding shall be calculated by applying the principles set out in Article 8.2 ("**Issue Calculation Notice**").

8.4 Each relevant Ordinary Shareholder shall within five Business Days of the date on which the Board provides the Issue Calculation Notice, pay to the Company in cash the subscription price for the Ordinary Shares or the amount of the funding, as applicable, set out in the Issue Calculation Notice, failing which it shall cease to be entitled to subscribe for the relevant shares or to provide the relevant funding, as applicable.

- 8.5 Upon receipt by the Company of the subscription price of the Ordinary Shares as contemplated in the Issue Calculation Notice (if applicable), the Company shall procure the issue of the relevant Ordinary Shares to the relevant Ordinary Shareholder.
- 8.6 Notwithstanding anything to the contrary in this MOI, the Board may in its discretion exclude from any proposed issue of Ordinary Shares as contemplated in Article 3.1.5 any category of holders of the Company's Ordinary Shares who are not resident within South Africa (other than a Significant Shareholder).

11. SIGNIFICANT SHAREHOLDERS' RIGHT TO PARTICIPATE

Significant Shareholders shall, prior to the adoption of the Annual Budget, have the right to participate fully in any discussions relating to the Annual Budget and to be provided with any information pertaining to the Annual Budget, which is reasonably requested by the Significant Shareholder to be able to participate in such discussions. In the case of a disagreement between any Significant Shareholders and the Controlling Shareholder in relation to the Annual Budget, such disagreement shall be escalated to the chief executive officers (or equivalent officers) of the relevant Significant Shareholders and Controlling Shareholder for resolution. If the disagreement cannot be resolved within 10 Business Days, the Controlling Shareholder retains the ultimate right to determine the matter. Significant Shareholders shall not enjoy the right to veto matters relating to the Annual Budget.

12. DISPOSAL OF DI

As long as Heineken is a Significant Shareholder, the Company shall use its best endeavours to dispose of all of its shares in DI or the entire business and/or assets of DI at a consideration agreed in writing with Heineken as soon as possible after the Scheme Implementation Date and the net after tax proceeds from such disposal shall, after settling or providing for any liabilities associated with the relevant assets or business, be distributed to the Ordinary Shareholders in accordance with Article 13.1.1.4. For purposes of this Article 12, "best endeavours" means that the Company must do all such things as are or may be necessary or desirable to achieve the disposal contemplated in this clause 12, but this does not include undertaking actions or omissions that would give rise to a breach of any Law and, for the avoidance of doubt, shall not be construed as imposing an obligation on the Company to procure absolutely that the result is achieved. Each of the Controlling Shareholder and the Significant Shareholders shall have the right to participate in any disposal process contemplated in this clause alongside other prospective buyers.

13. GENERAL PROVISIONS

13.1 Distributions

- 13.1.1 The Company shall declare and pay to the Ordinary Shareholders at least 80% of the Group's profit after tax for each financial year, calculated on a consolidated basis:
- 13.1.1.1 taking into account the working capital and capital expenditure requirements of the Company;
 - 13.1.1.2 subject to section 46;
 - 13.1.1.3 provided that such distribution does not result in the Company incurring, or requiring to incur (i) foreign debt or borrowings and/or (ii) local debt or borrowings on terms unreasonable to the Board, and/or (iii) debt or borrowings of which interest costs associated with same are not tax deductible for the Company; and
 - 13.1.1.4 provided further that the entire net after tax proceeds from any disposal of the whole or a portion of any business or assets of the Company as contemplated in Article 12 shall, after settling or providing for any liabilities associated with the relevant assets or business, be declared and paid to the Ordinary Shareholders as a distribution within one month of receipt of such proceeds, subject to Articles 13.1.1.2 and 13.1.1.3.
- 13.1.2 Subject to Articles 6.6 and 13.1.1, the Board may from time to time declare and pay to the Ordinary Shareholders such interim distributions as the Board considers to be appropriate.
- 13.1.3 Any dividends in relation to any financial year of the Company that have not been declared and paid to Ordinary Shareholders as interim distributions (as contemplated in Article 13.1.2) shall be declared and paid as soon as reasonably possible after the end of the relevant financial year to which they relate, but in any event within six months of the end of the relevant financial year (subject to the finalisation of the audit of the Company's annual financial statements with respect to such financial year).

- 13.1.4 All dividends declared in respect of the Ordinary Shares, will be allocated and paid in accordance with the proportionate shareholding of the Ordinary Shareholders in the Company (being the proportion that each Ordinary Shareholder's shareholding bears to the total issued Ordinary Shares).
- 13.1.5 Distributions payable in monetary form shall be declared in the currency of South Africa.
- 13.1.6 No distribution shall bear interest as against the Company.
- 13.1.7 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.
- 13.1.8 All cash distributions, interest or other moneys payable to an Ordinary Shareholder may be paid by electronic funds transfer or otherwise, in such manner as the Board may from time to time determine. The payment by electronic transfer into the bank account recorded in the bank account register of the Company (if any) nominated by the Ordinary Shareholder, or in the case of joint Ordinary Shareholders, into the bank account nominated by the Ordinary Shareholder whose name stands first in the securities register in respect of the Share, shall be a good discharge by the Company in respect thereof.
- 13.1.9 Every payment of a distribution made by electronic funds transfer shall be made at the risk of the Ordinary Shareholders or joint Ordinary Shareholders. The Company shall not be responsible for the loss in transmission or misdirection of any electronic transfer.
- 13.1.10 A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a Share held by such holder or joint holders.
- 13.1.11 When such electronic funds transfer is paid, it shall discharge the Company of any further liability in respect of the amount concerned.
- 13.1.12 Any distribution declared may be paid and satisfied either wholly or in part by the distribution of specific assets or in cash or in one or more of such ways, subject to the provisions of the Act, as the Board may at the time of authorising the distribution determine and direct.
- 13.1.13 If as a result of the declaration of a distribution any Ordinary Shareholders become entitled to fractions of any specific assets of the Company, the Board may sell the assets represented by such fractions and after deducting the expenses of such sale distribute the balance of the proceeds of the sale amongst the Ordinary Shareholders entitled to the fractions in proportion to their entitlement.
- 13.1.14 For the purpose of this Article 13.1, any notice of new bank account details or a change of bank account details or any instruction as to payment being made into any other bank account, not reflected in the securities register or the bank account register of the Company (if any) at the time of declaration of the distribution, which is received by the Company between the time of declaration of the distribution and the applicable time of payment of the distribution, shall become effective only after such time of payment.
- 13.1.15 Any unclaimed distributions payable or distributable to an Ordinary Shareholder shall be held in trust by the Company for a period of three years from the date on which they were declared, whereafter such unclaimed distributions may be declared forfeited by the Board for the benefit of the Company. Board may at any time annul such forfeiture upon such conditions (if any) as it thinks fit. All unclaimed monies, other than distributions, that are due to any Ordinary Shareholder/s shall be held by the Company in trust for an indefinite period until lawfully claimed by such Ordinary Shareholder/s.

13.5 **Good faith**

- 13.5.1 The Controlling Shareholder, the Significant Shareholders and the Company shall at all times observe the principles of good faith towards one another in the performance of their obligations in terms of this MOI and, without limiting the generality of the foregoing, they shall:
 - 13.5.1.1 at all times act reasonably, honestly and in good faith;
 - 13.5.1.2 perform their obligations arising from this MOI diligently and with reasonable care; and
 - 13.5.1.3 make full disclosure to each other of any matter that may affect the implementation of this MOI.

- 13.5.2 It is recognised that the continued growth of the Company will be for the benefit of all Shareholders and accordingly the Controlling Shareholder and the Significant Shareholders undertake at all times to act in their mutual interests and in the best interests of the Company and in good faith to one another.
- 13.5.3 The Controlling Shareholder and the Significant Shareholders shall at all times do all such things, perform all such actions and take all such steps (including in particular the exercise of their respective voting rights in the Company) and procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect and maintenance of the terms, conditions and import of this MOI.

Schedule 2 to the Capevin MOI: Transfer of Shares, Odd-lot Offers and Forced Sale

1. DEFINITIONS

For purposes of this Schedule 2:

- 1.1 **“Fair Market Value”** or **“FMV”** means the fair market value, as calculated in terms of paragraph 10;
- 1.2 **“Forced Sale Offer”** has the meaning given thereto in paragraph 9;
- 1.3 **“Insolvency Event”** in respect of a person, means:
- 1.3.1 it is dissolved, terminated or deregistered, unless reinstated or re-registered within 10 Business Days after the date of a dissolution, termination or deregistration;
 - 1.3.2 a final order or declaration is made, or a resolution is passed, for the sequestration, curatorship, administration, custodianship, bankruptcy, business rescue, liquidation, winding-up, receivership, trusteeship or re-organisation of that person, or of a material part of its assets or undertaking, in each case, whether by way of voluntary arrangement, scheme of arrangement or otherwise;
 - 1.3.3 a curator, sequestrator, administrator, liquidator, conservator, receiver, administrative receiver, business rescue practitioner, compulsory manager, trustee, custodian or other similar official appointed for it or for any material part of its assets or undertaking;
 - 1.3.4 it is unable (or admits inability) to pay its debts generally as they fall due or is (or admits to being) otherwise insolvent;
 - 1.3.5 it proposes or seeks to make or makes a general assignment or any arrangement or composition or compromise with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting its indebtedness, or it is or is deemed by any Law to be “financially distressed”; or
 - 1.3.6 it is the subject of, or is subjected to, any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs 1.3.1 to 1.3.5 (all inclusive);
- 1.4 **“Offering Shareholder”** means, for purposes of paragraphs 3 and 9, the Controlling Shareholder or a Significant Shareholder;
- 1.5 **“Remaining Shareholders”** means, for purposes of paragraphs 3 and 9 (i) in the case of a notice by the Controlling Shareholder, the Significant Shareholders (if any) and, (ii) in the case of a notice by a Significant Shareholder, the Controlling Shareholder and any other Significant Shareholders.

2. RESTRICTIONS ON THE TRANSFERABILITY OF SHARES

The following provisions restricting the transferability of Shares shall apply:

- 2.1 No Shareholder shall sell, transfer or grant any security interest over or otherwise dispose of any Share or grant any interest in any Share other than in accordance with this MOI.
- 2.2 Until the earlier of (i) the date on which Heineken is no longer a Significant Shareholder or (ii) the third anniversary of the Scheme Implementation Date, the Controlling Shareholder may not transfer any of its Shares to any person without approval in terms of Article 6.6.1 if such a transfer would result in the Controlling Shareholder ceasing to Control the Company.
- 2.3 Except in the case of transfers permitted under paragraphs 2.4, 8 and 9, the Controlling Shareholder and the Significant Shareholders may not transfer any of their Shares other than in the circumstances contemplated in, and without having complied with the provisions of, paragraph 3 (and subject to paragraph 2.2, to the extent applicable).

- 2.4 A Controlling Shareholder and a Significant Shareholder may at any time transfer any or all of its Shares to any Affiliate of that Shareholder without having to comply with the provisions of paragraph 3, provided that it has, prior to such transfer, given notice to the Board of such transfer.

3. PROCESS IN RESPECT OF RIGHTS OF PRE-EMPTION ON TRANSFER

- 3.1 An Offering Shareholder may sell all or a portion of its Shares in (“**Offered Shares**”) and loan claims against (“**Offered Loan Claims**”) the Company in accordance with this paragraph 3.
- 3.2 If an Offering Shareholder receives an offer from a *bona fide* third party (which may include any other Shareholder) (the “**Third Party**”) to purchase its Offered Shares and Offered Loan Claims, which offer it wishes to accept, then the Offering Shareholder shall notify the Remaining Shareholders in writing (an “**Offer Notice**”) and offer the Offered Shares and Offered Loan Claims to the Remaining Shareholders in the relative proportions in which the Remaining Shareholders at the time hold shares in the issued share capital of the Company, provided that the Offered Shares and Offered Loan Claims shall be rounded to the nearest whole number (the “**Offer**”). The Offer Notice must set out the aggregate number of Offered Shares and the amount of the Offered Loan Claims (if any) to be sold, the purchase price therefor (which must be the same as that offered by the Third Party, be denominated in Rand and be payable in cash), the name of the Third Party and such other information as may be required to establish the identity of the Third Party, the Acceptance Threshold (as defined in paragraph 3.7), the number of Offered Shares and the amount of the Offered Loan Claims (if any) which that Remaining Shareholder will be entitled to purchase, and set out all the terms and conditions of the offer by the Third Party.
- 3.3 The Offer shall be open for acceptance for a period of two months after the date of the Offer Notice.
- 3.4 If an Offer is accepted, such acceptance must be in writing and any of the Remaining Shareholders may accept the Offer in respect of their *pro rata* share or a greater (but not smaller) proportion of the Offered Shares and Offered Loan Claims than its *pro rata* share thereof, provided that:
- 3.4.1 any acceptance in respect of a greater proportion of the Offered Shares and Offered Loan Claims than its *pro rata* share thereof will only be effective if and to the extent that the other Remaining Shareholders do not accept the Offer in respect of their respective *pro rata* entitlement; and
- 3.4.2 no Remaining Shareholder shall be obliged to purchase more Offered Shares and Offered Loan Claims than the number of Offered Shares accepted by it and the proportion of Offered Loan Claims corresponding to the Offered Shares thus acquired by it.
- 3.5 The Offering Shareholder shall give the warranties set out in paragraph 9.9 to and in favour of each accepting Remaining Shareholder, *mutatis mutandis*, on the acceptance of the Offer and the date on which the sale of the Offered Shares and Offered Loan Claims is implemented.
- 3.6 Any acceptance of the Offer shall be subject to the suspensive conditions in paragraph 9.6 *mutatis mutandis*.
- 3.7 If the Offer is not accepted by the Remaining Shareholders in respect of all the Offered Shares and Offered Loan Claims or such lower threshold specified by the Offering Shareholder in the Offer Notice (the “**Acceptance Threshold**”), as applicable, within the required period, then the Offer shall lapse and the Offering Shareholder shall be entitled, within a period of three months thereafter, to sell the Offered Shares and Offered Loan Claims (or the balance thereof in the event that an Acceptance Threshold of less than 100% was stipulated and the Offer was accepted in respect of less than all of the Offered Shares and Offered Loan Claims but in respect of more than the Acceptance Threshold) to the Third Party on terms not more favourable to a purchaser than those that were offered to the Remaining Shareholders in terms of the Offer.

4. PROPER INSTRUMENT OF TRANSFER

For purposes of section 51(6)(a), a “proper instrument of transfer” means an instrument in writing, in any form, specifying: (a) the full name of the transferor (being the name of a person entered in the securities register as the registered holder of the securities being transferred); (b) the full name of the transferee; and (c) the number of the class of Shares being transferred; which has been signed by or on behalf of the registered securities holder as transferor and signed by or on behalf of the transferee.

5. DOCUMENTS REQUIRED FOR REGISTRATION OF TRANSFER

- 5.1 Any person wishing the Company to register the transfer of any Shares shall:
- 5.1.1 notify the Company in writing of an e-mail address, which address shall be such Shareholder’s address for the purposes of receiving notices by way of Electronic Communication; and

- 5.1.2 deliver to the Company:
 - 5.1.2.1 a copy of a proper instrument of transfer certified as a true copy of the original; and
 - 5.1.2.2 the original certificate (or a duplicate certificate issued pursuant to Article 3.5.3) of the Shares being transferred or, in the absence of such original or duplicate certificate, such other evidence as the Company may require to prove the title of the transferor or his rights to transfer the Shares.
- 5.2 Where an instrument of transfer is signed by a person other than the relevant Shareholder, a copy of the authority granted by the Shareholder for the purpose of transferring Shares, certified as a true copy of the original authority, shall be lodged, produced or exhibited with or to the Company if the Company so requests.
- 5.3 Such authorities shall, as between the Company and the grantor of such authorities be deemed to continue and remain in full force and effect, and the Board may allow such instruments of transfer signed for the Shareholder as transferor pursuant to such authority to be acted upon, until express written notice of its revocation signed by or on behalf of the Shareholder is lodged at the Company's registered office. Even after the lodging of such notice of revocation, the Company shall be entitled to give effect to any instrument of transfer signed under the authority to sign and certified by any officer of the Company as being in order before the lodging of such written notice of revocation.
- 5.4 The copy of the instrument of transfer, original or duplicate Share certificate, other documentary evidence and a copy of any authority to transfer the Shares shall remain in the custody of the Company at its registered office.

6. RECOGNITION OF TITLE

The parent or guardian of a Shareholder who is a minor, the executor or administrator of a Shareholder who is deceased, the trustee of a Shareholder who is an insolvent or the *curator bonis* of any registered Shareholder who is mentally incapacitated or prodigal or any person duly appointed by competent authority to represent or act for any registered Shareholder shall, subject to the provisions of Articles 3.4.2 and 3.4.3, be the only person recognised by the Company as having any title to any Shares registered in the name of such Shareholder, including for voting purposes.

7. TRANSMISSION OF SHARES

The following provisions relating to the transmission of Shares shall apply:

- 7.1 Subject to section 51(6)(b) and any laws for the time being in force relating to taxation or duty upon the estates of deceased persons, any person recognised by the Company in terms of Articles 3.4.2 and 3.4.3 or paragraph 3.1.3 of Schedule 2 as having any title to any Shares (and also the legal guardian of any minor Shareholder and any person who obtains title to any Shares by operation of law in any other manner) may, upon producing such evidence as the Board deems sufficient as to the capacity in which he claims to act under this paragraph or as to his or her title to any Shares, and subject to the transfer provisions in this MOI transfer such Shares to himself or to any other person.
- 7.2 A person who submits proof of his appointment as the executor, administrator, trustee, curator or guardian in respect of the estate of a registered Shareholder who is deceased or the estate of a Shareholder whose estate has been sequestered or who is otherwise under a disability or of his appointment as the liquidator of any body corporate which is a Shareholder, shall be entered in the securities register *nominee officii*, and shall thereafter, for all purposes, be deemed to be a Shareholder.

8. ODD-LOT OFFERS

- 8.1 In accordance with this paragraph 8, the Company shall be entitled to propose and implement offers to Shareholders (each an “**Odd-lot Offer**”) on the basis that each Odd-lot Offer:
 - 8.1.1 must be extended to every Shareholder whose total individual shareholding in the Company, at the time that the Odd-lot Offer is made, constitutes an Odd-lot (as defined in paragraph 8.2.1) (each an “**Odd-lot Holder**”);
 - 8.1.2 shall be an offer to (i) repurchase all the Shares held by each Odd-lot Holder (each an “**Odd-lot Share**”); or (ii) procure the purchase of such Odd-lot Shares by a Subsidiary of the Company (as the Board may determine) for the Odd-lot Consideration; and

- 8.1.3 must entitle the recipient Odd-lot Holders to elect to (i) accept the Odd-lot Offer and dispose of their Odd-lot Shares for the Odd-lot Consideration; or (ii) reject the Odd-lot Offer and retain their Odd-lot Shares, provided that where any Odd-lot Holder has failed to accept or reject the Odd-lot Offer by the final date therefor in the manner specified in the Offer Letter (as defined in paragraph 8.4), such Odd-lot Holder shall be deemed to have accepted the Odd-lot Offer in respect of all of such Odd-lot Holder's Shares.
- 8.2 In respect of each Odd-lot Offer to be proposed, the Board shall be entitled, in its discretion, to determine:
 - 8.2.1 the maximum number of Shares which shall constitute an "*odd-lot*" ("**Odd-lot**") for the purposes of such Odd-lot Offer. For clarity, the Board's determination of the maximum number of Shares which constitutes an Odd-lot shall be made afresh in respect of each Odd-lot Offer, and the prior determinations of the Board in this regard shall not bind or limit the Board when making its determination in respect of a prospective Odd-lot Offer; and
 - 8.2.2 the consideration, which shall be the fair market value of the Odd-lot Shares as determined by the Board in its sole discretion, that shall become payable to the Odd-lot Holders for each Odd-lot Share disposed of pursuant to the Odd-lot Offer ("**Odd-lot Consideration**"), provided that such Odd-lot Consideration must be payable in cash.
- 8.3 The Company shall make an Odd-lot Offer by delivering a written offer letter ("**Offer Letter**") to each Odd-lot Holder, which Offer Letter shall at a minimum state:
 - 8.3.1 the quantum, expressed on a per-Share basis, of the Odd-lot Consideration;
 - 8.3.2 that the recipient Odd-lot Holder is entitled to elect to (i) accept the Odd-lot Offer and dispose of its Odd-lot Shares for the Odd-lot Consideration or (ii) reject the Odd-lot Offer and retain its Odd-lot Shares, provided that where such Odd-lot Holder fails to timeously accept or reject the Odd-lot Offer in the prescribed manner by the final date therefor, such Odd-lot Holder shall be deemed to have accepted the Odd-lot Offer in respect of all of such Odd-lot Holder's Shares;
 - 8.3.3 the final date by which the Odd-lot Holder's acceptance or rejection of the Odd-lot Offer must be delivered to the Company in writing, which date shall be determined by the Board, provided that such date may not be less than 10 Business Days following the date of the Offer Letter; and
 - 8.3.4 that the Odd-lot Holder must accept or reject the Odd-lot Offer in respect of all such Odd-lot Holder's Shares, and accordingly the Odd-lot Offer is not capable of partial acceptance (i.e. acceptance in respect of some but not all of the Odd-lot Holder's Shares).
- 8.4 Upon implementation of any Odd-lot Offer, the Company shall, save in respect of Odd-lot Holders who have elected to retain their Odd-lots in the Company:
 - 8.4.1 repurchase the Odd-lots or procure the purchase of the Odd-lots by a Subsidiary of the Company (as the Board may determine) in such manner as the Directors may direct; and
 - 8.4.2 procure that the proceeds of such sales are paid to such Odd-lot Holders.
- 8.5 All unclaimed proceeds of such sales may be invested, provided that all monies due to Shareholders must be held by the Company in trust. Subject to the laws of prescription, proceeds of such sales which remain unclaimed for a period of three years from the date on which they were declared (or such longer period as may be required under the laws of prescription) may be declared forfeited by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit.
- 8.6 To the extent that any Shareholder's Shares are to be disposed of pursuant to an Odd-lot Offer, such Shareholder hereby irrevocably appoints any one of the Directors as its attorney and agent to sign all documents and to do all such things on its behalf that may be necessary to register the transfer of any Odd-lot Shares pursuant to an Odd-lot Offer in terms of this paragraph 8.

9. **FORCED SALE**

- 9.1 The Controlling Shareholder or a Significant Shareholder (the Offering Shareholder) shall notify the Company and the Remaining Shareholders in writing, if the Offering Shareholder:
 - 9.1.1 is in material breach of the MOI and either that breach cannot be remedied or has not been remedied within two months after receipt of a notice from a Remaining Shareholder calling upon the Offering Shareholder to remedy its breach or, if any dispute is raised by an Offering Shareholder regarding the relevant breach in accordance with Article 13.7, within two months of final determination of such dispute in terms of Article 13.7;

- 9.1.2 undergoes a Change of Control; or
 - 9.1.3 is subject to an Insolvency Event,
- (each, a “**Forced Sale Trigger Event**”).
- 9.2 Whether or not the notice is given as required in respect of paragraph 9, the Offering Shareholder shall be deemed on the day immediately preceding the date of the occurrence of a Forced Sale Trigger Event to have offered all of its Shares in (“**Offered Shares**”) and loan claims against (“**Offered Loan Claims**”) the Company to:
- 9.2.1 the Company; and
 - 9.2.2 to the extent not accepted by the Company, the Remaining Shareholders in:
 - 9.2.2.1 the proportions in which the Remaining Shareholders at the time hold shares in the issued share capital of the Company, provided that the Offered Shares and Offered Loan Claims shall be rounded to the nearest whole number; or
 - 9.2.2.2 if applicable, such other proportions as the Remaining Shareholders may agree in writing, provided that the Offered Shares and Offered Loan Claims shall be rounded to the nearest whole number (“**Agreed Proportions**”),

at the purchase price contemplated in paragraph 9.3 (“**Forced Sale Offer**”).
- 9.3 The purchase price payable by the Company and/or the Remaining Shareholders, as applicable, for the Offered Shares and the Offered Loan Claims shall be as follows:
- 9.3.1 the FMV of the Offered Shares as at the date upon which the Forced Sale Trigger Event occurred less 15%, in the case of the Forced Sale Trigger Event contemplated in paragraph 9.1.1; or
 - 9.3.2 the FMV of the Offered Shares as at the date upon which the Forced Sale Trigger Event occurred, in the case of the Forced Sale Trigger Event contemplated in paragraph 9.1.2 or the Forced Sale Trigger Event contemplated in paragraph 9.1.3,
- in each case plus the face value of the Offered Loan Claims.
- 9.4 The Forced Sale Offer shall be open for acceptance:
- 9.4.1 by the Company for a period of 20 Business Days after the date on which the purchase price is determined, subject to section 48 of the Companies Act; and
 - 9.4.2 by the Remaining Shareholders for a period of three months after the date on which the purchase price is determined,
- and, failing acceptance thereof in respect of all of the Offered Shares and Offered Loan Claims within the three month period contemplated in paragraph 9.4.2, shall lapse.
- 9.5 If such Forced Sale Offer is accepted, such acceptance must be in writing and, in the event of a Forced Sale Offer on the terms contemplated in paragraph 9.2.2.1, any of the Remaining Shareholders may accept the Forced Sale Offer in respect of a smaller or a greater proportion of the Offered Shares and Offered Loan Claims than its *pro rata* share thereof, provided that:
- 9.5.1 any acceptance in respect of a greater proportion of the Offered Shares and Offered Loan Claims than its *pro rata* share thereof will only be effective in respect of the excess if and to the extent that the other Remaining Shareholders accept the Forced Sale Offer in respect of less Offered Shares and Offered Loan Claims than their respective *pro rata* entitlement; and
 - 9.5.2 if acceptances in terms of this paragraph 9.5 together constitute acceptances for more than the Offered Shares and Offered Loan Claims, then the Offered Shares and Offered Loan Claims shall be apportioned amongst the accepting Remaining Shareholders in the proportions as near as may be to their existing shareholdings in the Company on the date of the Forced Sale Offer (each rounded to the nearest whole number), but on the basis that no Remaining Shareholder shall be obliged to purchase more Offered Shares and Offered Loan Claims than the number of Offered Shares accepted by it and the proportion of Offered Loan Claims corresponding to the Offered Shares thus acquired by it (“**Apportioned Offered Equity**”).
- 9.6 Any acceptance of the Forced Sale Offer shall be subject to the following suspensive conditions:
- 9.6.1 all regulatory approvals (if any) which are necessary for the implementation of the resultant transaction, are granted unconditionally, or subject to conditions acceptable to the party upon whom the relevant conditions are imposed and/or will apply, acting reasonably;

- 9.6.2 all approvals required in terms of the JSE Listings Requirements (if any) are granted by the JSE;
 - 9.6.3 all internal approvals (including shareholder approvals) (if any) which are required in respect of the resultant transaction are obtained; and
 - 9.6.4 all notifications to regulatory authorities (if any) which are necessary pursuant to the implementation of the resultant transaction are made.
- 9.7 The Offering Shareholder and the accepting Remaining Shareholders shall co-operate and provide all reasonable assistance to each other (having regard to their obligations in terms of Article 13.5), in order to obtain the approvals and to make the notifications contemplated in paragraph 9.6. The regulatory approvals as contemplated in paragraph 9.6.1 shall include, without limitation, approval by the following (to the extent applicable):
- 9.7.1 the relevant competition authorities in South Africa, as established by the Competition Act, 89 of 1998, as amended (or equivalent authorities in any relevant jurisdiction);
 - 9.7.2 the Financial Surveillance Department of the South African Reserve Bank or an Authorised Dealer (as required);
 - 9.7.3 the Takeover Regulation Panel established pursuant to section 196 of the Companies Act, as contemplated in terms of section 118 of the Companies Act (or equivalent approval in any relevant jurisdiction); and
 - 9.7.4 any relevant securities exchange.
- 9.8 On the acceptance of a Forced Sale Offer, a sale shall automatically come into existence, in terms of which:
- 9.8.1 if and to the extent that the Forced Sale Offer is accepted by the Company, the Offering Shareholder sells to the Company and the Company purchases the relevant Offered Shares and the Offered Loan Claims; and
 - 9.8.2 if and to the extent that the Forced Sale Offer is accepted by the Remaining Shareholders, the Offering Shareholder sells to the accepting Remaining Shareholders, and each accepting Remaining Shareholder purchases its *pro rata* portion of the Offered Shares and the Offered Loan Claims or such smaller proportion of the Offered Shares and Offered Loan Claims accepted by it or its Agreed Proportion or its Apportioned Offered Equity, as applicable,
- (in each case, the relevant “**Forced Sale Equity**”) on the following terms and conditions:
- 9.8.3 on and with effect from the first Business Day after the date on which the suspensive conditions in paragraph 9.6 are fulfilled (the “**Forced Sale Closing Date**”):
- 9.8.3.1 the Offering Shareholder sells, and the Company and/or the accepting Remaining Shareholder, as applicable, purchases the relevant Forced Sale Equity;
 - 9.8.3.2 to the extent applicable, the risk in and benefit and ownership of the relevant Forced Sale Equity passes to the accepting Remaining Shareholder;
 - 9.8.3.3 the Offering Shareholder shall deliver to the Company and/or the accepting Remaining Shareholder, as applicable:
 - 9.8.3.3.1 the original share certificates in respect of the shares forming part of the relevant Forced Sale Equity;
 - 9.8.3.3.2 to the extent applicable, instruments of transfer in respect of the shares forming part of the relevant Forced Sale Equity, duly completed and signed by the Offering Shareholder, with the accepting Remaining Shareholder stipulated as the transferee;
 - 9.8.3.3.3 to the extent applicable, a cession of the Offered Loan Claims signed by the Offering Shareholder, with the accepting Remaining Shareholder stipulated as the cessionary; and
 - 9.8.3.3.4 resignations of the Director/s appointed or nominated for appointment by the Offering Shareholder and written acknowledgements that they have no claims against the Company in their capacity as Director/s (save for any amounts due to each in the ordinary and normal course in respect of salary, fees and properly incurred expenses);

- 9.8.4 the Company and/or the accepting Remaining Shareholder, as applicable, shall pay the relevant purchase price to the Offering Shareholder, on the Forced Sale Closing Date, against fulfilment by the Offering Shareholder of its obligations in paragraph 9.1 into such bank account(s) as may be nominated for such purposes in writing by the Offering Shareholder; and
- 9.8.5 the Offering Shareholder gives the warranties set out in paragraph 9.9 to and in favour of the Company and/or the relevant accepting Remaining Shareholder on the acceptance of the Forced Sale Offer, and the Forced Sale Closing Date.
- 9.9 In respect of a sale of Offered Shares and Offered Loan Claims by an Offering Shareholder to an accepting Remaining Shareholder in terms of this paragraph 9, the Offering Shareholder gives the following warranties:
 - 9.9.1 the Offering Shareholder is the sole owner of the Offered Shares and has not conferred on any person any interest in or to any of the Offered Shares;
 - 9.9.2 the Offering Shareholder is entitled to sell, cede and transfer the Offered Shares to the accepting Remaining Shareholder, free of any encumbrances;
 - 9.9.3 upon delivery to the accepting Remaining Shareholder, the Offering Shareholder will have transferred to the accepting Remaining Shareholder the sole beneficial interest in or to any and all of the Offered Shares;
 - 9.9.4 the Offering Shareholder has not, in respect of all or any of the Offered Shares, entered into or conferred on any person any pledge, security cession, lien or other preferential right;
 - 9.9.5 the Offering Shareholder has not, in respect of all or any of the Offered Shares, granted to any person any right, including any option or right of first refusal or pre-emption or any other right, at any time to acquire any of the Offered Shares or any right in relation to the Offered Shares;
 - 9.9.6 the Offering Shareholder is the sole beneficial owner of the Offered Loan Claims and is entitled and able to give free and unencumbered title of the Offered Loan Claims to the accepting Remaining Shareholder. Upon delivery and/or cession to the accepting Remaining Shareholder, the accepting Remaining Shareholder will be the beneficial owner of the relevant Offered Loan Claims to the exclusion of all others;
 - 9.9.7 the Offering Shareholder has not conferred on any person any right, including any option or right of first refusal or pre-emption or any other right, to at any time acquire any portion of the Offered Loan Claims or any right in relation to the Offered Loan Claims.
- 9.10 If the Offering Shareholder fails or refuses to:
 - 9.10.1 transfer the Offered Shares, then any Director shall, if so required by an accepting Remaining Shareholder, be entitled to authorise any person to execute transfer of the Offered Shares in favour of the Company and/or the relevant accepting Remaining Shareholder and to:
 - 9.10.1.1 in the case of a transfer to the Company, cancel the relevant Offered Shares in the Company's securities register;
 - 9.10.1.2 in the case of a transfer to accepting Remaining Shareholder, enter the relevant accepting Remaining Shareholder in the Company's securities register as the holders of the relevant Offered Shares;
 - 9.10.2 sign any cession, assignment or other required document provided for in this paragraph 9 and fail to hand any document to the Company or its representatives within five Business Days after being called upon in writing to do so, then the Offering Shareholder irrevocably in *rem suam* appoints any Director, nominated by the Company for that purpose, with the power of substitution, as the agent of the Offering Shareholder to sign any cession, assignment or such other required document for and on their behalf.

10. DETERMINATION OF FMV

For purposes of determining the FMV as contemplated in paragraph 9, the following procedure shall apply:

- 10.1 The Controlling Shareholder, on the one hand, and the Significant Shareholders (jointly, if applicable), on the other hand, shall independently undertake their own respective valuation of the relevant shares or business by applying appropriate valuation methodologies.
- 10.2 The Controlling Shareholder and the Significant Shareholders will present their respective valuations to each other.
- 10.3 If the valuations are within 5% of each other, the average of the two valuations shall be taken. If the valuations are not within 5% of each other, the Controlling Shareholder and the Significant Shareholders will attempt to negotiate an agreed value based on their independent views.
- 10.4 If an agreement is not reached within 20 Business Days, the Controlling Shareholder and the Significant Shareholders shall endeavour to agree on the appointment of a reputable non-conflicted international investment bank (the “**Independent Expert**”) to perform an independent valuation of the Offered Shares by applying appropriate valuation methodologies.
- 10.5 If the Controlling Shareholder and the Significant Shareholders cannot agree on the selection of the Independent Expert within five Business Days, a reputable non-conflicted international investment bank will be appointed as the Independent Expert by the President of the South African Institute of Chartered Accountants (or its successor in title) upon request by any of the Controlling Shareholder and/or the Significant Shareholders.
- 10.6 The Independent Expert shall allow the Controlling Shareholder and the Significant Shareholders to make written submissions to the Independent Expert:
 - 10.6.1 before the Independent Expert issues the first draft of his/her report on the valuation; and
 - 10.6.2 after the Independent Expert has issued the first draft of his/her report on the valuation and before the Independent Expert issues his/her final report on the valuation.
- 10.7 The Controlling Shareholder and the Significant Shareholders undertake to abide by the Independent Expert's view, which shall be final and binding except in the instance of manifest error.
- 10.8 The cost of the Independent Expert shall be borne by the party whose initially proposed valuation deviates most from the valuation of the Independent Expert.
- 10.9 Appropriate valuation methodologies include, but is not limited to, discounted cash flow analysis, comparable company trading multiple analysis and comparable transactions multiple analysis. The Company shall co-operate and provide all reasonable assistance to the Independent Expert to perform the valuation, including by providing detailed cash flow forecasts and business plans reasonably requested by the Independent Expert.
- 10.10 Discounted cash flow analysis shall be done on a country-by-country basis by reference to the cost of capital of the relevant country (or that of a similar country if there is insufficient data).
- 10.11 No discount shall be applied to reflect lack of liquidity or minority shareholdings.

RIGHTS, PRIVILEGES AND CONDITIONS ATTACHING TO THE CAPEVIN B SHARES

Schedule 1 to the Capevin MOI

The B Shares shall carry the following rights, preferences, limitations and other terms and shall be subject to the following conditions:

1. DEFINITIONS

- 1.1 In this Schedule 1, unless the context indicates a contrary intention, capitalised terms not defined in this Schedule 1 have the meanings given thereto in the MOI, and the following words and expressions shall bear the meanings assigned to them below and cognate words and expressions shall bear corresponding meanings:
 - 1.1.1 “**Act in Concert**” shall bear the meaning ascribed thereto in section 117(b) of the Act construed *mutatis mutandis*, and the phrase “**Acting in Concert**” shall be construed accordingly;
 - 1.1.2 “**B Share Holding Ratio**” means, immediately after the Linking of the Initial B Shares to the Initial Linked Ordinary Shares in terms of paragraph 8.2, the ratio of 2.117 B Shares for every 1 Linked Ordinary Share held by the B Shareholder(s), which ratio may change from time to time following (i) a rounding down of the number of B Shares in accordance with paragraphs 8.5 and 8.6 or (ii) an Adjustment Event in terms of paragraph 9;
 - 1.1.3 “**B Shareholder**” means the registered holder of a B Share, from time to time;
 - 1.1.4 “**Combined Parties**” means, when used in relation to a person (whether such person is a B Shareholder, a Transferor or a Transferee), any person(s) who is/are Related to or who is/are Acting in Concert with such first person;
 - 1.1.5 “**Disposal**” or “**Transfer**” means the sale, alienation, transfer, donation or other conveyance of the relevant Share or any part thereof including, without limitation, any rights attaching thereto and shall include any agreement or arrangement howsoever described to give effect to the foregoing, and the expressions “**Dispose**”, “**Disposal**”, “**Transfer**” or “**Transferred**” shall be construed accordingly;
 - 1.1.6 “**Initial B Shares**” means the 124 226 613 B Shares to be issued and allotted by the Company to Remgro Beverages as contemplated in paragraph 8.1;
 - 1.1.7 “**Initial Linked Ordinary Shares**” means 58 673 844 of the total number of Ordinary Shares to be distributed to Remgro Beverages pursuant to the DGHL Distribution, by virtue of Remgro Beverages’ holding of 69 850 256 DGHL Ordinary Shares immediately prior to the implementation of the DGHL Distribution;
 - 1.1.8 “**Link**” means the notional link between a B Share and the corresponding Linked Ordinary Share, and “**Linked**” shall have the corresponding meaning;
 - 1.1.9 “**Linked Ordinary Shares**” means those Ordinary Shares which are Linked to B Shares in accordance with the provisions of this Schedule 1, which number of Ordinary Shares may increase or decrease, as the case may be, following an Adjustment Event and which Ordinary Shares are subject to the restrictions on disposal described in paragraph 6;
 - 1.1.10 “**MOI**” means the Memorandum of Incorporation to which this Schedule 1 is attached;
 - 1.1.11 “**Nominal Issue Price**” means, in relation to each B Share, an amount of R0.00001;
 - 1.1.12 “**Redemption**” means, when used in relation to B Shares, the redemption of such B Shares for a redemption consideration equal to the Nominal Issue Price of the B Shares to be redeemed, which redemption may only be implemented pursuant to (i) the occurrence a Redemption Event or (ii) an Adjustment Redemption, and on and subject to the applicable terms and conditions set out in this Schedule 1;
 - 1.1.13 “**Redemption Event**” means, when used in respect of the B Shares (or any of them), any of the following occurrences:
 - 1.1.13.1 if there is no B Shareholder that, together with its Combined Parties, holds more than 25% of the Total Voting Rights; or

- 1.1.13.2 if the relevant B Shareholder fails to notify the company secretary of the Company in writing of a Disposal of B Shares, prior to such Disposal, as contemplated in paragraph 6; or
- 1.1.13.3 if the relevant B Shareholder Disposes of any Linked Ordinary Shares without also Disposing of the corresponding number of B Shares Linked to such Linked Ordinary Shares; or
- 1.1.13.4 if the relevant B Shareholder Disposes of any B Shares without also Disposing of the corresponding number of Linked Ordinary Shares as contemplated in paragraph 8.1; or
- 1.1.13.5 if the relevant B Shareholder Disposes of any B Shares, together with the corresponding number of Linked Ordinary Shares, and the Transferee, together with such Transferee's Combined Parties, does not, after the Disposal, hold more than 25% of the Total Voting Rights upon Transfer of such B Shares; or
- 1.1.13.6 if the relevant B Shareholder Disposes of any B Shares, together with the corresponding number of Linked Ordinary Shares, and as a result of such Disposal, such B Shareholder together with its Combined Parties no longer holds more than 25% of the Total Voting Rights upon Transfer of such B Shares; or
- 1.1.13.7 if, as a result of a transaction (or a series of integrated transactions, as contemplated in section 41(4)(b)) relating to the Disposal of B Shares, together with a corresponding number of Linked Ordinary Shares, immediately after implementing such transaction (or the culmination of a "series of integrated transactions", as such phrase is contemplated in section 41(4)(b)):
 - 1.1.13.7.1 the combined voting rights of the Transferor together with its Combined Parties comprise more than 25% of the Total Voting Rights; and
 - 1.1.13.7.2 the combined voting rights of the Transferee(s), together with its/their Combined Parties, comprise more than 25% of the Total Voting Rights,
 and such Transferee has, at its sole discretion, elected not to make an offer to all of the other holders of the Ordinary Shares *mutatis mutandis* in accordance with section 123;
- 1.1.14 **"Redemption Event B Shares"** has the meaning given thereto in paragraph 7.2;
- 1.1.15 **"Related"** shall have the meaning ascribed thereto in section 2;
- 1.1.16 **"Remgro Beverages"** means Remgro Beverages Proprietary Limited, a company incorporated in accordance with the laws of South Africa, with registration number 2016/394940/07, a wholly owned Subsidiary of Remgro Limited;
- 1.1.17 **"Remgro Limited"** means Remgro Limited, a company incorporated in accordance with the laws of South Africa, with registration number 1968/006415/06, and/or any of its Subsidiaries from time to time;
- 1.1.18 **"Total Voting Rights"** means the aggregate of all voting rights which are exercisable by the Shareholders (including the Ordinary Shareholders and the B Shareholders) in respect of a matter to be decided on by the Company;
- 1.1.19 **"Transferee"** shall mean the person(s) who receives Transfer of the relevant Shares, in the context of the paragraph in which it is used; and
- 1.1.20 **"Transferor"** shall mean the person(s) who Transfers the relevant Shares, in the context of the paragraph in which it is used.

2. WINDING-UP AND RETURN OF CAPITAL

- 2.1 On a winding-up of the Company, the B Shareholder(s) shall be entitled to be paid, before any payment or distribution is made to Ordinary Shareholders, an amount equal to the Nominal Issue Price in respect of each B Share held by such B Shareholder.
- 2.2 Save as contemplated in paragraph 2.1, the B Shares shall not carry the right, on a winding-up of the Company or on any return or reduction of capital, whether in cash or of assets *in specie*, to the payment or repayment of any amount or any assets of the Company.

3. NO PARTICIPATION

- 3.1 Subject to paragraph 3.2, the B Shares shall not be entitled to any participation in the profits of the Company or any distribution of the assets or capital of the Company, save as provided for in paragraph 2.
- 3.2 In the event that the Company unbundles the equity securities of any Subsidiary (the “**unbundled company**”) by way of a distribution *in specie* to its Ordinary Shareholders (an “**unbundling**”), the Company shall, as far as possible, and unless otherwise agreed with the B Shareholders, procure that prior to implementing the unbundling the capital structure of the unbundled company is amended such that it is substantially the same as the capital structure of the Company at the time of the unbundling. Notwithstanding that the B Shareholders shall not be entitled to participate in the unbundling, the B Shareholders shall be entitled to subscribe for an appropriate number of shares in the unbundled company, for nominal consideration, which shares have equivalent rights, preferences, limitations and other terms to those of the B Shares held by each such B Shareholder at the time of the unbundling.

4. VOTING

- 4.1 Subject to paragraphs 4.4, 7.1 and 9.3.2.1, each B Share shall confer on its holder the right to vote, whether at a meeting or by written vote, on each and every matter to be decided on by the Company. Without limiting the generality of the foregoing, each B Share shall be entitled to vote on any resolution of the Company which may be required in terms of section 115(2).
- 4.2 At every general meeting or AGM of the Company (as adjourned or postponed, if applicable) at which Ordinary Shareholders and B Shareholders are present and entitled to vote on any particular matter, upon a poll, or in respect of any written resolution contemplated in section 60, on which the Ordinary Shareholders and the B Shareholders are entitled to vote, each B Shareholder shall, in respect of that particular matter, be entitled to exercise one vote for every B Share held.
- 4.3 Any B Shareholder shall, by giving written notice to that effect to the Company at any time, be entitled to require the Company, which shall thereupon be obliged, to call a general meeting of its Shareholders, or any class of them, to consider any matter (including, without limitation, a resolution requiring the Company to comply with its obligations to the B Shareholders) and any such resolution adopted at a meeting of all Shareholders of the Company shall, notwithstanding anything to the contrary contained in the MOI, be binding upon and be given effect to by the Company and the directors.
- 4.4 Notwithstanding any other provision of the terms set out in this Schedule 1, the voting rights attaching to the Initial B Shares shall become effective against such Initial B Shares being Linked to the corresponding Initial Linked Ordinary Shares in the manner contemplated in paragraph 8.2. Prior to the DGHL Distribution being implemented and the Initial B Shares being so Linked, the Initial B Shares shall carry no voting rights (save for those which are inalienable in terms of the Act).

5. MODIFICATION OF THE TERMS OF THE B SHARES

The rights, preferences, limitations and other terms of the B Shares as set out in this Schedule 1, read together with the MOI, may not be modified without a special resolution amending the MOI and approval in accordance with Article 6.6, which special resolution must be approved by Shareholders holding:

- 5.1 at least 75% of the Total Voting Rights; and
- 5.2 at least 75% of the voting rights exercisable at a separate class meeting of the B Shareholders only, or on a written resolution in respect of which only the B Shareholders are entitled to vote.

6. ISSUE AND NOTIFICATION OF TRANSFER OF B SHARES

- 6.1 Notwithstanding anything to the contrary in the MOI, all B Shares shall be issued and held in certificated form.
- 6.2 No B Shareholder shall be entitled to Dispose of, or Transfer, its B Shares or any of them (together with the corresponding number of Linked Ordinary Shares, as determined in accordance with the B Share Holding Ratio), unless and until it has notified the company secretary in writing thereof and complied with paragraph 2.1 of Schedule 2. Any failure by a B Shareholder to timeously notify the company secretary and comply with paragraph 2.1 of Schedule 2, on the date of Transfer or Disposal of such B Shares, (i) constitute a Redemption Event and (ii) result in immediate cancellation of the voting rights attaching to such B Shares in accordance with the provisions of paragraph 7.

7. CALL OPTION AND CESSATION OF B SHARE VOTING RIGHTS

- 7.1 On the occurrence of a Redemption Event, the voting rights attaching to the B Shares in respect of which the Redemption Event applies, shall immediately and automatically cease to be of force and effect and the B Shareholders hereby undertake and agree not to exercise or purport to exercise such voting rights which attach to the B Shares in respect of which the Redemption Event has occurred. For the avoidance of doubt:
- 7.1.1 the occurrence of the Redemption Event set out in paragraph 1.1.13.1 shall result in the automatic and immediate cessation of the voting rights attaching to all B Shares in issue;
 - 7.1.2 the occurrence of the Redemption Events set out in paragraphs 1.1.13.1, 1.1.13.2, 1.1.13.3, 1.1.13.4, 1.1.13.5 or 1.1.13.6 shall result in the automatic and immediate cessation of the voting rights attaching only to those B Shares:
 - 7.1.2.1 the Disposal of which the company secretary was not notified of, in terms of paragraph 6.2, read with clause 1.1.13.2;
 - 7.1.2.2 Linked to the relevant Linked Ordinary Shares which were Disposed of in terms of paragraph 1.1.13.3;
 - 7.1.2.3 which were Disposed of, without the corresponding number of Linked Ordinary Shares also being Disposed of, in terms of paragraph 13.1 read with clause 1.1.13.4; or
 - 7.1.2.4 which were Disposed of to a Transferee who, together with such Transferee's Combined Parties, does not, after such Disposal, hold more than 25% of the Total Voting Rights in accordance with paragraph 1.1.13.5; or
 - 7.1.2.5 which are retained by a B Shareholder in circumstances where such B Shareholder has Disposed of B Shares, together with the corresponding number of Linked Ordinary Shares, and as a result of such Disposal, the relevant Transferring B Shareholder, together with such B Shareholder's Combined Parties, no longer holds more than 25% of the Total Voting Rights, as contemplated in paragraph 1.1.13.6;
 - 7.1.3 the occurrence of the Redemption Event set out in paragraph 1.1.13.7 shall, to the extent that Transferee has, at its sole discretion, elected not to make an offer to all other holders of Ordinary Shares on the date of Transfer in accordance with section 123, *mutatis mutandis*, result in the cessation of the voting rights attaching to those B Shares held by the Transferee together with all of the B Shares held by such Transferee's Combined Parties with effect from the date of Transfer.
- 7.2 Notwithstanding anything to the contrary in the MOI, on the occurrence of:
- 7.2.1 the Redemption Event set out in paragraph 1.1.13.1, all of the B Shares in issue;
 - 7.2.2 the Redemption Events set out in paragraphs 1.1.13.2, 1.1.13.3, 1.1.13.4, 1.1.13.5 or 1.1.13.6, all of those B Shares:
 - 7.2.2.1 the Disposal of which the company secretary was not notified of, in terms of paragraph 6, read with paragraph 1.1.13.2; or
 - 7.2.2.2 Linked to the relevant Linked Ordinary Shares which were Disposed of, as contemplated in paragraph 1.1.13.3;
 - 7.2.2.3 which were Disposed of, without the corresponding number of Linked Ordinary Shares also being Disposed of, in terms of paragraph 8.1 read with paragraph 1.1.13.4;
 - 7.2.2.4 which were Disposed of to a Transferee who, together with such Transferee's Combined Parties, does not, after such Disposal, hold more than 25% of the Total Voting Rights in accordance with paragraph 1.1.13.5; or
 - 7.2.2.5 which are retained by a B Shareholder in circumstances where such B Shareholder has Disposed of B Shares, together with the corresponding number of Linked Ordinary Shares, and as a result of such Disposal, such B Shareholder, together with such B Shareholder's Combined Parties, no longer holds more than 25% of the Total Voting Rights, as contemplated in paragraph 1.1.13.6;
 - 7.2.3 the Redemption Event set out in paragraph 1.1.13.7, and provided that the Transferee has, at its sole discretion, elected not to make an offer to all other holders of Ordinary Shares on the date of Transfer in accordance with section 123, *mutatis mutandis*, all of those B Shares held by the Transferee, together with such Transferee's Combined Parties in respect of that Redemption Event,

(in each case the “**Redemption Event B Shares**”) shall become redeemable by the Company at any time on or after the happening of the relevant Redemption Event and for an amount equal to the Nominal Issue Price per B Share.

- 7.3 In the event that the Transferee elects to make an offer as provided for in paragraph 1.1.13.7 read with paragraph 7.2.3 (or where the Transferee is obliged to do so under section 123), the full consideration payable by the Transferee to the Transferor under the transaction which triggers the offer in question shall be attributable to the Ordinary Shares forming the subject matter of such offer and no consideration shall be attributable to the B Shares.
- 7.4 The Company shall, subject to the passing of the requisite Shareholders’ resolutions and the fulfilment of any and all other legal requirements (if any), be entitled to redeem the Redemption Event B Shares at any time after the occurrence of a Redemption Event and redeem all of the relevant Redemption Event B Shares for the Nominal Issue Price in terms thereof.
- 7.5 Immediately following fulfilment of all legal requirements (if any) required to authorise the exercise of the redemption of the Redemption Event B Shares, the Company shall be entitled to implement the redemption of the Redemption Event B Shares by giving written notice to that effect to the relevant B Shareholder(s). Any implementation of such redemption by the Company shall be subject to all legally necessary consents and approvals being obtained. The Company shall pay the relevant B Shareholder an amount equal to the Nominal Issue Price for each B Share redeemed against implementation of the redemption. The relevant amount shall be paid in cash by way of electronic funds transfer into such bank account as may be recorded by the Company in its records in respect of that B Shareholder. The B Shareholder shall be obliged to surrender to the Company the share certificate/s for the B Shares (or, if such certificate/s has/have been lost or destroyed, proof of such loss or destruction) upon receipt of payment of the relevant amount in relation to any B Shares.
- 7.6 The company secretary may from time to time require a B Shareholder to furnish the Company with documentary proof, to the company secretary’s reasonable satisfaction, of the relationship between the relevant B Shareholder and other Shareholder(s) who are such B Shareholder’s Combined Parties, and the onus of proving such a relationship(s) (as Combined Parties) shall rest on the relevant B Shareholder.

8. **GENERAL**

- 8.1 In anticipation of the DGHL Distribution, the Initial B Shares shall be issued and allotted by the Company to Remgro Beverages for the Nominal Issue Price. In the event that the DGHL Distribution has not occurred within 18 months of the date on which the Initial B Shares are issued, then such Initial B Shares shall be redeemable at the instance of the Company (in its discretion) for a redemption consideration equal to the Nominal Issue Price of such Initial B Shares. The Company shall be entitled (but not obliged) to redeem the Initial B Shares for the Nominal Issue Price of such Initial B Shares as contemplated in this paragraph 8.1 (i) by giving written notice to the B Shareholder of its intention to redeem the Initial B Shares and (ii) against payment in cash of the Nominal Issue Price of such Initial B Shares.
- 8.2 Following the implementation of the DGHL Distribution, Remgro Beverages will hold the Initial B Shares and 69 850 256 Ordinary Shares, of which 58 673 844 Ordinary Shares will be Linked to the aforesaid B Shares with the result each Initial Linked Ordinary Share will be Linked to 2.117 B Shares.
- 8.3 The Board shall resolve to issue and allot the Initial B Shares only to Remgro Beverages in accordance with paragraph 8.1 and thereafter from time to time only to the B Shareholders pursuant to an Adjustment Issue or in such circumstances as may be expressly contemplated and provided for in this Schedule 1. For the avoidance of doubt, the Board does not have any authority to issue and allot B Shares in circumstances not expressly contemplated herein.
- 8.4 A B Shareholder may only dispose of B Shares if, in the same transaction, the applicable number of Linked Ordinary Shares held by that B Shareholder (determined in accordance with the B Share Holding Ratio at the relevant time) are also disposed of to the same Transferee. Each B Shareholder must at all times following implementation of the DGHL Distribution maintain the B Share Holding Ratio in respect of such B Shareholder’s Linked Ordinary Shares to B Shares.
- 8.5 If the requirement to apply the B Share Holding Ratio to any Disposal of B Shares and/or Linked Ordinary Shares, or the occurrence of any Adjustment Event, results in a situation where a fraction of a B Share is to be Disposed of, issued or redeemed, as the case may be, then the aggregate number of B Shares to be Disposed of, issued or redeemed as the case may be, will be rounded down to the nearest whole B Share.

- 8.6 For the avoidance of doubt, it is recorded that the application of paragraph 8.5 may impact the B Share Holding Ratio in a manner similar to that contemplated in paragraph 9.2 in which event the ratio of Linked Ordinary Shares to B Shares after the application of the rounding down mechanism in paragraph 8.5 shall be determined and such ratio shall, thereafter, be the B Share Holding Ratio.
- 8.7 In the event that:
- 8.7.1 the voting rights attaching to all of the issued B Shares have ceased to be of force and effect, in terms of paragraph 7.1; or
- 8.7.2 all of the issued B Shares have been repurchased or redeemed by the Company in terms of paragraph 7.2 (such that no B Shares are any longer in issue),
- then, for the avoidance of doubt, the Company shall thereafter no longer issue and allot B Shares, notwithstanding the number of authorised but unissued B Shares.

9. ADJUSTMENT

- 9.1 For the purpose of this paragraph 9:
- 9.1.1 “**Adjustment**” means an adjustment effected in terms of this paragraph 9 by way of an Adjustment Issue or an Adjustment Redemption, as applicable, in order to give effect to the principle of restoration of a B Shareholder’s Pre-Event Proportionate Voting Rights as contemplated in paragraph 9.2;
- 9.1.2 “**Adjustment Event**”, subject to paragraph 9.4.2, includes but is not limited to:
- 9.1.2.1 a restructure of the Ordinary Share capital of the Company;
- 9.1.2.2 any corporate action or event howsoever described:
- 9.1.2.2.1 pursuant to which further Ordinary Shares are issued to all or any holders of Ordinary Shares (including, without limitation, B Shareholders in respect of their Linked Ordinary Shares); or
- 9.1.2.2.2 in which all holders of Ordinary Shares have a right or entitlement to participate in a further issue of Ordinary Shares, to the extent that B Shareholders have exercised such right or entitlement in respect of their Linked Ordinary Shares as contemplated in paragraph 9.5; or
- 9.1.2.2.3 pursuant to which Ordinary Shares are repurchased from all holders of Ordinary Shares (including, without limitation, the Linked Ordinary Shares held by B Shareholders); or
- 9.1.2.2.4 in which all holders of Ordinary Shares have a right or entitlement to participate in a repurchase of some or all of their Ordinary Shares, to the extent that B Shareholders have exercised such right or entitlement in respect of their Linked Ordinary Shares; and
- 9.1.2.3 a combination of any one or more of the events referred to in paragraph 9.1.2.1 or 9.1.2.2;
- 9.1.3 “**Adjustment Issue**” has the meaning given thereto in paragraph 9.3.1;
- 9.1.4 “**Adjustment Redemption**” has the meaning given thereto in paragraph 9.3.2;
- 9.1.5 “**Adjustment Redemption Shares**” has the meaning given thereto in paragraph 9.3.2;
- 9.1.6 “**Independent Auditors**” means an independent auditor with not less than 10 years’ experience in one of the 4 largest (based on number of partners) independent firms of auditors in South Africa as nominated by the Board, provided that if any B Shareholder disputes the auditor so nominated then the Board shall be required to procure that the president of the South African Institute of Chartered Accountants or its successor-in-title, appoints an independent auditor, which must be either an auditor with not less than 10 years’ experience in one of the 4 largest (based on number of partners) independent firms of auditors in South Africa at the time;
- 9.1.7 “**Pre-Event Proportionate Voting Rights**” means, in respect of a B Shareholder, the Proportionate Voting Rights exercisable by a B Shareholder immediately prior to the occurrence of an Adjustment Event; and
- 9.1.8 “**Proportionate Voting Rights**” means, in relation to a B Shareholder, the proportion of the Total Voting Rights which are exercisable by the B Shareholder by virtue of the B Shares and Linked Ordinary Shares held by such B Shareholder at the applicable time.

- 9.2 The intention of this paragraph 9 is to ensure that, following the occurrence of an Adjustment Event, each B Shareholder is able to exercise the same Proportionate Voting Rights after the occurrence of such Adjustment Event as immediately before the occurrence of the Adjustment Event, i.e. that there is no unwarranted dilution or concentration of Proportionate Voting Rights of the B Shareholder. Accordingly, in the event of a corporate action, alteration of the capital of the Company or similar event which has the effect of increasing or decreasing the Proportionate Voting Rights exercisable by any B Shareholder when compared to the B Shareholder's Pre-Event Proportionate Voting Rights, the number of B Shares held by such B Shareholder shall, (i) where there has been an unwarranted dilution of the B Shareholder's Proportionate Voting Rights, be increased by way of an Adjustment Issue; or (ii) where there has been an unwarranted concentration of the B Shareholder's Proportionate Voting Rights, be decreased by way of an Adjustment Redemption, each in terms of paragraph 9.3 in order to restore the B Shareholder to having the Pre-Event Proportionate Voting Rights. Following such Adjustment, the ratio of Linked Ordinary Shares to B Shares shall be determined and such ratio shall, thereafter, be the B Share Holding Ratio for the purposes of determining the number of Ordinary Shares which are Linked to the B Shares held by such B Shareholder.
- 9.3 Subject to paragraph 9.5 and 9.6, having regard to paragraph 9.2 and notwithstanding any other provision of the MOI, if an Adjustment Event occurs and such Adjustment Event results in:
- 9.3.1 a dilution of the Proportionate Voting Rights of a B Shareholder when compared to the B Shareholder's Pre-Event Proportionate Voting Rights, then such number of new B Shares as will result in the B Shareholder being capable of exercising the Pre-Event Proportionate Voting Rights, when considered together with any other Adjustments required to be made to the holdings of other B Shareholders as a consequence of the applicable Adjustment Event (if any), will be allotted and issued to the B Shareholder against payment of a subscription price equal to the Nominal Issue Price per B Share issued in terms of this paragraph 9.3.1 (such issue an "**Adjustment Issue**"); or
 - 9.3.2 a concentration of the Proportionate Voting Rights of a B Shareholder when compared to the B Shareholder's Pre-Event Proportionate Voting Rights, then such number of B Shares held by the B Shareholder as would be required to be redeemed by the Company in order to result in the B Shareholder being capable of exercising the Pre-Event Proportionate Voting Rights, when considered together with any other Adjustments required to be made to the holdings of other B Shareholders as a consequence of the Adjustment Event (if any), will become redeemable (such B Shares the "**Adjustment Redemption Shares**") by the Company for a price equal to the Nominal Issuer Price of the B Shares to be redeemed (such redemption an "**Adjustment Redemption**") and:
 - 9.3.2.1 with effect from the occurrence of the relevant Adjustment Event, the Adjustment Redemption Shares shall immediately and automatically cease to carry any voting rights, in accordance with paragraph 7.1, which shall apply *mutatis mutandis*; and
 - 9.3.2.2 against redemption by the Company of the Adjustment Redemption Shares, the corresponding Linked Ordinary Shares shall cease to be Linked to those Adjustment Redemption Shares.
- 9.4 For the avoidance of doubt, it is recorded that:
- 9.4.1 without limiting the meaning of Adjustment Event as defined in paragraph 9.1.2, the following capital restructures or corporate actions and events shall constitute an Adjustment Event, namely:
 - 9.4.1.1 a sub-division or consolidation of Ordinary Shares;
 - 9.4.1.2 a rights issue or similar issue in respect of Ordinary Shares, to the extent that a B Shareholder follows its rights in respect of any of its Linked Ordinary Shares;
 - 9.4.1.3 a scrip dividend or capitalisation issue in respect of the Ordinary Shares;
 - 9.4.2 the following corporate actions and events shall not constitute an Adjustment Event:
 - 9.4.2.1 any issue of Ordinary Shares in which all Ordinary Shareholders would not be entitled to participate including, without limitation, any issue of Ordinary Shares under any employee incentive scheme;
 - 9.4.2.2 any acquisition issue of Ordinary Shares;
 - 9.4.2.3 any vendor consideration placing of Ordinary Shares;

- 9.4.2.4 any issue of Ordinary Shares for cash or to settle any indebtedness, liability, obligation, commitment, expense or the like;
 - 9.4.2.5 any amalgamation or merger in accordance with section 113; or
 - 9.4.2.6 any rights issue to the extent that the applicable B Shareholder does not follow its rights in respect of its Linked Ordinary Shares.
- 9.5 In the event that an Adjustment Event contemplated in:
- 9.5.1 paragraph 9.1.2.2.2, 9.4.1.2 or 9.4.1.3 occurs and a B Shareholder's Proportionate Voting Rights after the completion of such event are greater than its Pre-Event Proportionate Voting Rights by virtue of the B Shareholder having followed its rights (in respect of the Adjustment Events contemplated paragraph 9.1.2.2.2 or 9.4.1.2) or having received Ordinary Shares (in respect of the Adjustment Event contemplated paragraph 9.4.1.3); or
 - 9.5.2 paragraph 9.1.2.2.4 occurs and a B Shareholder's Proportionate Voting Rights after the completion of such event are greater than its Pre-Event Proportionate Voting Rights by virtue of the B Shareholder having not participated in the proposed repurchase in respect of all of its Linked Ordinary Shares,
- no Adjustment shall be effected in respect of that B Shareholder's B Share holdings.
- 9.6 In the event that an Adjustment Event occurs in terms of paragraph 9.1.2.2.2, 9.1.2.2.4 or 9.4.1.2 and a B Shareholder exercises its rights or entitlements in respect of some (and not all) of its Linked Ordinary Shares (the percentage of the Linked Ordinary Shares in respect of which the B Shareholder exercised its rights being the "**Participation Percentage**"), then the relevant corporate action or event shall only constitute an Adjustment Event in respect of those Linked Ordinary Shares in respect of which the rights or entitlements were exercised. In case of a partial exercise of a right or entitlement, as contemplated in this paragraph 9.6, in order to effect the Adjustment contemplated in paragraph 9.3, subject to paragraph 9.5:
- 9.6.1 if an Adjustment Issue is required to be effected in order to restore the B Shareholder's Pre-Event Proportionate Voting Rights, then only the Participation Percentage of the number of B Shares as would be required to be issued to restore the B Shareholder's Pre-Event Proportionate Voting Rights shall be issued and allotted to the B Shareholder on the terms contemplated in paragraph 9.3.1, *mutatis mutandis*; or
 - 9.6.2 if an Adjustment Redemption is to be effected in order to restore the B Shareholder's Pre-Event Proportionate Voting Rights, then only the Participation Percentage of the number of B Shares as would be required to be redeemed to restore the B Shareholder's Pre-Event Proportionate Voting Rights shall be redeemed by the Company on the terms contemplated in paragraph 9.3.2, *mutatis mutandis*.
- 9.7 Pursuant to the occurrence of any Adjustment Event, the Board shall give written notice to the B Shareholders setting out the details of the Adjustment to be effected in respect of that Adjustment Event ("**Adjustment Notice**"). A B Shareholder shall be entitled, by written notice to the Board within 5 Business Days of receipt of the Adjustment Notice ("**Dispute Notice**"), to register its dispute in relation to the proposed Adjustment as contemplated in such Adjustment Notice. Pursuant to receipt of the Dispute Notice, the matter shall (unless resolved between the Company and the B Shareholder within 5 Business Days of the date of the Dispute Notice) be referred to the Independent Auditors in to require that the matter be referred to the Independent Auditors, acting as expert and not as arbitrator, for determination provided that the Independent Auditors shall be requested to make its determination within 10 Business Days of such referral.
- 9.8 Notwithstanding any other provision of this paragraph 9, pursuant to the occurrence of an Adjustment Event, no Adjustment shall be effected in terms of this paragraph prior to:
- 9.8.1 if no dispute by a B Shareholder has been registered in accordance with paragraph 9.7 by the final date for delivering a Dispute Notice, the first Business Day following the final date for delivering the Dispute Notice; or
 - 9.8.2 if a dispute by a B Shareholder has been registered in accordance with paragraph 9.7, the first Business Day following (i) the resolution of the dispute between the Company and the applicable B shareholder/s or (ii) the receipt of the Independent Auditors' determination, as applicable.

10. ISSUE OF CAPITALISATION SHARES AND PRE-EMPTION ON ISSUE

- 10.1 For purposes of Article 7 of the MOI, any B Shares held by a Shareholder shall be excluded and shall not be taken into account when determining the number of Ordinary Shares to be issued to each Ordinary Shareholder, if the Board elects to issue Ordinary Shares on a proportional basis to Shareholders or to offer a cash payment *in lieu* of awarding such proportional capitalisation Shares. For the avoidance of doubt, the issue of Ordinary Shares as aforesaid may constitute an Adjustment Event for purposes of paragraph 9.
- 10.2 Notwithstanding anything to the contrary, the provisions of Article 7 of the MOI shall not apply in respect of the issue of B Shares. For the avoidance of doubt, this means that the Ordinary Shareholders shall not have, and accordingly shall not be entitled to exercise, any pre-emptive rights in respect of the issue of B Shares.

TABULAR SUMMARY OF THE KEY CAPEVIN B SHARE TERMS

Key Term	Capevin B Share terms
Class of Shares	<ul style="list-style-type: none"> • Unlisted, non-convertible, redeemable no par value shares • Voting rights but no economic participation (save as detailed below) • Issued at a nominal value of R0.00001 per Capevin B Share • Capevin B Shares will be linked to the Capevin B-Linked Ordinary Shares (collectively, for purposes of this Annexure, “Capevin B/Linked Ordinary Shares”) upon implementation of the Capevin Distribution and cannot be transferred separately from each other • To be issued in a pre-determined ratio of Capevin B Shares to Capevin B-Linked Ordinary Shares, namely the Capevin B Share Ratio which is, after rounding, 2.117 Capevin B Shares for every 1 Capevin B-Linked Ordinary Share
Voting Rights	<ul style="list-style-type: none"> • Capevin B Shares will provide additional voting rights to ensure that the Remgro Group retains the same level of voting control in Capevin after the implementation of the Transaction as the Remgro Group currently enjoys in Distell, namely 55.93% of the total voting rights in Distell
Economic Rights	<ul style="list-style-type: none"> • The Capevin B Shares will not have any economic rights, save and except for the right (i) upon a repurchase, to be repaid their issue price; (ii) upon a winding up of Capevin, to be repaid their issue price in priority to any liquidation payment or distribution to the Capevin Ordinary Shareholders and (iii) if Capevin unbundles the equity shares in any subsidiary, to subscribe for shares in an unbundled subsidiary for nominal consideration, which shares shall have equivalent rights and limitations to those of the Capevin B Shares <p>Not entitled to participate in any profits of Capevin</p> <p>Not entitled to any dividends from Capevin</p>
Administering B Shares	<ul style="list-style-type: none"> • Disposal or transfer of Capevin B/Linked Ordinary Shares held by a Capevin B Shareholder must be as follows: • In order to ensure the “linked” nature of the Capevin B-Linked Ordinary Shares, the Capevin company secretary must be informed of any proposed disposal of Capevin B-Linked Ordinary Shares prior to such disposal. A failure to notify the company secretary as aforesaid will result in the voting rights attaching to the relevant Capevin B Shares linked to the Capevin B-Linked Ordinary Shares being ‘cancelled’ through a cessation of the voting rights and Capevin will be entitled to redeem relevant Capevin B Shares
Adjustments	<ul style="list-style-type: none"> • Should there be a corporate event or an alteration of the share capital of Capevin, which increases or decreases the number of Capevin Ordinary Shares in issue, then in certain circumstances the number of Capevin B Shares held by such Capevin B Shareholder shall be increased or decreased, as the case may be, to maintain the proportionate Total Capevin Voting Rights exercisable by such Capevin B Shareholder before and after implementation of the relevant corporate event or alteration of share capital

Effective voting threshold/procedural issue	Disposal term	Effect	Rationale for the term
Procedural	The Capevin company secretary must be informed of any proposed disposal of Capevin B-Linked Ordinary Shares prior to such disposal. The voting rights attaching to the Capevin B Shares linked to those Capevin B-Linked Ordinary Shares will be cancelled through a cessation of the voting rights and Capevin will be entitled to redeem the relevant Capevin B Shares if the company secretary is not given prior notice of a disposal.	If the Capevin company secretary is not informed prior to a disposal of the Capevin B-Linked Ordinary Shares, the voting rights attaching to the Capevin B Shares linked to those Capevin B-Linked Ordinary Shares will effectively be cancelled through a cessation of the voting rights and Capevin will be entitled to redeem the relevant B Shares.	As the Capevin Ordinary Shares and the Capevin B Shares are unlisted, the transfer and holding thereof (to ensure the “linked” nature of the Capevin B Shares to the Capevin B-Linked Ordinary Shares) will be managed by the Capevin company secretary. The company secretary will only be able to record who the holders of Capevin B Shares (linked to Capevin B-Linked Ordinary Shares) are if information on the disposal of such shares is provided to the Capevin company secretary prior to such a disposal.

Effective voting threshold/procedural issue	Disposal term	Effect	Rationale for the term
< 25%	<p>In a disposal of Capevin B/ Linked Ordinary Shares by a Capevin B Shareholder, where the combined voting rights of all other shares in Capevin plus the Capevin B/Linked Ordinary Shares acquired by a purchaser (together with its concert parties and related parties) are not more than an effective aggregated 25% of the Total Capevin Voting Rights after implementing such disposal, the voting rights attaching to the Capevin B Shares thus acquired will be cancelled through the cessation of the voting rights and Capevin will be entitled to redeem the relevant Capevin B Shares.</p> <p>Similarly, if the combined voting rights of all other shares in Capevin plus the Capevin B/Linked Ordinary Shares still held by the selling Capevin B Shareholder (together with such Capevin B Shareholder's concert parties and related parties) are not more than an effective aggregated 25% of the Total Capevin Voting Rights after implementing such disposal, the voting rights attaching to the Capevin B Shares held by the seller will be cancelled through a cessation of the voting rights and Capevin will be entitled to redeem the relevant Capevin B Shares.</p>	<p>The voting rights attaching to the Capevin B Shares linked to the Capevin B-Linked Ordinary Shares are cancelled in the hands of a Capevin B Shareholder that does not hold more than 25% of the Total Capevin Voting Rights (taken together with such Capevin B Shareholder's concert parties and related parties) and Capevin will be entitled to redeem the relevant Capevin B Shares.</p>	<p>Ordinarily any single shareholder and its concert parties and related parties would lose so-called "negative" control below 25% shareholding. The cessation of the voting rights of the Capevin B Shares held by a Capevin B Shareholder who, together with its concert parties and related parties, falls below this threshold is intended to simulate this loss of "negative" control.</p> <p>Further, this also ensures that when a Capevin B Shareholder disposes of Capevin B/Linked Ordinary Shares in very small numbers at a time, the voting rights attaching to the Capevin B Shares in those circumstances are cancelled, as it will not be possible to administer the Capevin B/ Linked Ordinary Shares and their holders if too many different parties are able to hold these Capevin B/Linked Ordinary Shares.</p>
	<p>If at any point in time there is not a single Capevin B Shareholder who, together with its concert parties and related parties, holds more than an effective aggregate 25% of the Total Capevin Voting Rights, then the voting rights attaching to all the Capevin B Shares will be cancelled through a cessation of the voting rights and Capevin will be entitled to redeem all the Capevin B Shares.</p>	<p>The voting rights attaching to all Capevin B Shares are cancelled through a cessation of the voting rights and Capevin will be entitled to redeem all the Capevin B Shares, if there are no more Capevin B Shareholders who, together with their concert parties and related parties, hold more than 25% of the Total Capevin Voting Rights.</p>	<p>Capevin B Shares provide voting rights to the Remgro Group similar to the effective voting status which is currently in place in relation to Distell. If at any time no Capevin B Shareholder (together with its concert parties and related parties) holds more than 25%, the Capevin B Shares should not operate further to reflect the aforesaid voting status.</p>

Effective voting threshold/ procedural issue	Disposal term	Effect	Rationale for the term
≥ 25%	<p>If a purchaser acquires Capevin B/Linked Ordinary Shares from a Capevin B Shareholder and, post such acquisition, holds more than 25% of the effective aggregated Total Capevin Voting Rights (taken together with such purchasing Capevin B Shareholder's concert parties and related parties, and including the Capevin B/Linked Ordinary Shares acquired and existing Capevin Ordinary Shares previously held), and</p> <p>the selling Capevin B Shareholder (taken together with such selling B Shareholder's concert parties and related parties) also continues to hold an effective aggregated Total Capevin Voting Rights of more than 25%, then the purchaser of the Capevin B/Linked Ordinary Shares will have the choice to elect either to (i) make an offer to all other Capevin Ordinary Shareholders to acquire their Capevin Ordinary Shares at the same price paid for the Capevin B/Linked Ordinary Shares; or (ii) to have the voting rights attaching to the Capevin B Shares linked to the Capevin B-Linked Ordinary Shares thus acquired cancelled through a cessation of the voting rights and Capevin will be entitled to redeem the relevant Capevin B Shares ("25% Election Term").</p> <p>Should an offer to minorities be made in accordance with the 25% Election Term, the full consideration payable to Capevin B Shareholders in terms of the transaction which triggers the offer shall be attributed to the Capevin B-Linked Ordinary Shares and no value shall be attributed to the Capevin B Shares.</p>	<p>The purchaser of Capevin B/Linked Ordinary Shares can elect either:</p> <p>to make the same offer to all other Capevin Ordinary Shareholders at the same price it paid for the Capevin B/Linked Ordinary Shares; or</p> <p>if the purchaser does not wish to make such an offer, to have the voting rights attaching to its Capevin B Shares in respect of the Capevin B/Linked Ordinary Shares cancelled through a cessation of the voting rights and Capevin will be entitled to redeem the relevant Capevin B Shares, and thus hold only Capevin Ordinary Shares.</p>	<p>The 25% Election Term is meant to counteract a "synthetic double 25%" voting position where, after a disposal of Capevin B/Linked Ordinary Shares, there are 2 Capevin B Shareholders holding more than an effective 25% of the Total Capevin Voting Rights by virtue of the fact that the Capevin B Shares have voting rights.</p> <p>As such, the purpose is to give an election to the purchaser to decide if retaining the Capevin B Shares, with their accompanying effective 25% voting rights (notwithstanding that the purchaser may have acquired less than 25% of Capevin's shares), is sufficiently important to the purchaser that he is willing to pay a premium, which premium is then paid to the minority Capevin Ordinary Shareholders to prevent the minority Capevin Ordinary Shareholders from being disadvantaged.</p> <p>The purpose of the provision ascribing the full value of an offer to minorities to the Capevin B-Linked Ordinary Shares per the 25% Election Term is to ensure that the minority Capevin Ordinary Shareholders enjoy the full benefit of the offer (despite not owning any Capevin B Shares).</p>

Effective voting threshold/ procedural issue	Disposal term	Effect	Rationale for the term
≥ 35%	<p>Should an offer to minorities be made in certain instances (e.g. where the transferee is obliged to do so pursuant to section 123 of the Companies Act), the full consideration payable to the Capevin B Shareholders in terms of the transaction which triggers the offer shall be attributed to the Capevin Ordinary Shares forming the subject matter of the offer and no value shall be attributed to the Capevin B Shares.</p> <p>No further specific terms are applicable.</p>	Where Capevin B/Linked Ordinary Shares are transferred that constitute 35% or more of the voting rights in Capevin, the usual TRP rules (if applicable) apply regarding the obligation to make a mandatory offer to all Capevin Ordinary Shareholders in terms of section 123 of the Companies Act.	<p>The standard TRP rules require a mandatory offer to be made in any transaction where more than 35% of the voting rights in a regulated company are acquired.</p> <p>Provided Capevin is a regulated company and the thresholds above are met, the Capevin B Shares will be transferred and not cancelled.</p> <p>Again, the purpose of the term ascribing the full value of an offer to minorities to the Capevin B-Linked Ordinary Shares is to ensure that the minority Capevin Ordinary Shareholders enjoy the full benefit of the offer (despite not owning any Capevin B Shares).</p>

TAXATION CONSIDERATIONS RELATING TO THE SCHEME

1. The summary below is a general guide and is not intended to constitute a complete analysis of the taxation consequences of the Scheme in terms of South African taxation Law. It is not intended to be, nor should it be considered as, legal or taxation advice. This summary is therefore intended solely to draw Distell Shareholders' attention to certain key aspects of the tax legislation that may be relevant to them pursuant to the Scheme.
2. The summary below is broadly applicable only to Distell Shareholders that are subject to South African tax legislation whose receipts and accruals are not otherwise exempt from income tax. However, Distell and its advisers cannot be held responsible for the taxation consequences that the Scheme may have on any Distell Shareholders and therefore all Distell Shareholders are advised to consult their own tax advisers if they are in any doubt about their tax position. They should also confirm how the general comments below apply to their specific personal circumstances and, in particular, ascertain whether there are any additional or exceptional tax consequences which could apply to them.
3. **CAPEVIN DISTRIBUTION**
 - 3.1 A Distell Shareholder will receive the Capevin Ordinary Shares as an *in specie* dividend distribution by Distell. The distribution is regarded as a local dividend for South African tax purposes and should therefore be exempt from income tax in the hands of shareholders subject to South African tax, except for limited exclusions, depending on the Distell Shareholder's position.
 - 3.2 The distribution of the Capevin Ordinary Shares by Distell does not qualify for the tax concessions provided for in section 46 of the Income Tax Act. As a result, the Distell Shareholder will be treated as having acquired such shares at a base cost or for expenditure equal to their market value on the Scheme Implementation Date.
 - 3.3 Capevin will be liable for STT payable in respect of the transfer of the Capevin Ordinary Shares to the Distell Shareholders pursuant to the Capevin Distribution. Capevin may recover the STT payable from the Distell Shareholders.
4. **CAPEVIN OFFER**
 - 4.1 On the assumption that the Capevin Ordinary Shares will have a base cost or expenditure incurred equal to its market value on distribution (see 3.2 above), the disposal of the Capevin Ordinary Shares in terms of the Capevin Offer, immediately after acquiring it in terms of the Capevin Distribution, should ordinarily not give rise to adverse tax consequences for Distell Shareholders.
 - 4.2 The STT payable in respect of the transfer of the Capevin Ordinary Shares to Heineken pursuant to the Capevin Offer will be recovered from Heineken.
5. **NEWCO OFFER**
 - 5.1 Distell Shareholders may either be subject to CGT or income tax upon the disposal of the Scheme Shares, depending on whether the Scheme Shares are held as capital assets or trading stock, respectively, unless the particular Distell Shareholder qualifies for tax relief in terms of section 42 of the Income Tax Act when it disposes of the Scheme Shares.
 - 5.2 The Capevin Distribution will not result in a change in the capital gains tax base cost of the Scheme Shares for Distell Shareholders.
 - 5.3 The STT payable in respect of the transfer of the Scheme Shares will be recovered from Newco unless the relevant transfer qualifies for tax relief in terms of section 42 of the Income Tax Act.

INFORMATION FOR FOREIGN DISTELL SHAREHOLDERS

1. DISTRIBUTIONS TO FOREIGN DISTELL SHAREHOLDERS

- 1.1 The distribution and/or transfer of Capevin Ordinary Shares and/or Newco Shares to Foreign Distell Shareholders in terms of the Scheme may be affected by the Laws of such Foreign Distell Shareholders' relevant jurisdiction. Those Foreign Distell Shareholders should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements.
- 1.2 This section sets out the restrictions applicable to Distell Shareholders who have registered addresses outside South Africa, who are nationals, citizens or residents of countries other than South Africa, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside South Africa or who hold ordinary shares for the account or benefit of any such Foreign Distell Shareholder. To the extent that this section pertains or is intended to pertain to exchange control or the Exchange Control Regulations, the aforementioned Distell Shareholders include those who have registered addresses outside the Common Monetary Area or who are nationals, citizens or residents of countries outside the Common Monetary Area.
- 1.3 It is the responsibility of any Foreign Distell Shareholder (including, without limitation, nominees, agents and trustees for such persons) receiving this Distell Circular and wishing to take up their entitlement to receive Capevin Ordinary Shares pursuant to the Capevin Distribution and/or Newco Shares pursuant to an election to receive the Newco Share Consideration (whether by way of the Newco Share Only Option or the Newco Fixed Ratio Option) in terms of the Newco Offer, to satisfy themselves as to full observance of the applicable Laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. Foreign Distell Shareholders are obliged to observe the applicable legal requirements of their relevant jurisdictions.
- 1.4 Accordingly, persons (including, without limitation, nominees, agents and trustees) receiving this Distell Circular should not distribute or send the same to any person in, or citizen or resident of, or otherwise into any jurisdiction where to do so would or might contravene local securities Laws or regulations. Any person who does distribute this Distell Circular into any such territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this Annexure.
- 1.5 Distell reserves the right, but shall not be obliged, to treat as invalid any distribution of Capevin Ordinary Shares pursuant to the Capevin Distribution and/or any election to receive the Newco Share Consideration (whether by way of the Newco Share Only Option or the Newco Fixed Ratio Option) pursuant to the Newco Offer, in terms of the Scheme, which appears to Distell or its agents to have been executed, effected or dispatched in a manner which may involve a breach of the securities Laws or regulations of any jurisdiction or if Distell believes or its agents believe that the same may violate applicable legal or regulatory requirements.
- 1.6 A **"Foreign Excluded Distell Shareholder"** includes any Foreign Distell Shareholder who is unable to receive any of the Capevin Ordinary Shares to be distributed to him and/or any Newco Shares offered to him because of the Laws of the jurisdiction of that Distell Shareholder, or any Foreign Distell Shareholder that Distell is not permitted to distribute any of the Capevin Ordinary Shares to pursuant to the Capevin Distribution and/or that is not permitted to receive Newco Shares in terms of the Newco Offer because of the Laws of the jurisdiction of that Distell Shareholder. In respect of the Capevin Distribution, the Capevin Ordinary Shares to which Foreign Excluded Distell Shareholders would be entitled in terms of the Capevin Distribution may be aggregated and disposed of to Himalaya in terms of the Capevin Offer by the Transfer Secretaries on behalf of and for the benefit of Foreign Excluded Distell Shareholders. In respect of the Newco Offer, all Foreign Excluded Distell Shareholders will be deemed to have elected to receive the Newco Cash Consideration unless such Foreign Excluded Distell Shareholder is, either personally or through a representative, CSDP or Broker and by no later than the Election Record Date, able to demonstrate, to the satisfaction of the Distell Board by proof submitted to the Transfer Secretaries, that such Foreign Excluded Distell Shareholder is able to receive transfer of the Newco Shares validly and lawfully.

1.7 Foreign Excluded Distell Shareholders will, in respect of:

- 1.7.1 their entitlement to Capevin Ordinary Shares pursuant to the Capevin Distribution, receive the Capevin Cash Consideration per Capevin Ordinary Shares (net of transaction and currency conversion costs) received by the Transfer Secretaries pursuant to the Capevin Offer. The consideration per Capevin Ordinary Share due to each Foreign Excluded Distell Shareholder will be paid as part of the Scheme; and
- 1.7.2 their deemed election to receive the Newco Cash Consideration as contemplated in paragraph 1.6 of this Annexure 9, receive the Newco Cash Consideration per Scheme Share (net of transaction and currency conversion costs) received by the Transfer Secretaries pursuant to the Newco Offer. The consideration per Scheme Ordinary Share due to each Foreign Excluded Distell Shareholder will be paid as part of the Scheme.

2. **EXCHANGE CONTROL**

Please see Annexure 10 of this Distell Circular.

EXCHANGE CONTROL CONSIDERATIONS

1. GENERAL

Neither the Capevin Ordinary Shares nor the Newco Shares are freely transferable from the Common Monetary Area and must be dealt with in terms of the Exchange Control Regulations. This Annexure 10 is a summary of applicable Exchange Control Regulations, but is not comprehensive and is intended as a guide only. In the event that Distell Shareholders have any doubts in respect of their obligations in terms of the Exchange Control Regulations, they should consult their professional advisers.

2. DISPOSAL OF CAPEVIN ORDINARY SHARES BY DISTELL SHAREHOLDERS PURSUANT TO THE CAPEVIN OFFER

2.1 In terms of the Exchange Control Regulations, Distell Shareholders that are residents of the Common Monetary Area and who accept the Capevin Offer may dispose of their Capevin Ordinary Shares to Heineken. Any Capevin Ordinary Shares so acquired by Heineken must be submitted to an Authorised Dealer to be endorsed as “non-resident” by the Authorised Dealer, within the time periods prescribed in terms of the Exchange Control Regulations.

2.2 Capevin Ordinary Shares disposed of by Foreign Distell Shareholders to Heineken in terms of the Capevin Offer will be required to have their “non-resident” endorsement cancelled by an Authorised Bank and then be re-endorsed as “non-resident” by an Authorised Dealer within the time periods prescribed in terms of the Exchange Control Regulations.

2.3 Distell will attend to the necessary in this regard.

3. DISPOSAL OF DISTELL SHARES BY FOREIGN DISTELL SHAREHOLDERS PURSUANT TO THE NEWCO OFFER

In terms of the Exchange Control Regulations, any Distell Shares held by a Foreign Distell Shareholder and acquired by Newco pursuant to the Newco Offer must be submitted to an Authorised Bank for the “non-resident” endorsement to be cancelled by the Authorised Bank (in the case of certificated shares) or the “non-resident” flagging of such shares to be cancelled by a CSDP or a settlement agent (in the case of Dematerialised shares) within the time periods prescribed in terms of the Exchange Control Regulations. Distell will attend to the necessary in this regard.

4. CASH PAYMENT IN RESPECT OF CAPEVIN CASH CONSIDERATION AND/OR NEWCO OFFER CONSIDERATION

4.1 Any cash payment in respect of the Capevin Cash Consideration and/or Newco Offer Consideration made in terms of the Scheme may be regarded as freely transferable and:

4.1.1 in the case of Dematerialised Distell Shareholders, be credited to their banking account at the CSDP controlling their portfolios; or

4.1.2 in the case of Certificated Distell Shareholders whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, be deposited with an Authorised Dealer under whose administration the Distell Shareholder's remaining assets are held. It will be incumbent on the Distell Shareholder concerned to nominate the Authorised Dealer and to instruct the nominated Authorised Dealer as to the disposal of the relevant cash. If the information regarding the nominate Authorised Dealer is not given to Distell, the cash will be held in trust for the Distell Shareholder concerned, pending the receipt of the necessary information or instructions.

5. RECEIPT OF CAPEVIN ORDINARY SHARES PURSUANT TO THE CAPEVIN DISTRIBUTION AND/OR NEWCO SHARES PURSUANT TO THE NEWCO OFFER

5.1 Residents of the Common Monetary Area

- 5.1.1 The original share certificates in respect of any Capevin Ordinary Shares and/or Newco Shares received by Distell Shareholders whose registered addresses are within the Common Monetary Area and who have not been restrictively endorsed in terms of the Exchange Control Regulations will be posted to Scheme Participants, at the risk of the Scheme Participant:
- 5.1.1.1 in the case of Dematerialised Distell Shareholders without Own-name Registration, to the postal address of its CSDP or Broker;
- 5.1.1.2 in the case of Certificated Distell Shareholders and Dematerialised Distell Shareholders with Own-name Registration, to the postal address provided by such Scheme Participant in its Form of Acceptance and Transfer (*blue*) and/or Form of Election, Surrender and Transfer (*green*), as applicable.

5.2 Emigrants from the Common Monetary Area

- 5.2.1 The original share certificates in respect of any Capevin Ordinary Shares and/or Newco Shares received by Distell Shareholders who are emigrants from the Common Monetary Area and whose registered address is outside the Common Monetary Area will be endorsed 'non-resident' by Distell's duly appointed Authorised Dealer before being posted to the relevant Scheme Participants, at the risk of the Scheme Participant:
- 5.2.1.1 in the case of Dematerialised Distell Shareholders without Own-name Registration, to the postal address of the CSDP of the Authorised Dealer controlling the particular emigrant's remaining assets, or the CSDP contracted by such an Authorised Dealer, under the auspices of the controlling Authorised Dealer; or
- 5.2.1.2 in the case of Certificated Distell Shareholders whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations and Dematerialised Distell Shareholders with Own-name Registration, to the postal address of the Authorised Dealer which controls the remaining assets of the particular emigrant as provided by Such Scheme Participant in its Form of Acceptance and Transfer (*blue*) and/or Form of Election, Surrender and Transfer (*green*), as applicable.
- 5.2.2 The CSDP or Broker must ensure that all requirements of the Exchange Control Regulations are adhered to in respect of their clients falling into this category of investor.

5.3 All other Non-residents of the Common Monetary Area

- 5.3.1 The original share certificates of any Capevin Ordinary Shares and/or Newco Shares received by Distell Shareholders whose registered address is outside the Common Monetary Area and who are not emigrants from the Common Monetary Area and who have provided proof, satisfactory to the Distell Board, of their ability to validly and lawfully receive Capevin Ordinary Shares and/or Newco Shares, will be endorsed 'non-resident' by Distell's duly appointed Authorised Dealer before being posted to the relevant Scheme Participants, at the risk of the Scheme Participant:
- 5.3.1.1 in the case of Dematerialised Distell Shareholders without Own-name Registration be posted to the postal address of their duly appointed CSDP or Broker; or
- 5.3.1.2 in the case of Certificated Distell Shareholders whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations and Dematerialised Distell Shareholders with Own-name Registration, to the postal address provided by such Scheme Participant in its Form of Acceptance and Transfer (*blue*) and/or Form of Election, Surrender and Transfer (*green*), as applicable.
- 5.3.2 The CSDP or Broker must ensure that all requirements of the Exchange Control Regulations are adhered to in respect of their clients falling into this category of investor.

EXTRACTS OF SECTIONS 115 AND 164 OF THE COMPANIES ACT

“Section 115: Required approval for transactions contemplated in Part A

- (1) Despite section 65, and any provision of a company’s Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless –
- (a) the disposal, amalgamation or merger, or scheme of arrangement –
 - (i) has been approved in terms of this section; or
 - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
 - (b) to the extent that Parts B and C of this Chapter and the Takeover Regulations apply to a company that proposes to –
 - (i) dispose of all or the greater part of its assets or undertaking;
 - (ii) amalgamate or merge with another company; or
 - (iii) implement a scheme of arrangement,
 the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4)(b), or exempted the transaction in terms of section 119(6).
- (2) A proposed transaction contemplated in subsection (1) must be approved –
- (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company’s Memorandum of Incorporation, as contemplated in section 64(2); and
 - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company’s holding company if any, if -
 - (i) the holding company is a company or an external company;
 - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the Subsidiary; and
 - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the Subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
 - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if -
- (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
 - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights -
 - (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
 - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- (4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either -
 - (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
 - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant -
 - (a) is acting in good faith;
 - (b) appears prepared and able to sustain the proceedings; and
 - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if -
 - (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
 - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person -
 - (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
 - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect -
 - (a) the transfer of the whole or any part of the undertaking, assets and liabilities of company contemplated in that transaction;
 - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
 - (c) the transfer of shares from 1 person to another;
 - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
 - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
 - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger."

"Section 164: Dissenting shareholders appraisal rights

- (1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to -
 - (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
 - (b) enter into a transaction contemplated in section 112, 113 or 114, that notice must include a statement informing shareholders of their rights under this section.

- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who -
 - (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither:
 - (i) withdrawn that notice; or
 - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if -
 - (a) the shareholder -
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
 - (b) the company has adopted the resolution contemplated in subsection (2); and
 - (c) the shareholder
 - (i) voted against that resolution; and
 - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within -
 - (a) 20 business days after receiving a notice under subsection (4); or
 - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state -
 - (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless -
 - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
 - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of -
 - (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

- (12) Every offer made under subsection (11) -
 - (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12) -
 - (a) the shareholder must either in the case of -
 - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
 - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
 - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and -
 - (i) tendered the share certificates; or
 - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has -
 - (a) failed to make an offer under subsection (11); or
 - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14) -
 - (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
 - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
 - (c) the court -
 - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
 - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
 - (iii) in its discretion may -
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
 - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
 - (v) must make an order requiring -
 - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
 - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- (15A) At any time until the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case -
 - (a) that shareholder must comply with the requirements of subsection 13(a); and
 - (b) the company must comply with the requirements of subsection 13(b).
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months -
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
 - (b) the court may make an order that:
 - (i) is just and equitable, having regard to the financial circumstances of the company; and
 - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to -
- (a) the provisions of that section; or
 - (b) the application by the company of the solvency and liquidity test set out in section 4.
- (20) Except to the extent -
- (a) expressly provided in this section; or
 - (b) that the Panel rules otherwise in a particular case,
- a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

EXTRACTS OF THE HISTORICAL FINANCIAL INFORMATION OF DISTELL FOR THE 3 FINANCIAL YEARS UP TO AND ENDED 30 JUNE 2021

The statements of financial position, income statements and statements of comprehensive income, statements of changes in equity and statements of cash flows for the 3 years up to and ended 30 June 2021 (collectively referred to as the “*Historical Financial Information of Distell*” for purposes of this Annexure 12) presented below have been extracted, from the audited consolidated annual financial statements of Distell. For purposes of the audited consolidated annual financial statements of Distell for the year ended 30 June 2020, the Distell Group adopted the new accounting standard IFRS 16 Leases with effect from its mandatory implementation date of 1 July 2019. The Distell Group also changed its accounting policy for the recognition of returnable glass bottles from being part of inventory to PPE. This change was applied retrospectively in terms of the provisions of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The information set out in this Annexure is not a full set of financial statements in accordance with IFRS. Reading the information in this Annexure is therefore no substitute for reading the audited consolidated annual financial statements of Distell for the 3 financial years up to and ended 30 June 2021 which can be obtained from Distell’s website (<https://www.distell.co.za/Investor-Centre/Home/>).

The Directors of Distell are responsible for the preparation and fair presentation of the consolidated annual financial statements of Distell in accordance with IFRS from which the Historical Financial Information of Distell has been prepared.

The consolidated annual financial statements for the 3 financial years up to and ended 30 June 2021 from which the related information below has been extracted, were audited by PricewaterhouseCoopers Inc. in accordance with International Standards on Auditing. PricewaterhouseCoopers Inc. issued unqualified audit opinions on these financial statements.

There have been no material changes in the Historical Financial Information of Distell referred to since publication and the last practicable date of the Distell Circular.

STATEMENTS OF FINANCIAL POSITION

As at

	GROUP		
	30 June 2021 R'000	30 June 2020 R'000	30 June 2019 R'000 <i>Restated</i>
ASSETS			
Non-current assets			
Property, plant and equipment	8 103 115	8 198 184	7 196 088
Financial assets at amortised cost	71 555	84 466	92 326
Financial assets at fair value through other comprehensive income	47 827	49 575	57 800
Investments in subsidiaries	–	–	–
Investments in associates	408 597	373 928	432 710
Investments in joint ventures	66 826	57 056	105 384
Intangible assets	2 082 759	2 267 557	1 951 987
Retirement benefit assets	385 489	643 936	526 812
Deferred income tax assets	62 176	62 747	108 218
Total non-current assets	11 228 344	11 737 449	10 471 325
Current assets			
Inventories	8 588 203	8 436 466	8 224 001
Trade and other receivables	3 290 481	2 919 657	3 722 548
Investment in money market funds	–	565 000	–
Current income tax assets	173 217	177 432	36 510
Cash and cash equivalents	2 471 136	1 169 057	1 153 104
Total current assets	14 523 037	13 267 612	13 136 163
Assets classified as held for sale	–	266 776	–
Total assets	25 751 381	25 271 837	23 607 488
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	27 844 564	27 844 559	27 844 558
Other reserves	(25 314 806)	(24 883 015)	(25 510 560)
Retained earnings	10 557 222	8 621 382	9 238 542
Attributable to equity holders of the Company	13 086 980	11 582 926	11 572 540
Non-controlling interest	454 062	409 134	357 464
Total equity	13 541 042	11 992 060	11 930 004
Non-current liabilities			
Interest-bearing borrowings	2 077 097	5 122 473	4 523 673
Retirement benefit obligations	24 615	30 414	27 547
Deferred income tax liabilities	1 274 914	1 196 469	1 149 363
Total non-current liabilities	3 376 626	6 349 356	5 700 583
Current liabilities			
Trade and other payables	5 768 289	4 238 512	5 199 781
Interest-bearing borrowings	2 611 632	2 478 602	522 288
Provisions	344 696	35 511	212 536
Derivative financial instruments	85 818	154 485	–
Current income tax liabilities	23 278	23 311	42 296
Total current liabilities	8 833 713	6 930 421	5 976 901
Total equity and liabilities	25 751 381	25 271 837	23 607 488

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE

	GROUP		
	2021 R'000	2020 R'000	2019 R'000 <i>Restated</i>
Revenue	28 254 542	22 370 224	26 179 580
Operating costs	(25 671 447)	(21 179 917)	(23 882 808)
Costs of goods sold	(20 430 795)	(16 065 724)	(18 090 006)
Sales and marketing costs	(2 542 523)	(2 779 851)	(2 960 669)
Distribution costs	(1 362 550)	(1 154 545)	(1 239 871)
Administration and other costs	(1 273 546)	(955 391)	(1 289 811)
Net impairment losses on financial assets	(62 033)	(224 406)	(302 451)
Other gains and losses	259 445	(209 399)	(570 498)
Operating profit	2 842 540	980 908	1 726 274
Dividend income	6 546	2 538	4 211
Finance income	66 324	61 128	69 792
Finance costs	(357 445)	(441 978)	(340 720)
Share of equity-accounted earnings	113 803	97 033	61 529
Profit before taxation	2 671 768	699 629	1 521 086
Taxation	(669 279)	(305 009)	(637 457)
Profit for the year	2 002 489	394 620	883 629
Attributable to:			
Equity holders of the Company	1 935 840	312 300	870 428
Non-controlling interest	66 649	82 320	13 201
	2 002 489	394 620	883 629
Earnings per ordinary share (cents)			
Basic earnings basis	880.6	142.2	396.5
Diluted earnings basis	877.8	142.1	396.2

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE

	GROUP		
	2021 R'000	2020 R'000	2019 R'000 <i>Restated</i>
Profit for the year	2 002 489	394 620	883 629
Other comprehensive income (net of taxation)			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	(623 687)	623 356	(43 136)
Fair value adjustments of cash flow hedges	53 644	(75 301)	(18 251)
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefits	49 910	56 836	(13 412)
Fair value adjustments			
– Financial assets through other comprehensive income	(11 172)	9 147	(3 167)
Share of other comprehensive income of associates	(1 564)	(568)	(1 447)
Other comprehensive (losses)/income	(532 869)	613 470	(79 413)
Total comprehensive income for the year	1 469 620	1 008 090	804 216
Attributable to:			
Equity holders of the Company	1 402 971	926 114	791 191
Non-controlling interest	66 649	81 976	13 025
	1 469 620	1 008 090	804 216

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE

Group	Attributable to equity holders					
	Share capital and premium R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Total R'000	Non-controlling interest R'000
2021						
Balance at 1 July 2020	27 844 560	(1)	(24 883 015)	8 621 382	11 582 926	409 134
Comprehensive income						
Profit for the year	-	-	-	1 935 840	1 935 840	66 649
Other comprehensive income (net of taxation)						
Fair value adjustments:						
- Financial assets through other comprehensive income	-	-	(11 172)	-	(11 172)	-
Cash flow hedge of interest rate swaps	-	-	53 644	-	53 644	-
Currency translation differences	-	-	(623 687)	-	(623 687)	-
Remeasurements on post-employment benefits	-	-	49 910	-	49 910	-
Share of other comprehensive income of associates	-	-	(1 564)	-	(1 564)	-
Total other comprehensive losses	-	-	(532 869)	-	(532 869)	-
Total comprehensive income for the year	-	-	(532 869)	1 935 840	1 402 971	66 649
Transactions with owners						
Employee share scheme:						
- Proceeds from ordinary shares issued	8	(8)	-	-	-	-
- Shares paid and delivered	-	5	-	-	5	5
- Value of employee services	-	-	107 482	-	107 482	-
Dividends paid	-	-	-	-	-	(4 416)
Total contributions by and distributions to owners	(8)	(3)	107 482	-	107 487	(4 416)
Changes in ownership interests in subsidiaries that do not result in a loss of control						
Transactions with non-controlling interests	-	-	(6 404)	-	(6 404)	(17 305)
Total transactions with owners	8	(3)	101 078	-	101 083	(21 721)
Balance at 30 June 2021	27 844 568	(4)	(25 314 806)	10 557 222	13 086 980	454 062
						13 541 042

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE

Group	Attributable to equity holders					
	Share capital and premium R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Total R'000	Non-controlling interest R'000
2020						
Balance at 1 July 2019	27 844 560	(2)	(25 510 560)	9 238 542	11 572 540	357 464
Comprehensive income						
Profit for the year	-	-	-	312 300	312 300	82 320
Other comprehensive income (net of taxation)						
Fair value adjustments:						
- Financial assets through other comprehensive income	-	-	9 147	-	9 147	-
Cash flow hedge of interest rate swaps	-	-	(75 301)	-	(75 301)	-
Currency translation differences	-	-	623 700	-	623 700	(344)
Remeasurements on post-employment benefits	-	-	56 836	-	56 836	-
Share of other comprehensive income of associates	-	-	(568)	-	(568)	-
Total other comprehensive income	-	-	613 814	-	613 814	(344)
Total comprehensive income for the year	-	-	613 814	312 300	926 114	81 976
Transactions with owners						
Employee share scheme:						
- Shares paid and delivered	-	1	-	-	1	-
- Value of employee services	-	-	15 143	-	15 143	-
Sale of interest to non-controlling interest	-	-	-	-	-	(20 158)
Dividends paid	-	-	-	(929 460)	(929 460)	(8 810)
Total contributions by and distributions to owners	-	1	15 143	(929 460)	(914 316)	(28 968)
Contribution by non-controlling interest	-	-	-	-	-	-
Changes in ownership interests in subsidiaries that do not result in a loss of control						
Transactions with non-controlling interests	-	-	(1 412)	-	(1 412)	(1 338)
Total transactions with owners	-	1	13 731	(929 460)	(915 728)	(30 306)
Balance at 30 June 2020	27 844 560	(1)	(24 883 015)	8 621 382	11 582 926	409 134
						11 992 060

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE

Group	Attributable to equity holders					
	Share capital and premium R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Total R'000	Non-controlling interest R'000
2019						
Balance at 1 July 2018 (as previously reported)	27 846 659	(3)	(25 493 510)	9 271 151	11 624 297	314 944
Change in accounting policy	-	-	-	(15 326)	(15 326)	-
Balance at 1 July 2018	27 846 659	(3)	(25 493 510)	9 255 825	11 608 971	314 944
Comprehensive income						
Profit for the year (restated)	-	-	-	896 645	896 645	13 201
Change in accounting policy	-	-	-	(26 217)	(26 217)	-
Other comprehensive income (net of taxation)						
Fair value adjustments:						
- Financial assets through other comprehensive income	-	-	(3 167)	-	(3 167)	-
Cash flow hedge of interest rate swaps	-	-	(18 251)	-	(18 251)	-
Currency translation differences	-	-	(42 960)	-	(42 960)	(176)
Remeasurements on post-employment benefits	-	-	(13 412)	-	(13 412)	-
Share of other comprehensive income of associates	-	-	(1 447)	-	(1 447)	-
Total other comprehensive losses	-	-	(79 237)	-	(79 237)	(176)
Total comprehensive income for the year	-	-	(79 237)	870 428	791 191	13 025
Transactions with owners						
Employee share scheme:						
- Shares paid and delivered	-	1	-	-	1	-
- Value of employee services	-	-	64 631	-	64 631	-
Share issue costs	(2 099)	-	-	-	(2 099)	-
Dividends paid	-	-	-	(887 711)	(887 711)	(3 994)
Total contributions by and distributions to owners	(2 099)	1	64 631	(887 711)	(825 178)	(3 994)
Contribution by non-controlling interest	-	-	-	-	-	37 664
Changes in ownership interests in subsidiaries that do not result in a loss of control						
Transactions with non-controlling interests	-	-	(2 444)	-	(2 444)	(4 175)
Total transactions with owners	(2 099)	1	62 187	(887 711)	(827 622)	29 495
Balance at 30 June 2019	27 844 560	(2)	(25 510 560)	9 238 542	11 572 540	357 464
						11 930 004

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE

	GROUP		
	2021 R'000	2020 R'000	2019 R'000 <i>Restated</i>
Cash flows from operating activities			
Operating profit	2 842 540	980 908	1 726 274
Non-cash flow items	957 687	1 189 647	1 782 825
Working capital changes	772 914	(293 304)	(458 262)
Cash generated from operations	4 573 141	1 877 251	3 050 837
Dividend income	6 546	2 538	4 211
Finance income	66 324	35 359	57 393
Finance costs	(368 606)	(460 334)	(339 942)
Taxation paid	(602 635)	(413 035)	(633 935)
Proceeds from retirement benefit assets transferred to Group	405 000	–	–
Net cash generated from operating activities	4 079 770	1 041 779	2 138 564
Cash flows from investment activities			
Purchases of property, plant and equipment (PPE) to maintain operations	(441 054)	(458 115)	(665 748)
Purchases of PPE to expand operations	(436 780)	(900 641)	(722 359)
Proceeds from disposal of PPE	68 109	102 010	19 957
Proceeds from disposal of assets classified as held for sale	384 781	–	–
Purchases of financial assets and money market funds	(1 322)	(631 816)	(330 752)
Proceeds from financial assets and money market funds	581 364	24 714	6 612
Purchases of associates and joint ventures	(12 500)	(9 836)	–
Proceeds from associates and joint ventures disposed	67 631	–	–
Purchases of intangible assets	(73 456)	(120 790)	(36 148)
Proceeds from disposal of intangible assets	1	441	3
Proceeds from disposal of subsidiaries, net of cash disposed	–	(5 845)	–
Acquisition of subsidiaries, net of cash acquired	(23 425)	–	–
Cash inflow/(outflow) from investment activities	113 349	(1 999 878)	(1 728 435)
Cash flows from financing activities			
Shares issued	5	1	(2 098)
Proceeds from interest-bearing borrowings	28 837	159 906	109 788
Repayment of interest-bearing borrowings	(400 000)	–	(13 061)
Lease payments	(123 274)	(129 903)	–
Shares issued for cash to minority in subsidiary	–	–	37 664
Dividends paid to Company's shareholders	–	(929 460)	(887 711)
Dividends paid to non-controlling interests	(4 416)	(8 810)	(3 994)
Cash outflow from financing activities	(498 848)	(908 266)	(759 412)
Increase/(Decrease) in net cash, cash equivalents and bank overdrafts	3 694 271	(1 866 365)	(349 283)
Cash, cash equivalents and bank overdrafts at the beginning of the year	(1 180 943)	630 816	970 427
Exchange losses on cash, cash equivalents and bank overdrafts	(42 192)	54 606	9 672
Cash, cash equivalents and bank overdrafts at the end of the year	2 471 136	(1 180 943)	630 816

COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF CAPEVIN AND THE GORDON'S GIN INTEREST FOR THE 3 FINANCIAL YEARS UP TO AND ENDED 30 JUNE 2021

Introduction to the combined carve-out historical financial information

The combined carve-out historical financial information consists of the combined carve-out statements of financial position and the related carve-out income statements and statements of comprehensive income, changes in equity, and cash flows for the 3 financial years up to and ended 30 June 2021, and the notes comprising a summary of significant accounting policies and other explanatory information of Capevin and the Gordon's Gin interest (collectively referred to as the "Combined Carve-Out Historical Financial Information of Capevin and the Gordon's Gin interest"), as set out in this Annexure 13. The Combined Carve-Out Historical Financial Information of Capevin and the Gordon's Gin interest has been prepared as described in the basis of preparation set out below.

The Distell Directors are responsible for the preparation of the Combined Carve-Out Historical Financial Information of Capevin and the Gordon's Gin interest in accordance with the basis of preparation as described below, and for such internal control as the directors determine is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

The Combined Carve-Out Historical Financial Information of Capevin and the Gordon's Gin interest for the year ended 30 June 2021 was audited by PricewaterhouseCoopers Inc. in accordance with International Standards on Auditing. PricewaterhouseCoopers Inc. issued an unqualified opinion on this financial information. The Combined Carve-Out Historical Financial Information of Capevin and the Gordon's Gin interest for the 2 financial years up to and ended 30 June 2020 was reviewed by PricewaterhouseCoopers Inc. in accordance with International Standards on Review Engagements. PricewaterhouseCoopers Inc. issued an unqualified conclusion on this financial information. The Independent Reporting Accountant's reports on the Combined Carve-Out Historical Financial Information of Capevin and the Gordon's Gin interest are included in Annexure 14 and Annexure 15 to this Distell Circular.

Commentary on the combined carve-out historical financial information

Financial Year 2021

Revenue for the 12 months ended 30 June 2021 was R1,737 million which realised operating profit of R310 million. Revenue increased by R891 million from the previous year. In March 2020 the World Health Organization formally recognised COVID-19 as a pandemic. Governments around the world took various actions to curb the pandemic, including social distancing, limits on public gatherings and restrictions on movement between countries and provinces.

In South Africa the response included periods of bans or restrictions on the sale of alcohol. In both the 2020 and 2021 financial years approximately 20% of the trading period was lost as a result of these bans. Due to the timing and extent of the restrictions, revenue in 2020 was more severely impacted compared to 2021. The more severe impacts of the bans and restrictions in 2020, successful measures put in place during 2021 for recovery, and continued strong revenue growth for Gordon's Gin are the reasons for the significant year-on-year increase in revenue. The continued strong revenue growth for Gordon's Gin can be attributed to both a change in consumer behaviour towards more at home consumption in the wake of COVID-19 restrictions, as well as continued growth of the Gin category.

The strong year-on-year revenue growth, which was primarily the result of volume growth, was partially offset by lower gross profit- and operating profit margins as result of higher costs of sales, sales and marketing, and distribution cost, resulting in a R127 million increase in operating profit.

Inventory at 30 June 2021 amounted to R138 million, which is a significant increase from R73 million at 30 June 2020. Similarly there was a significant increase in Trade and other receivables from R82 million at 30 June 2020 to R112 million at 30 June 2021. Trade and other payables increased from R116 million at 30 June 2020 to R413 million at 30 June 2021. The increase in net working capital is a result of the increase in revenue. Given the disruptive impact of COVID-19 restrictions, net working capital trends for FY 2020 do not present an accurate reflection of long term historic trends. FY 2019 net working capital levels present a more reliable indication of long term historic trends. Both Inventory and Trade and other payables levels at 30 June 2021, when expressed as a percentage of revenue, are in line with FY 2019 levels. Trade and other receivables at 30 June 2021 as a percentage of revenue represents a lower ratio compared to FY 2019. The reason for this is improved cash collection and credit management necessitated by the COVID-19 restrictions and resultant impact on liquidity management.

Financial Year 2020

Revenue for the 12 months ended 30 June 2020 was R846 million which realised operating profit of R183 million. Revenue decreased by R44 million from the previous year. In March 2020 the World Health Organization formally recognised COVID-19 as a pandemic. Governments around the world took various actions to curb the pandemic, including social distancing, limits on public gatherings and restrictions on movement between countries and provinces.

In South Africa the response included periods of bans or restrictions on the sale of alcohol, which resulted in approximately 20% of the trading period for 2020 being lost as result of these bans.

Strong year-on-year revenue growth for Gordon's Gin for the period preceding the bans and restrictions on the sale of alcohol resulted in a year-on-year decline in revenue which was less severe than would have been expected when considering the severity of the bans and restrictions.

A year-on-year increase of R5 million in operating profit in spite of a decline in revenue was the result of higher gross profit- and operating profit margins.

Financial Year 2019

Revenue for the 12 months ended 30 June 2019 was R890 million which realised operating profit of R178 million.

STATEMENTS OF FINANCIAL POSITION

As at

	NOTES	30 June 2021 R'000	30 June 2020 R'000	30 June 2019 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	2	3 593	3 815	3 797
Investment properties	3	88 596	89 818	85 844
Deferred income tax assets	9	3 549	–	1 383
Total non-current assets		95 738	93 633	91 024
Current Assets				
Inventories	5	138 476	73 323	74 184
Trade and other receivables	6	111 655	81 989	105 708
Derivative financial instruments	7	1 377	–	476
Financial assets at amortised cost	4	141 421	153 082	128 658
Current income tax assets		–	1 898	2 767
Cash and cash equivalents	16.6	16 185	3 655	24 468
Total current assets		409 114	313 947	336 261
Total assets		504 852	407 580	427 285
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	8	10 228 611	10 228 611	10 228 611
Parent company investment/Other reserves		(10 163 387)	(9 950 805)	(10 015 520)
Attributable to equity holders of the Company		65 224	277 806	213 091
Non-controlling interest		–	–	–
Total equity		65 224	277 806	213 091
Non-current liabilities				
Deferred income tax liabilities	9	12 888	12 586	11 537
Total non-current liabilities		12 888	12 586	11 537
Current liabilities				
Trade and other payables	10	412 897	115 861	202 657
Derivative financial instruments	7	–	1 327	–
Current income tax liabilities		13 843	–	–
Total current liabilities		426 740	117 188	202 657
Total equity and liabilities		504 852	407 580	427 285

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE

	NOTES	2021 R'000	2020 R'000	2019 R'000
Revenue	11	1 736 602	845 676	889 547
Operating costs	12	(1 426 458)	(662 383)	(711 464)
Costs of goods sold		(1 318 769)	(590 486)	(647 641)
Sales and marketing costs		(52 146)	(40 497)	(30 321)
Distribution costs		(23 153)	(11 999)	(10 553)
Administration and other costs		(26 505)	(17 397)	(21 492)
Net impairment losses on financial assets		(5 885)	(2 004)	(1 457)
Other gains and losses		317	–	–
Operating profit		310 461	183 293	178 083
Finance income	13	173	632	2 066
Finance costs	14	–	(2)	(5)
Profit before taxation		310 634	183 923	180 144
Taxation	15	(86 340)	(53 996)	(53 110)
Profit for the year		224 294	129 927	127 034
Attributable to:				
Equity holders of the Company		224 294	129 927	127 034
Non-controlling interest		–	–	–
		224 294	129 927	127 034

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

	NOTES	2021 R'000	2020 R'000	2019 R'000
Profit for the year		224 294	129 927	127 034
Total comprehensive income for the year		224 294	129 927	127 034
Attributable to:				
Equity holders of the Company		224 294	129 927	127 034
Non-controlling interest		–	–	–
		224 294	129 927	127 034

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE

		Attributable to equity holders		
		Stated capital R'000	Parent company investment R'000	Total R'000
	NOTES			
2021				
Balance at 1 July 2020		10 228 611	(9 950 805)	277 806
Comprehensive income				
Profit for the year		–	224 294	224 294
Contribution from/(distribution to) parent entity		–	(436 876)	(436 876)
Balance as at 30 June 2021		10 228 611	(10 163 387)	65 224
2020				
Balance at 1 July 2019		10 228 611	(10 015 520)	213 091
Comprehensive income				
Profit for the year		–	129 927	129 927
Contribution from/(distribution to) parent entity		–	(65 212)	(65 212)
Balance as at 30 June 2020		10 228 611	(9 950 805)	277 806
2019				
Balance at 1 July 2018		10 228 611	(9 991 794)	236 817
Comprehensive income				
Profit for the year		–	127 034	127 034
Contribution from/(distribution to) parent entity		–	(150 760)	(150 760)
Balance as at 30 June 2019		10 228 611	(10 015 520)	213 091

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE

		2021 R'000	2020 R'000	2019 R'000
	NOTES			
Cash flows from operating activities				
Operating profit		310 461	183 293	178 083
Non-cash flow items	16.1	17 776	(22 183)	1 878
Working capital changes	16.2	193 628	(62 417)	23 317
Cash generated from operations		521 865	98 693	203 278
Finance income received		173	632	2 066
Finance costs paid		–	(2)	(5)
Taxation paid	16.3	(73 846)	(50 695)	(58 254)
Net cash generated from operating activities		448 192	48 628	147 085
Cash flows from investment activities				
Purchases of property, plant and equipment (PPE) to maintain operations	16.4	–	(247)	(133)
Purchases of investment property to maintain operations	16.5	–	(3 982)	(12 290)
Proceeds from disposal of investment property		1 214	–	–
Cash inflow/(outflow) from investment activities		1 214	(4 229)	(12 423)
Cash flows from financing activities				
(Distributions to)/Contributions from parent entities		(436 876)	(65 212)	(150 760)
Cash outflow from financing activities		(436 876)	(65 212)	(150 760)
Increase/(Decrease) in net cash and cash equivalents		12 530	(20 813)	(16 098)
Cash and cash equivalents at the beginning of the year		3 655	24 468	40 566
Cash and cash equivalents at the end of the year	16.6	16 185	3 655	24 468

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

BASIS OF PREPARATION OF COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

Overview and organisation

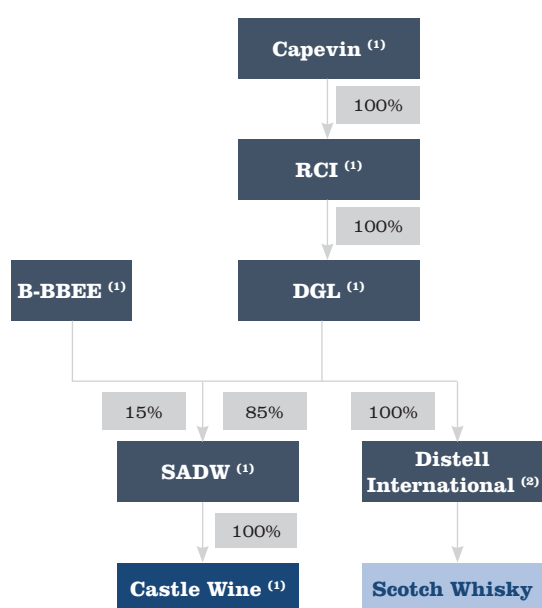
On 14 November 2021 Distell Group Holdings Limited (**‘DGHL’**) entered into a conditional implementation agreement with Sunside Acquisitions Proprietary Limited (**‘Newco’**), a newly incorporated unlisted subsidiary of Heineken International B.V. (**‘Heineken International’**), regarding, inter alia, the proposed acquisition of the majority of DGHL’s business (**‘potential transaction’**). This combined carve-out historical financial information relates to a portion of the businesses of DGHL that will not transfer to Newco under the potential transaction.

Capevin Holdings Limited (**‘Capevin’**), which constitutes a separate legal entity in the DGHL group of companies, holds investments in alcoholic beverage related entities including Remgro-Capevin Investments Proprietary Limited (**‘RCI’**), Distell Group Limited (**‘DGL’**), South African Distilleries and Wines (SA) Limited (**‘SADW’**), Distell International Holdings Limited (**‘DIH’**), Distell International Limited (**‘Distell International’**) and Castle Wine and EK Green Limited (**‘Castle Wine’**).

The reporting entity (hereafter referred to as ‘Capevin and the Gordon’s Gin interest’), which represents a portion of the businesses that will not transfer to Newco following an internal restructuring and the potential transaction, to which this combined carve-out historical financial information relates comprises of:

	<i>Nature of entity</i>	<i>Assets and liabilities forming part of reporting entity</i>
Capevin	Holding company	Entire legal entity
RCI	Intermediate holding company	Entire legal entity
DGL	Intermediate holding company	Entire legal entity
SADW	Intermediate holding company	Only the investment in Castle Wine will form part of the reporting entity. All cider and mainstream spirits and wine (‘MSW’) related assets and entities will not form part of the reporting entity. The Scotch whisky business conducted through Distell International is also excluded.
Castle Wine	Owner of distribution rights of mainly Gordon’s Gin in Southern Africa	Gordon’s Gin business and Pimm’s No 1 gin-based liqueur (together referred to as ‘Gordon’s Gin’).
Certain retained properties	Specific assets	Investment properties (Parva Head Office, the Bergkelder production site and Oude Libertas function venue and auditorium) and a portion of land on which the Gordon’s distillery is located.

The group structure after the internal restructuring and potential transaction is set out below:



(1) Included in combined carve-out information

(2) Not included in combined carve-out information

This combined carve-out historical financial information excludes the financial information of the Scotch whisky business that will be retained in Distell International for which separate combined carve-out historical financial information is included in this Distell Circular.

As Distell International is excluded from the Capevin and the Gordon's Gin interest historical financial information presented, Capevin and the Gordon's Gin interest does not comprise a group as defined in International Financial Reporting Standards ('**IFRS**') as issued by the International Accounting Standards Board. In addition, because not all entities that will be legally bound together following implementation of the potential transaction are included in the combined carve-out historical financial information, Capevin and the Gordon's Gin interest does not meet the definition of a reporting entity as defined in IFRS. The combined carve-out historical financial information therefore does not comply with IFRS in all respects. However, the measurement, recognition and disclosure principles applied in the preparation of the combined carve-out historical financial information are based on IFRS principles as described in the basis of preparation and accounting policies below.

The combined carve-out historical financial information for the years ended 30 June 2021, 30 June 2020 and 30 June 2019 ('**Reporting Periods**') has been prepared by extracting and aggregating the historical income, expenses, assets and liabilities attributable to Capevin and the Gordon's Gin interest from the historical records of DGHL, as detailed below, which were included in the audited consolidated financial statements of DGHL.

Statement of compliance

In preparing the combined carve-out historical financial information of Capevin and the Gordon's Gin interest, the principles of IFRS effective at the time of preparing the combined carve-out historical financial information, the South African Institute of Chartered Accountants ('**SAICA**') Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements have been applied, except for the fact that Capevin and the Gordon's Gin interest is not a reporting entity as defined in IFRS.

The combined carve-out historical financial information of Capevin and the Gordon's Gin interest has been prepared in accordance with basis of preparation described below.

Basis of preparation

IFRS does not provide specific requirements for the preparation of combined carve-out historical financial information, and accordingly in preparing the combined carve-out historical financial information, certain accounting conventions commonly used in the preparation of combined carve-out historical financial information for inclusion in circulars, have been applied, which are discussed in more detail below.

In the combined carve-out historical financial information, the predecessor accounting approach has been applied in accordance with the common practice for the accounting for business combinations under common control in combined carve-out financial statements. This means that the assets, liabilities, income, and expenses of the economic activities included in the combined carve-out historical financial information correspond to the historically reported amounts in the consolidated financial statements of DGHL (predecessor values).

The combined carve-out historical financial information has been prepared for the purposes of presenting the financial position, the results of operations, changes in equity and cash flows of Capevin and the Gordon's Gin interest for the Reporting Periods on a stand-alone basis. As the combined carve-out historical financial information has been prepared on a combined carve-out basis, it may not necessarily be indicative of the financial performance that would have been achieved, had Capevin and the Gordon's Gin interest operated independently for the Reporting Periods. Furthermore, it may not be indicative of the financial results in future periods.

Allocation principles applied

Distell Limited ('**DL**') (an entity outside of the reporting entity) does the production, sales and distribution for Castle Wine and revenue and related costs are allocated monthly to Castle Wine. In addition, all inventory, accounts receivable and accounts payable are recognised in DL and have been allocated to the combined carve-out historical financial information on the following basis:

Inventory

The inventory reflected in the combined carve-out historical financial information is specifically attributable to the products and brands of Capevin and the Gordon's Gin interest.

Accounts receivable

Inventory relating to the Capevin and the Gordon's Gin interest operations are sold to the same customers as other DGHL entities as part of a basket of products that include other spirits, wines, cider and ready-to-drink (i.e. products relating to operations outside of the reporting entity). Receivables relating to Capevin and the Gordon's Gin interest operations are therefore not separately identifiable in trade and other receivables. Debtors were centrally managed and therefore the accounts receivables balance has been allocated to the Capevin and the Gordon's Gin interest operations, and aged on the same basis as these trade receivables, based

on days' sales outstanding for domestic trade receivables in Southern Africa for DGHL entities as applied to the total revenue for Capevin and the Gordon's Gin interest products for the period. Expected credit losses has been allocated based on loss ratio's applicable to the South African customer base for domestic sales.

Accounts payable and provisions

Purchases of goods and services relating to the Capevin and the Gordon's Gin interest operations are sourced from the same suppliers as for other DGHL products and are centrally managed. Trade payables are therefore allocated to Capevin and the Gordon's Gin interest on a basis of attributable cost of goods sold days outstanding for domestic trade payables in Southern Africa for Distell entities as applied to the attributable costs included in the total cost of sales for Capevin and the Gordon's Gin interest products for the period.

Accounts payable items that are directly linked to the Capevin and the Gordon's Gin interest operations have been specifically identified and have been allocated in full to the combined carve-out historical financial information for the Reporting Periods.

There are no separately identifiable legal or constructive obligations and therefore no provisions need to be allocated to the reporting entity.

Revenue

The revenue reflected in the combined carve-out historical financial information is specifically attributable to the products that were sold under the distribution rights held by Capevin and the Gordon's Gin interest. Revenue is allocated per brand in the underlying accounting records which are included in the consolidated DGHL revenue and the Capevin and the Gordon's Gin interest related information is extracted from such information.

Operating costs

Capevin and the Gordon's Gin interest has historically operated as part of the DGHL Group, with the result that it benefited from certain centralised centres of excellence and functions provided by subsidiaries of DGHL throughout the Reporting Periods.

Costs directly associated to Capevin and the Gordon's Gin interest, for example, costs of goods sold and advertising and promotion costs, are recognised by brand and are directly identifiable from the financial records maintained in the finance system (hereinafter called '**SAP**'). Therefore, they are separately identifiable within SAP and have been included within the combined carve-out historical financial information with no allocation required.

The combined carve-out historical financial information also includes allocations of certain operating costs that relate to the economic activities of Capevin and the Gordon's Gin interest but are not allocated directly to a brand. These central costs are reported within cost and profit centres which reconcile to the DGHL consolidated financial information.

The combined carve-out historical financial information for Capevin and the Gordon's Gin interest includes costs allocated to its operations based on various allocation methodologies. These methodologies include:

- Southern Africa business unit (sales, marketing, distribution and management functions)
 - Distribution related costs – allocated based on volumes of Capevin and the Gordon's Gin interest products sold over total volumes sold by entities within the southern Africa business unit. Volumes are a fair reflection of the size of a brand on an activity basis and it is a suitable driver to allocate expenses relating to distribution and manufacturing activities where expenses are incurred on an activity level irrespective of profit contribution.
 - Non-distribution related costs – allocated based on revenue (after deducting excise duty) of the Capevin and the Gordon's Gin interest business over total revenue (after deducting excise duty) generated by entities within the southern Africa business unit. Revenue is regarded as a fair reflection of a brand's importance and relevance and it is a suitable driver to allocate expenses relating to management time and effort.
- Corporate functions and costs (such as *inter alia* information and communications technology, corporate finance, shared service centre, human resources, corporate governance, corporate affairs and development)
 - Corporate costs associated with the South African operations are allocated on the same basis as for non-distribution costs of the Southern African business unit above.
 - Other corporate costs and functions are first allocated on the basis of the overall South African business over the total of DGHL entities that benefit from these costs, and then to the Capevin and the Gordon's Gin interest business on the same basis as for non-distribution costs as indicated above.
- Supply chain costs not capitalised as part of inventory – costs, excluding certain expenses relating to farming, export logistics and non-spirits products, are allocated on the basis of volumes from the Capevin and the Gordon's Gin interest business over total volumes sold by the South African supply chain network.

Direct and indirect costs attributable to the production of inventory is disclosed as cost of sales.

Operating costs relating to operations outside of South Africa and certain costs not attributable to Capevin and the Gordon's Gin interest products are not included in the allocated operating costs.

Other principles applied

Income tax expense

The entities that comprise Capevin and the Gordon's Gin interest have historically filed separate tax returns in South Africa, where these legal entities are tax resident. The income taxes have been accounted for using the separate tax return method by aggregating the tax positions of the individual entities of Capevin and the Gordon's Gin interest. The tax effects of adjustments and allocations have also been accounted for in arriving at the tax and deferred tax recognised in the combined carve-out historical financial information.

Deferred tax

Deferred tax is calculated at a legal entity level, applying tax rules and accounting principles that apply at that level. Deferred taxation has been calculated by comparing the tax bases of the assets and liabilities of the reporting entity to the carrying amounts recognised in combined carve-out historical financial information. The recoverability of deferred tax assets has been assessed by considering the forecast results for the reporting entity. The tax effects of adjustments and allocations have also been accounted for in arriving at the deferred tax recognised in the combined carve-out historical financial information.

Financial assets at amortised cost

The intercompany loan that exists between DL and Capevin and the Gordon's Gin interest will not be repayable by DL going forward and therefore has been presented in Parent company investment.

Stated capital

Although Capevin is not seen as the parent from an IFRS perspective, because investors will acquire shares in Capevin as part of the potential transaction, the stated capital of Capevin has been presented.

Parent company investment

The Parent company investment is recognised at the carrying value of the net assets attributable to the Capevin and the Gordon's Gin interest operations at the earliest comparative period presented. This represents contributions to/from (except for the share capital of Capevin which is separately shown as stated capital) and retained earnings of the entities included in the combined carve-out historical financial information of Capevin and the Gordon's Gin interest at the earliest comparative period presented. The opening balance and movements in retained earnings of the entities included in the combined carve-out historical financial information of Capevin and the Gordon's Gin interest has been described as 'Parent company investment' in the combined statement of changes in equity of Capevin and the Gordon's Gin interest. Movements in this account is reflected in the combined statement of cash flows as a financing activity.

Investment properties

Investment properties that were previously recognised as part of property, plant and equipment in DGHL are considered investment properties in the combined carve-out historical financial information because they are used by operations outside the perimeter of the proposed transaction.

Going concern

The combined carve-out historical financial information for Capevin and the Gordon's Gin interest has been prepared on the basis of accounting policies applicable to a going concern. The going concern basis presumes that for the foreseeable future, funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Capevin and the Gordon's Gin interest has historically operated as part of the DGHL Group. DGHL manage liquidity risk by making use of a central treasury function to manage pooled cash investment and borrowing requirements. Upon closing of the potential transaction, Capevin will fund the operating and capital expenditures of its business from internally generated cash from its profitable and highly cash generative operating activities and borrowed funds to the extent required.

Presentation currency and rounding

The combined carve-out historical financial information is presented in South African rand and rounded to the nearest thousand.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The accounting policies applied in the preparation of the combined carve-out historical financial information of the reporting entity are consistent with those applied in the previous financial statements of DGHL and have been prepared on a historical cost basis, except for:

- As noted above in the “Basis of preparation of combined carve-out historical financial information” section;
- Certain financial assets and liabilities (including derivative instruments) which are measured at fair value.

The accounting policies have been applied consistently in respect of each period, except as otherwise disclosed.

1.2 Critical accounting estimates and assumptions

The reporting entity makes estimates and assumptions concerning the future and these accounting estimates are an integral part of the preparation of combined carve-out financial information. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Impairment of financial assets

The reporting entity follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement the reporting entity evaluates, among other factors, the expected loss rates based on historical information and adjusted to reflect current and forward-looking information and macro-economic factors.

The impairment considerations for the expected credit loss assessment of the trade receivables and financial assets at amortised cost are based on forward-looking information relating to the economy of South Africa, and the rest of the world, and the potential recoverability of these receivables.

b) Investment property

It is necessary for the reporting entity to make use of judgement when determining the useful life of investment property.

1.3 Foreign currency translation

Functional and presentation currency

Items included in the combined carve-out financial information are measured using the currency of the primary economic environment in which the reporting entity operates (the functional currency). The combined carve-out financial information is prepared in South African rand (**‘R’**), which is the reporting entity’s functional and presentation currency.

1.4 Property, plant, equipment (‘PPE’)

PPE are tangible assets held by the reporting entity for use in the manufacturing and distribution of its products and are expected to be used during more than one period. All PPE are stated at historical costs less subsequent depreciation and accumulated impairment. The historical cost includes all expenditure that is directly attributable to the acquisition of the PPE and is depreciated on a straight-line basis, from the date that assets are available for use, at rates appropriate to the various classes of assets involved, taking into account the estimated useful life and residual values of the individual items.

Land is not depreciated as it is deemed to have an unlimited useful life.

Management determines the estimated useful lives and the related depreciation charges at acquisition.

Useful lives:

Buildings	5 – 60 years
Stainless steel tanks	3 – 45 years
Other machinery and barrels	2 – 45 years
Equipment and vehicles	2 – 33 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, to the extent that it is probable that future economic benefits associated with the item will flow to the Reporting entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is calculated as the higher of the asset's fair value less costs to sell and the value in use. Also refer to note 1.6 for impairment of non-financial assets.

Gains and losses on disposal or scrapping of PPE, this being the difference between the net proceeds on disposals or scrappings and the carrying amount, are recognised in the income statement within 'other gains and losses'.

1.5 Investment properties

Investment properties are tangible assets held by the reporting entity for capital appreciation and to earn rental income. Investment properties are stated at their historical costs less subsequent depreciation. The historical cost includes all expenditure that is directly attributable to the acquisition of the investment property and is depreciated on a straight-line basis, from the date of acquisition, at rates appropriate to the various classes of assets involved, taking into account the estimated useful life and residual values of the individual items. Land is not depreciated, as it is deemed to have an indefinite life.

Management determines the estimated useful lives and the related depreciation charges at acquisition but will revise the depreciation charge where useful lives are subsequently found to be different from the previous estimate.

Investment properties' residual values and useful lives are reviewed at each balance sheet date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate. The useful lives of buildings are estimated to be between 5 to 60 years.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, to the extent that it is probable that future economic benefits associated with the item will flow to the reporting entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposal or scrapping of investment properties, being the difference between the net proceeds on disposals or scrappings and the carrying amount, are recognised in the statement of comprehensive income.

1.6 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the full carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units '**CGUs**'). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

1.7 Financial assets

Classification

The reporting entity classifies its financial assets in the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit and loss ('**FVPL**')

The classification is dependent on the purpose for which the financial asset was acquired. Management determines the classification of its financial assets at initial recognition. Debt investments are only reclassified when its business model for managing those assets changes.

Recognition and measurement

The reporting entity measures a financial asset at its fair value at initial recognition. In the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of

the financial asset are added to the fair value. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative debt instruments with fixed or determinable payments of principal and interest. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'other gains and losses'. Impairment losses are presented as a separate line item in the statement of profit or loss.

Impairment of financial assets

The reporting entity assesses the expected credit losses associated with its debt instruments carried at amortised cost on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Assets carried at amortised cost

The loss allowances for financial assets carried at amortised cost are based on assumptions about risk of default and expected loss rates. The reporting entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the reporting entity's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period. The debt instruments are considered to have minimal credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The calculation of the expected credit loss allowance on trade receivables is described in note 1.11.

While cash and cash equivalents are also subject to the calculation of an expected credit loss allowance per IFRS 9, the identified impairment loss was immaterial.

1.8 Derivative financial instruments

The reporting entity is party to financial instruments that reduce exposure to fluctuations in foreign currency exchange and interest rates. These instruments mainly comprise forward foreign exchange contracts. The purpose of these instruments is to reduce risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The reporting entity has, however, not applied hedge accounting.

Trading derivatives are classified as a current asset or liability.

1.9 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full at currently enacted or substantially enacted tax rates using the liability method. Provision is made for all temporary differences arising between the taxation bases of assets and liabilities and their statement of financial position carrying values.

No deferred income tax is accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws)

that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Management applies judgement to determine whether sufficient future taxable profit will be available after considering, among others, factors such as profit history, forecasted cash flows and budgets.

Taxation rates

The normal South African company tax rate used for the year ending 30 June 2021 is 28% (2020: 28%, 2019: 28%). Deferred tax assets and liabilities at 30 June 2021 have been calculated using the rates currently enacted or substantially enacted, this being the rate that the reporting entity expects to apply to the periods when the assets are realised or the liabilities are settled. Capital gains tax is calculated as 80% (2020: 80%, 2019: 80%) of the company tax rate.

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the applicable costs of completion and selling expenses.

1.11 Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 to 120 days, depending on the type of customer, and therefore are all classified as current. The reporting entity holds the trade and other receivables with the objective to collect the contractual cash flows. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for expected credit losses. Fair value is determined as the estimated future cash flows discounted at a market-related interest rate.

The reporting entity applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The reporting entity has identified the gross domestic product ('GDP') and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the reporting entity, and a failure to make contractual payments for a period of greater than 90 days past due.

The reporting entity applies the general approach to measuring expected credit losses for all financial assets that are classified within other receivables. The stage the other receivable is classified in determines if a lifetime or 12-month expected credit loss allowance is recognised. For stage 1, where credit risk has not increased significantly since initial recognition, a 12-month loss allowance is used. For stage 2, where credit risk has increased significantly since initial recognition, and stage 3, where the financial asset is credit impaired, a lifetime credit loss is recognised.

Impairment losses on trade and receivables are presented as 'net impairment losses' within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

1.13 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds, net of taxation.

1.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

1.15 Revenue from contracts with customers and other income

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the reporting entity's activities, including excise duty, but net of value added tax ('VAT'), general sales taxes ('GST'), rebates and discounts, and after eliminating sales within the reporting entity. The reporting entity's revenue consists mostly of sales of liquor products delivered to customers at the point of sale and does not have multiple performance obligations included in it. The reporting entity recognises revenue when it transfers control over a good to a customer.

Excise duty is not directly related to sales, unlike VAT. It is not recognised as a separate item on invoices. Increases in excise duty are not always directly passed on to customers and the reporting entity cannot reclaim the excise duty where customers do not pay for products received. The reporting entity considers excise duty as a cost to the reporting entity and reflects it in 'costs of goods sold' and, consequently, any excise duty that is recovered in and forms part of the transaction price is included in revenue.

Revenue is recognised as follows:

Sales of goods are recognised when control of goods is transferred to the customer which is upon delivery of products and customer acceptance.

The reporting entity manufactures and sells alcoholic products to a range of customers, including the wholesalers, retailers and redistributors. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss, i.e. risks and rewards of ownership, have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the reporting entity has objective evidence that all criteria for acceptance have been satisfied and therefore has right to payment.

The products sold often include various types of discounts, including volume discounts based on aggregate sales and early settlement discounts which are considered to represent variable consideration. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A liability (included in trade and other payables) is recognised for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with credit terms which are consistent with market practice.

A receivable is recognised when control of goods is transferred upon delivery as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due, which is generally considered to be less than 12 months.

The reporting entity makes payments in the form of various rebates and allowances to customers linked to distribution or sales and marketing functions carried out by them. Due to such consideration paid or payable to a customer of the reporting entity not relating to distinct services provided by the customer to the reporting entity, these costs are accounted for against revenue at the later of when the reporting entity recognises revenue for the transfer of the related goods or when the reporting entity pays or promises to pay the consideration to the customer.

Recognition of other income streams

- **Interest income** is recognised on a time-proportion basis using the effective interest rate method.

1.16 **Related parties**

Individuals or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Related-party relationships exist between the reporting entity and the shareholders of the reporting entity and also with other entities included in the Capevin group of companies not included in the combined carve-out financial information. Transactions and balances with DGHL and DGHL group companies (which do not form part of the perimeter) have been disclosed as related party transactions and balances in the combined carve-out historical financial information. All intergroup transactions, balances and unrealised gains and losses on transactions between entities comprising Capevin and the Gordon's Gin interest are eliminated.

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

2. PROPERTY, PLANT AND EQUIPMENT

	Properties R'000	Machinery, tanks and barrels R'000	Equipment and vehicles R'000	Total R'000
2021				
Opening balance	1 926	1 246	643	3 815
Additions	–	–	–	–
Depreciation	–	(89)	(133)	(222)
	1 926	1 157	510	3 593
At cost	1 933	1 800	2 707	6 440
Accumulated depreciation and impairment	(7)	(643)	(2 197)	(2 847)
Net carrying value	1 926	1 157	510	3 593
2020				
Opening balance	1 872	1 338	585	3 795
Additions	54	–	193	247
Depreciation	–	(92)	(135)	(227)
	1 926	1 246	643	3 815
At cost	1 933	1 800	2 707	6 440
Accumulated depreciation and impairment	(7)	(554)	(2 064)	(2 625)
Net carrying value	1 926	1 246	643	3 815
2019				
Opening balance	1 835	1 327	720	3 882
Additions	38	95	–	133
Depreciation	–	(83)	(135)	(218)
	1 873	1 339	585	3 797
At cost	1 880	1 800	2 515	6 195
Accumulated depreciation and impairment	(7)	(461)	(1 930)	(2 398)
Net carrying value	1 873	1 339	585	3 797

Depreciation of R0.2 million (2020: R0.2 million, 2019: R0.2 million) is included in 'administration and other costs'.

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

3. INVESTMENT PROPERTY

	Properties R'000	Total R'000
2021		
Opening balance	89 818	89 818
Additions	–	–
Disposals	(1 214)	(1 214)
Depreciation	(8)	(8)
	88 596	88 596
At cost	88 848	88 848
Accumulated depreciation and impairment	(252)	(252)
Net carrying value	88 596	88 596
2020		
Opening balance	85 844	85 844
Additions	3 982	3 982
Depreciation	(8)	(8)
	89 818	89 818
At cost	90 062	90 062
Accumulated depreciation and impairment	(244)	(244)
Net carrying value	89 818	89 818
2019		
Opening balance	73 562	73 562
Additions	12 290	12 290
Depreciation	(8)	(8)
	85 844	85 844
At cost	86 080	86 080
Accumulated depreciation and impairment	(236)	(236)
Net carrying value	85 844	85 844

Investment properties mainly comprises an office building, a function venue and a commercial property in Stellenbosch, Western Cape, approximately 25 ha in size, and held under various title deeds. The fair value of the property was determined at R421.4 million, which represents the market value.

The fair value as stated above have been determined by independent professional valuers in December 2017 and March 2018.

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

	2021 R'000	2020 R'000	2019 R'000
4. FINANCIAL ASSETS			
Financial assets at amortised cost			
Loans to Distell International (related party), denominated in UK pound (£6.6 million) and US dollar (USD0.7 million), bearing no interest and with no specific repayment terms	141 421	153 082	128 658
Gross value of loans	141 421	153 082	128 658
Expected credit loss allowance	–	–	–
	141 421	153 082	128 658
Movement in financial assets at amortised cost			
Opening balance	153 082	128 658	128 853
Exchange differences	(11 661)	24 424	(195)
Balance at the end of the year	141 421	153 082	128 658
<p>The reporting entity has applied the general impairment model to loans from related parties. The reporting entity has considered the financial performance, the impact of COVID-19, external debt and future cash flows of the counterparty and considered that no significant credit loss exposure exists.</p> <p>The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets.</p>			
5. INVENTORIES			
Bulk spirits	32 081	36 520	17 093
Bottled spirits	98 860	32 090	54 466
Packaging material and other	7 535	4 713	2 625
	138 476	73 323	74 184

The operating cycle of the various categories of inventories are as follows:

Spirits: White spirits, up to 18 months.

The cost of inventories recognised as an expense and included in 'costs of goods sold' amounted to R309.4 million (2020: R129.2 million, 2019: R160.4 million).

Inventory provisions relating to the year-end balance amounted to Rnil (2020: Rnil, 2019: Rnil). No previous write-down was reversed during the year (2020: Nil, 2019: Nil).

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

	2021 R'000	2020 R'000	2019 R'000
6. TRADE AND OTHER RECEIVABLES			
Financial instruments			
Trade receivables	121 001	85 450	107 165
Loss allowance	(9 346)	(3 461)	(1 457)
Trade receivables – net	111 655	81 989	105 708

The loss allowances as at 30 June 2021 was determined as follows:

	Current R'000	Up to 60 days past due R'000	Up to 90 days past due R'000	More than 90 days past due R'000	Total R'000
Gross carrying amount	111 095	5 542	443	3 921	121 001
Expected loss rate	3.8%	31.2%	92.2%	75.0%	7.7%
Loss allowance	4 270	1 727	408	2 941	9 346

Refer to note 18.1(b) for more detail about the assessment of the credit risk of trade and other receivables.

The loss allowances as at 30 June 2020 was determined as follows:

	Current R'000	Up to 60 days past due R'000	Up to 90 days past due R'000	More than 90 days past due R'000	Total R'000
Gross carrying amount	72 552	8 890	579	3 429	85 450
Expected loss rate	0.5%	10.3%	49.0%	54.5%	4.1%
Loss allowance	397	912	284	1 868	3 461

The loss allowances as at 30 June 2019 was determined as follows:

	Current R'000	Up to 60 days past due R'000	Up to 90 days past due R'000	More than 90 days past due R'000	Total R'000
Gross carrying amount	102 456	2 638	–	2 071	107 165
Expected loss rate	0.2%	6.0%	0.0%	50.7%	1.4%
Loss allowance	247	159	–	1 051	1 457

The movement of the reporting entity's loss allowance for trade receivables is as follows:

	2021 R'000	2020 R'000	2019 R'000
Opening balance	3 461	1 457	–
Increase in loss allowance recognised in profit or loss during the year	5 885	2 004	1 457
Balance at the end of the year	9 346	3 461	1 457

The movement in the loss allowance is disclosed separately in the income statement as part of 'Net impairment losses on financial assets'.

The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The reporting entity has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors historically and, during the current and previous year, also the impact of COVID-19 as outlined below, and accordingly adjusts the historical loss rates based on expected changes in these factors.

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

	2021 R'000	2020 R'000	2019 R'000
6. TRADE AND OTHER RECEIVABLES (continued)			
<p>The impact of COVID-19 has been factored into the expected credit losses recognised as many customers whose businesses mainly rely on the sale of alcoholic beverages were affected by lockdown regulations and the prevailing economic conditions. This led to an increase in the loss rates applied during the current year. Certain categories of customers, like grocer retail chains, were significantly impacted, although to a lesser extent, as they were still able to operate during lockdown periods. Trade receivables represents about 25 days of sales (2020: 25 days, 2019: 33 days), but overall overdue amounts increased as a result of the impact of disrupted trading on customers.</p> <p>Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.</p> <p>The maximum exposure to credit risk at the reporting date is the carrying value of each category of receivable as mentioned below. The fair values of trade and other receivables approximate their book values as shown in this note due to the short-term maturities of these assets. The reporting entity does not hold any collateral as security.</p> <p>The carrying amounts of the reporting entity's trade and other receivables are denominated in the following currencies:</p>			
South African rand	111 655	81 989	105 708
	111 655	81 989	105 708
Industry spread of trade and other receivables:			
South African liquor traders	111 655	81 989	105 708
	111 655	81 989	105 708

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

	2021	2020	2019
	R'000	R'000	R'000
7. DERIVATIVE FINANCIAL INSTRUMENTS			
Current assets			
Forward foreign exchange contracts – held-for-trading	1 377	–	476
	1 377	–	476
Current liabilities			
Forward foreign exchange contracts – held-for-trading	–	(1 327)	–
	–	(1 327)	–
Total	1 377	(1 327)	476

Forward foreign exchange contracts

Material forward exchange contracts as at 30 June 2021, 30 June 2020 and 30 June 2019 are summarised as follows:

Forward foreign exchange contracts – anticipated transactions

These forward foreign exchange contracts do not relate to specific items on the statement of financial position, but were entered into to cover export proceeds not yet receivable or import commitments not yet payable. The forward foreign exchange contracts will be utilised for the purposes of trade within the following year.

	Foreign currency amount	Rand amount R'000	Fair value gain/(loss) R'000
2021			
Forward foreign exchange contracts			
US dollar	713	11 676	1 377
		11 676	1 377
2020			
Forward foreign exchange contracts			
US dollar	713	11 120	(1 327)
		11 120	(1 327)
2019			
Forward foreign exchange contracts	713	10 596	476
US dollar		10 596	476

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

	2021 R'000	2020 R'000	2019 R'000
8. STATED CAPITAL			
Ordinary share capital			
<u>Authorised</u>			
2 billion ordinary shares with no par value			
<u>Issued</u>			
1,760,206,530 ordinary shares with no par value	10 228 611	10 228 611	10 228 611

	Number '000	Number '000	Number '000
Opening balance	1 760 207	1 760 207	1 760 207
Issue of shares	–	–	–
Ordinary Shares of no par value issued and fully paid	1 760 207	1 760 207	1 760 207

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

	Ordinary Shares R'000	Share premium R'000	Total R'000
2021			
Opening balance	10 221 611	7 000	10 228 611
Balance at the end of the year	10 221 611	7 000	10 228 611
2020			
Opening balance	10 221 611	7 000	10 228 611
Balance at the end of the year	10 221 611	7 000	10 228 611
2019			
Opening balance	10 221 611	7 000	10 228 611
Balance at the end of the year	10 221 611	7 000	10 228 611

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

	2021 R'000	2020 R'000	2019 R'000
9. DEFERRED INCOME TAX			
The amounts disclosed on the statement of financial position are as follows:			
Companies in the reporting entity with net deferred income tax assets			
Deferred tax asset to be recovered after more than 12 months	3 549	–	1 383
Companies in the reporting entity with net deferred income tax liabilities			
Deferred tax liability to be recovered after more than 12 months	–	–	–
Deferred tax liability to be recovered within 12 months	(12 888)	(12 586)	(11 537)
	(12 888)	(12 586)	(11 537)
Deferred income tax liability	(9 339)	(12 586)	(10 154)
Net deferred income tax assets			
Total deferred tax assets	4 403	561	2 212
Set-off of deferred tax liabilities pursuant to set-off provisions	(854)	(561)	(829)
Net deferred income tax assets	3 549	–	1 383
Net deferred income tax liabilities			
Total deferred tax liabilities	(13 742)	(13 147)	(12 366)
Set-off of deferred tax assets pursuant to set-off provisions	854	561	829
Net deferred income tax liabilities	(12 888)	(12 586)	(11 537)
The gross amount of deferred income tax assets and liabilities is as follows:			
Deferred income tax liabilities	(13 742)	(13 147)	(12 366)
Deferred income tax assets	4 403	561	2 212
	(9 339)	(12 586)	(10 154)
The net movement on the deferred income tax account is as follows:			
Opening balance	(12 586)	(10 154)	(8 072)
Income statement charge (note 15)			
Provision for the year	3 247	(2 432)	(2 082)
Balance at the end of the year	(9 339)	(12 586)	(10 154)

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

9. DEFERRED INCOME TAX (continued)

The gross movement in deferred income tax assets and liabilities during the year, without taking off-setting into account, is as follows:

	Allowances on fixed assets R '000	Allowances on investment properties R '000	Total R '000	
Deferred income tax liabilities				
2021				
Opening balance	(774)	(12 373)	(13 147)	
Charged to the income statement	(14)	(581)	(595)	
Charged to other comprehensive income	–	–	–	
Balance at the end of the year	(788)	(12 954)	(13 742)	
2020				
Opening balance	(737)	(11 629)	(12 366)	
Charged to the income statement	(37)	(744)	(781)	
Charged to other comprehensive income	–	–	–	
Balance at the end of the year	(774)	(12 373)	(13 147)	
2019				
Opening balance	(616)	(10 954)	(11 570)	
Charged to the income statement	(121)	(675)	(796)	
Charged to other comprehensive income	–	–	–	
Balance at the end of the year	(737)	(11 629)	(12 366)	
	Loss allowance R'000	Assessed losses R '000	Other R '000	Total R '000
Deferred income tax assets				
2021				
Opening balance	969	–	(408)	561
Charged to the income statement	1 648	2 761	(567)	3 842
Charged to other comprehensive income	–	–	–	–
Balance at the end of the year	2 617	2 761	(975)	4 403
2020				
Opening balance	408	–	1 804	2 212
Charged to the income statement	561	–	(2 212)	(1 651)
Charged to other comprehensive income	–	–	–	–
Balance at the end of the year	969	–	(408)	561
2019				
Opening balance	–	1 707	1 791	3 498
Charged to the income statement	408	(1 707)	13	(1 286)
Charged to other comprehensive income	–	–	–	–
Balance at the end of the year	408	–	1 804	2 212

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related benefit through future taxable profits is probable.

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

	2021 R'000	2020 R'000	2019 R'000
10. TRADE AND OTHER PAYABLES			
Financial instruments			
Trade payables	410 811	113 287	199 810
Non-financial instruments			
Value added tax	2 086	2 574	2 847
	412 897	115 861	202 657
The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.			
The carrying amounts of the reporting entity's trade and other payables are denominated in the following currencies:			
South African rand	412 897	115 861	202 657
	412 897	115 861	202 657
11. REVENUE FROM CONTRACTS WITH CUSTOMERS			
Sales of spirits	727 185	384 436	402 297
Excise duty	1 009 417	461 240	487 250
	1 736 602	845 676	889 547
Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the reporting entity's activities, including excise duty. Excise duty is not directly related to sales, unlike VAT, and the reporting entity's spirits products attract high rates of excise duty. It is not recognised as a separate item on invoices. Increases in excise duty are not always directly passed on to customers and the reporting entity cannot reclaim the excise duty where customers do not pay for products received. The reporting entity considers excise duty, which is calculated at a specified rate per alcohol by volume, as a cost to the reporting entity and reflects it in 'costs of goods sold' and, consequently, any excise duty that is recovered in and forms part of the transaction price is included in revenue.			
12. OPERATING COSTS			
12.1 Costs classified by function			
Costs of goods sold	1 318 769	590 486	647 641
Sales and marketing costs	52 146	40 497	30 321
Distribution costs	23 153	11 999	10 553
Administration and other costs	26 505	17 397	21 492
Net impairment losses on financial assets	5 885	2 004	1 457
	1 426 458	662 383	711 464
12.2 Costs classified by nature			
Administrative and managerial fees	26 518	17 063	20 940
Advertising costs and promotions	8 980	9 882	3 780
Auditors' remuneration	67	40	40
Depreciation of PPE and investment property (note 2 and note 3)	230	235	226
Net impairment losses on financial assets	5 885	2 004	1 457
Net foreign exchange losses	11 661	(24 422)	195
Marketing expenses	43 166	30 615	26 541
Production overheads	39 796	18 562	22 771
Raw materials and consumables used	1 195 214	556 543	585 337
Royalties paid	61 740	33 073	35 421
Transportation and distribution costs	32 217	16 929	14 691
Other expenses	984	1 859	65
	1 426 458	662 383	711 464

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

	2021	2020	2019
	R'000	R'000	R'000
13. FINANCE INCOME			
Interest received			
Bank	131	586	1 349
Other	42	46	717
	173	632	2 066
14. FINANCE COSTS			
Interest paid			
Other	-	(2)	(5)
	-	(2)	(5)
15. TAXATION			
15.1 Normal company taxation			
Current taxation			
current year	90 376	50 515	50 941
previous year	(789)	1 049	87
Deferred taxation	(3 247)	2 432	2 082
	86 340	53 996	53 110
Composition			
Normal South African taxation	86 340	53 996	53 110
	86 340	53 996	53 110
15.2 Reconciliation of rate of taxation (%)			
Standard rate for companies	28.0	28.0	28.0
Differences arising from normal activities:			
Non-taxable income	(0.2)	-	-
Non-deductible expenses	0.2	0.8	0.6
Taxation losses utilised/written back	-	-	0.9
Adjustments in respect of prior years	(0.2)	0.6	-
Effective rate	27.8	29.4	29.5
The standard rate of tax for companies in South Africa is 28,0% (2020: 28,0%, 2019: 28,0%)			
15.3 Taxation losses			
Calculated taxation losses and capital improvements available for off-set against future taxable income	9 861	-	-
Applied to reduce deferred income tax	(9 861)	-	-
	-	-	-

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

	2021	2020	2019
	R'000	R'000	R'000
16. CASH FLOW INFORMATION			
16.1 Non-cash flow items			
Depreciation	230	235	226
Expected credit loss of trade receivables	5 885	2 004	1 457
Unrealised exchange differences recognised in profit and loss	11 661	(24 422)	195
	17 776	(22 183)	1 878
16.2 Working capital changes			
(Increase)/Decrease in inventories	(65 153)	861	1 452
(Increase)/Decrease in trade and other receivables	(36 928)	22 191	(8 529)
Increase/(Decrease) in trade and other payables	295 709	(85 469)	30 394
	193 628	(62 417)	23 317
16.3 Taxation paid			
Prepaid at the beginning of the year	1 898	2 767	(4 459)
Current provision for taxation	(89 587)	(51 564)	(51 028)
Unpaid at the end of the year	13 843	(1 898)	(2 767)
	(73 846)	(50 695)	(58 254)
16.4 Purchases of PPE to maintain operations			
Properties	–	(54)	(38)
Machinery, tanks and barrels	–	–	(95)
Equipment and vehicles	–	(193)	–
	–	(247)	(133)
16.5 Purchases of investment property to maintain operations			
Properties	–	(3 982)	(12 290)
	–	(3 982)	(12 290)
16.6 Increase/(Decrease) in net cash and cash equivalents			
Balance at the beginning of the year	(3 655)	(24 468)	(40 566)
Balance at the end of the year	16 185	3 655	24 468
Cash at bank and on hand	16 185	3 655	24 468
	12 530	(20 813)	(16 098)

Cash balances have been assessed for expected credit losses in terms of IFRS 9. This has been performed through assessment of the counterparty risk of the related financial institutions where the cash is held, through adjusted credit risk factors, which includes the impact of COVID-19 on these institutions. The majority of cash in the reporting entity is held with financial institutions guaranteed by the local reserve bank, which reduces credit risk further. The expected credit losses were immaterial in the current and previous financial years.

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

17. FINANCIAL INSTRUMENTS BY CATEGORY

Financial instruments disclosed in the statement of financial position include derivatives, financial assets, cash and cash equivalents, trade and other receivables and trade and other payables.

The following is a summary of financial instrument categories applicable to the reporting entity:

	Assets at amortised cost R'000	Assets at fair value through profit and loss R'000	Liabilities at fair value through profit and loss R'000	Financial liabilities at amortised cost R'000	Total R'000
2021					
Financial assets at amortised cost (note 4)	141 421	–	–	–	141 421
Cash and cash equivalents	16 185	–	–	–	16 185
Trade and other receivables	111 655	–	–	–	111 655
Derivative financial instruments (note 7)	–	1 377	–	–	1 377
Trade and other payables	–	–	–	(410 811)	(410 811)
	269 261	1 377	–	(410 811)	(140 173)
2020					
Financial assets at amortised cost (note 4)	153 082	–	–	–	153 082
Cash and cash equivalents	3 655	–	–	–	3 655
Trade and other receivables	81 989	–	–	–	81 989
Derivative financial instruments (note 7)	–	–	(1 327)	–	(1 327)
Trade and other payables	–	–	–	(113 287)	(113 287)
	238 726	–	(1 327)	(113 287)	124 112
2019					
Financial assets at amortised cost (note 4)	128 658	–	–	–	128 658
Cash and cash equivalents	24 468	–	–	–	24 468
Trade and other receivables	105 708	–	–	–	105 708
Derivative financial instruments (note 7)	–	476	–	–	476
Trade and other payables	–	–	–	(199 810)	(199 810)
	258 834	476	–	(199 810)	59 500

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

18. FINANCIAL RISK MANAGEMENT

18.1 Financial risk factors

The board of directors of Distell Group Holdings Limited (the '**Parent**') oversaw the adequacy and functioning of the entire system of risk management and internal control, assisted by management. The internal audit department of the Parent provided independent assurance on the entire risk management and internal control system. Regional and subsidiary company management are responsible for managing performance, underlying risks and effectiveness of operations, within the rules set by the Parent's board, supported and supervised by the reporting entity departments. The audit and risk committees of the Parent reviewed the internal control environment and risk management systems within the reporting entity and reported their activities to the Parent board.

The reporting entity's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. Policies for managing each of the risks are summarised below.

The corporate treasury department of the reporting entity's Parent was responsible for controlling and reducing exposure to interest rate, liquidity and currency transaction risks. Senior executives and advisers met on a regular basis to analyse currency and interest rate exposures and re-evaluate treasury management strategies against revised economic forecasts. Policies, covering specific areas such as foreign exchange risk, interest rate risk, credit risks, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity, were reviewed annually by the Parent's board. The reporting entity does not undertake speculative financial transactions.

18.1(a) Market risk

The reporting entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(i) Foreign currency risk management

The reporting entity has currency exposures, which principally arise from loans to foreign entities. In order to manage this risk the reporting entity may enter into transactions in terms of approved policies and limits which make use of financial instruments that include forward foreign exchange contracts. Refer to note 4 (financial assets at amortised cost) for balances denominated in foreign currencies.

The reporting entity does not speculate or engage in the trading of financial instruments.

The reporting entity is primarily exposed to the currencies of the US dollar and UK pound. If the rand had weakened/strengthened by 10% against the USD on 30 June 2021, with all other variables remaining constant, the post tax profit for the year would have been R0.1 million (2020: R0.1 million, 2019: R0.1 million) lower/higher, mainly as a result of translating outstanding foreign currency denominated monetary items.

Similarly, had the rand at 30 June 2021 weakened/strengthened by 10% against the UK pound, with all other variables remaining constant, the post-tax profit for the year would have been R0.5 million (2020: R0.5 million, 2019: R0.5 million) lower/higher.

(ii) Interest rate risk management

The reporting entity's interest rate risk arises from cash and certain related party receivables.

The other financial instruments in the reporting entity's statement of financial position are not exposed to interest rate risk.

18.1(b) Credit risk management

Potential concentrations of credit risk principally exist for financial assets at amortised cost, trade and other receivables, cash and cash equivalents and derivative financial instruments.

Financial assets at amortised cost

Financial assets at amortised cost comprise loans to related parties. The reporting entity does not require collateral as security against the loans.

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

18. FINANCIAL RISK MANAGEMENT (continued)

18.1(b) Credit risk management (continued)

Financial assets at amortised cost (continued)

The reporting entity establishes allowances for credit losses on loans to related parties equal to the twelve month expected credit losses on these items unless there has been a significant increase in credit risk since initial recognition of these loans. Where there has been a significant increase in credit risk since initial recognition, impairment allowances are adjusted to equal the lifetime expected credit losses on these loans.

The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. To assess whether there is a significant increase in credit risk, the reporting entity compares the risk of a default occurring on the loans as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- any historic default experiences;
- the financial positions of the borrowers; and
- the future prospects in the markets in which the borrowers operate.

The reporting entity manages the credit risk on an individual loan basis and closely monitors the businesses on an ongoing basis. Financial assets are written off when there is no reasonable expectation of recovery, such as a borrower's cash flows deteriorating such that the loans could not be repaid in the foreseeable future. Where recoveries are made, these are recognised in profit or loss.

The operations of the borrowers are constantly monitored for credit deterioration, together with actual or expected significant adverse changes in business, financial or economic conditions that may be expected to cause a significant change to the borrowers' abilities to meet their obligations.

At 30 June 2021, 30 June 2020 and 30 June 2019, the impairment allowances relating to loans was considered not to be material. The counterparties have sufficient cash flows to repay their obligations.

At 30 June 2021, 30 June 2020 and 30 June 2019, the reporting entity did not consider there to be a significant concentration of credit risk which had not been adequately provided for.

Trade and other receivables

Trade receivables are managed centrally by the Parent entity and comprise a large, widespread customer base for which credit evaluations of the financial strength of these customers are continually performed. The type of customers ranges from wholesalers and distributors to smaller retailers and are collectively classified as South African liquor traders in these combined carve-out historical financial information. The granting of credit is controlled by means of a robust application process and the credit limits assigned to each individual customer are reviewed and updated on an ongoing basis taking into consideration its financial position, past experience and other factors. The reporting entity does not have any significant credit risk exposure to any single counterparty.

In assessing the credit risk associated with trade receivables the Parent entity categorised trade receivables in various customer segments with similar risk profiles. These categories include national grocer chains, retailers, smaller liquor groups, independent retailers, sub-Saharan African and international customers in various regions. Customers relating to the combined carve-out financial information comprise South African liquor producers and loss rates are similar for all customers within this grouping. ECLs are recognised using the simplified model based on a provision matrix used by the Parent entity for South African liquor traders which incorporates historical observed default rates and which is adjusted for forward-looking information and other observable inputs. Forward-looking information includes expected economic growth and employment rates of the regions assessed and the potential impact thereof on the buying power of consumers and sustainability of customers. COVID-19 had a detrimental impact on customers due to the restrictions imposed on the trading of alcohol by various governments and this is expected to continue in the foreseeable future. Receivables are analysed in various age buckets and varying loss rates applied to each age bucket, with long overdue buckets having higher loss rates.

For additional information relating to the credit risk considerations for other receivables, refer to note 6.

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

18. FINANCIAL RISK MANAGEMENT (continued)

18.1(b) Credit risk management (continued)

Cash and cash equivalents

The reporting entity only deposits cash with banks with high credit ratings. At year-end the reporting entity's cash was invested with financial institutions that have been awarded the following Moody's short-term credit rating:

	2021 R'000	2020 R'000	2019 R'000
Cash and cash equivalents			
NP (2020: P-3, 2019: P-1)	16 185	3 655	24 468
	16 185	3 655	24 468

Cash and cash equivalents are stage 1 financial assets and there has been no significant movement between stages. No amount has been recognised for 12-month ECLs as the amounts are not material due to low probability of default.

Derivative financial instruments

The reporting entity is exposed to credit-related losses in the event of non-performance by counterparties relating to derivative financial instruments. The counterparties to these contracts are major financial institutions with Moody's short-term credit ratings of NP. The reporting entity continually monitors its positions and the credit ratings of its counterparties and limits the extent to which it enters into contracts with any one party.

The carrying amount of the financial assets recorded in the financial statements, which is net of impaired losses, represents the reporting entity's maximum exposure to credit risk.

At 30 June 2021 the reporting entity did not consider there to be a significant concentration of credit risk which had not been adequately provided for.

18.1(c) Liquidity risk management

The reporting entity's Parent manages liquidity risk through the compilation and monitoring of cash flow forecasts, as well as ensuring that adequate borrowing facilities are maintained. The reporting entity will fund the operating and capital expenditures of its business from internally generated cash from its profitable and highly cash generative operating activities and borrowed funds to the extent required.

The table below analyses the reporting entity's financial liabilities and derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position date to contract maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	0 – 12 months R'000	1 – 2 years R'000	3 – 5 years R'000	Beyond 5 years R'000	Total R'000	Carrying value R'000
2021						
Financial liabilities						
Trade and other payables	410 811	–	–	–	410 811	410 811
	410 811	–	–	–	410 811	410 811
2020						
Financial liabilities						
Forward exchange						
contracts held-for-trading						
outflow	12 447	–	–	–	12 447	1 327
inflow	11 120	–	–	–	11 120	–
Trade and other payables	113 287	–	–	–	113 287	113 287
	136 854	–	–	–	136 854	114 614
2019						
Financial liabilities						
Trade and other payables	119 810	–	–	–	199 810	199 810
	119 810	–	–	–	199 810	199 810

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

18. FINANCIAL RISK MANAGEMENT (continued)

18.2 Fair value estimation

The below analyses assets and liabilities carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable inputs, which reflect the market conditions, including that of COVID-19 in their expectations of future cash flows related to the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Specific valuation techniques used to value these assets and liabilities include:

Cash and cash equivalents, trade receivables, trade payables and financial assets at amortised cost: The carrying amounts reported in the statement of financial position approximate fair values due to the short-term maturities of these amounts. In assessing the carrying amounts, the impact of COVID-19 was considered and expected credit losses adjusted accordingly.

Forward foreign exchange contracts: Forward foreign exchange contracts are entered into to cover import orders and export proceeds, and fair values are determined using foreign exchange bid or offer rates at year-end as the significant inputs in the valuation.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2021				
Derivative financial assets	–	1 377	–	1 377
	–	1 377	–	1 377
2020				
Derivative financial liabilities	–	(1 327)	–	(1 327)
	–	(1 327)	–	(1 327)
2019				
Derivative financial assets	–	476	–	476
	–	476	–	476

There were no transfers between level 1 and level 2 during the year.

There were no transfers into or out of level 3 investments during the year.

18.3 Capital risk management

The reporting entity's objectives when managing capital are to safeguard the reporting entity's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the reporting entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

	2021 R'000	2020 R'000	2019 R'000
19. RELATED-PARTY TRANSACTIONS			
The reporting entity consist of Capevin Holdings Limited and its direct and indirect interests in the following unlisted entities: Remgro-Capevin Investments Proprietary Limited, Distell Group Limited, South African Distilleries and Wines (SA) Limited and Castle Wine and EK Green Limited.			
During the financial periods under review related-party relationships existed between the reporting entity and its shareholders, DGHL and DGHL group companies and also with other entities included in the Capevin group of companies not included in the combined carve-out financial information (refer to note 1.16).			
The following transactions were carried out with subsidiaries of major shareholders or other related parties:			
Purchases of goods and services			
<i>DGHL and DGHL group companies</i>			
Distell Limited (goods and services)	1 318 769	590 486	647 641
Sale of goods and services			
<i>DGHL and DGHL group companies</i>			
Distell Limited (goods and services)	1 736 602	845 676	889 547
Financial assets at amortised cost (Note 4)			
<i>Capevin group of companies not included in combined carve-out historical financial information</i>			
Distell International Limited (loan account)	141 421	153 082	128 658

NOTES TO THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

20. EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

COVID-19 and further alcohol bans in South Africa

On the evening of Sunday, 27 June 2021 the South African government again announced measures to curb the spread of COVID-19. These measures included a ban on the sale of alcoholic beverages with immediate effect and a curfew from 21:00 to 04:00. The ban on the sale of alcohol was extended for a further two weeks on 11 July 2021 and was lifted with effect from 26 July 2021 when the reporting entity was allowed to trade again. The frequent alcohol bans and COVID-19 related restrictions continue to have a negative impact on many liquor related businesses in South Africa.

Civil unrest in South Africa

Civil unrest occurred in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 17 July 2021 which resulted in violence and the destruction and looting of property and businesses.

One of the distribution centres in KwaZulu-Natal of our main distributor was damaged and operations disrupted. The reporting entity did not suffer any direct losses to property.

The businesses of many of our customers and consumers in the affected areas were also severely damaged or destroyed during the unrest. We will continue to assist all our customers to help rebuild their businesses and support them as trade resumes.

The impact of the civil unrest is regarded as a non-adjusting event in terms of IAS 10 *Events after the Reporting Period*. No adjustments were therefore made to the amounts recognised in the financial statements of 30 June 2021.

Potential Heineken transaction

Distell Group Holdings Limited (DGHL) are in discussions with Heineken International which could result in the potential distribution of all Capevin ordinary shares to DGHL shareholders pro rata and on a one for one basis to their DGHL ordinary shares. Subsequent to the potential distribution, Heineken International will make a cash offer of R15.00 per share, subject to various conditions, to the acquire a maximum of 82 242 883 Capevin ordinary shares which DGHL ordinary shareholders will receive pursuant to the potential distribution. Shareholders will have the option to remain invested in Capevin, being an unlisted company.

The directors are not aware of any other matter or circumstance arising since the end of the financial year that would significantly affect the operations of the reporting entity or the results of its operations.

**INDEPENDENT REPORTING ACCOUNTANT'S AUDIT REPORT ON
THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION
OF CAPEVIN AND THE GORDON'S GIN INTEREST
FOR THE YEAR ENDED 30 JUNE 2021**

"To the Board of Directors of Distell Group Holdings Limited

Independent reporting accountant's audit report on the combined carve-out historical financial information of Capevin and the Gordon's Gin interest for the year ended 30 June 2021

Our opinion

Distell Group Holdings Limited ("**Distell**" or the "**Company**") is issuing a circular (the "**Distell Circular**") to its shareholders regarding an offer to acquire the entire issued ordinary and B share capital of Distell by way of a scheme of arrangement to be proposed by the board of directors of Distell to Distell shareholders (the "**Proposed Transaction**").

In our opinion, the combined carve-out historical financial information of Capevin and the Gordon's Gin interest as set out in Annexure 13 of the Distell Circular is prepared, in all material respects, in accordance with the basis of preparation as described in the *Basis of preparation of combined carve-out historical financial information* note to the combined carve-out historical financial information of Capevin and the Gordon's Gin interest as set out in Annexure 13 of this Distell Circular.

What we have audited

At your request and solely for the purpose of the Distell Circular to be dated on or about 17 January 2022, we have audited the combined carve-out historical financial information of Capevin and the Gordon's Gin interest, which comprises:

- the combined carve-out statement of financial position as at 30 June 2021;
- the combined carve-out income statement for the year then ended;
- the combined carve-out statement of comprehensive income for the year then ended;
- the combined carve-out statement of changes in equity for the year then ended;
- the combined carve-out statement of cash flows for the year then ended; and
- the notes to the combined carve-out historical financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (**ISAs**). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the combined carve-out historical financial information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and Capevin and the Gordon's Gin interest in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Emphasis of Matter: Basis of preparation and restriction on use

We draw attention to the fact that, as described in the *Basis of preparation of combined carve-out historical financial information* note to the combined carve-out historical financial information, the businesses included in the combined carve-out historical financial information have not operated as a single entity. The combined carve-out historical financial information is, therefore, not necessarily indicative of results that would have occurred if the businesses had operated as a single business during the year presented or of future results of the combined carved-out businesses.

The combined carve-out historical financial information has been prepared for the board of directors of Distell, using the basis of preparation described in the *Basis of preparation of combined carve-out historical financial*

information note to combined carve-out historical financial information of Capevin and the Gordon's Gin interest as set out Annexure 13 of this Distell Circular, to assist them in presenting the financial position and results of the entities set out in the *Basis of preparation of combined carve-out historical financial information* note, in connection with the transaction described in the *Basis of preparation of combined carve-out historical financial information* note to the combined carve-out historical financial information. As a result, the combined carve-out historical financial information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Purpose of this report

This report has been prepared for the purpose of the Distell Circular and for no other purpose.

Other Matter

The combined carve-out historical financial information of Capevin and the Gordon's Gin interest as at 30 June 2020 and 30 June 2019, and for the years then ended were not audited but subject to review. A review engagement is substantially less in scope than an audit. The review report dated 5 January 2022 expressed an unqualified conclusion on the combined carve-out historical financial information.

Responsibilities of the directors for the combined carve-out historical financial information

The directors of Distell are responsible for the preparation, contents and presentation of the Distell Circular.

The directors of Distell are responsible for the preparation of the combined carve-out historical financial information in accordance with the basis of preparation as described in the *Basis of preparation of combined carve-out historical financial information* note to combined carve-out historical financial information of Capevin and the Gordon's Gin interest as set out in Annexure 13 of the Distell Circular, and for determining that the basis of preparation is acceptable in the circumstances, and for such internal control as the directors determine is necessary to enable the preparation of combined carve-out historical financial information that is free from material misstatement, whether due to fraud or error.

In preparing the combined carve-out historical financial information, the directors of Distell are responsible for assessing the ability of Capevin and the Gordon's Gin interest to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Capevin and Gordon's Gin interest or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities for the audit of the combined carve-out historical financial information

Our objectives are to obtain reasonable assurance about whether the combined carve-out historical financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this combined carve-out historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined carve-out historical financial information of Capevin and the Gordon's Gin interest, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Capevin and Gordon's Gin interest's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of Distell.
- Conclude on the appropriateness of the directors of Distell's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Capevin and Gordon's Gin interest to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the combined carve-out historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the Capevin and Gordon's Gin interest to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the combined entities to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.

Director: RM Labuschaigne
Registered Auditor
Stellenbosch, South Africa
5 January 2022”

**INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON
THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION
OF CAPEVIN AND THE GORDON'S GIN INTEREST
FOR THE YEARS ENDED 30 JUNE 2020 AND 2019**

“To the Board of Directors of Distell Group Holdings Limited

Independent reporting accountant's review report on the combined carve-out historical financial information of Capevin and the Gordon's Gin interest for the years ended 30 June 2020 and 2019

Introduction

Distell Group Holdings Limited (“**Distell**” or the “**Company**”) is issuing a circular (the “**Distell Circular**”) to its shareholders regarding an offer to acquire the entire issued ordinary and B share capital of Distell by way of a scheme of arrangement to be proposed by the board of directors of Distell to Distell shareholders (the “**Proposed Transaction**”).

At your request and for the purpose of the Distell Circular to be dated on or about 17 January 2022, we have reviewed the combined carve-out historical financial information of Capevin and the Gordon's Gin interest as set out in Annexure 13 of the Distell Circular, which comprises the combined carve-out statements of financial position as at 30 June 2020 and 2019 and the related combined carve-out income statements and statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the combined carve-out historical financial information, which include a summary of significant accounting policies and other explanatory information.

Directors' responsibility

The directors of Distell are responsible for the preparation, contents and presentation of the Distell Circular.

The directors of Distell are responsible for the preparation and presentation of the combined carve-out historical financial information in accordance with the basis of preparation as described in the *Basis of preparation of combined carve-out historical financial information* note to combined carve-out historical financial information of Capevin and the Gordon's Gin interest as set out in Annexure 13 of the Distell Circular and for such internal control as the directors determine is necessary to enable the preparation of combined carve-out historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the combined carve-out historical financial information, the directors of Distell are responsible for assessing the ability of Capevin and the Gordon's Gin interest to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Capevin and the Gordon's Gin interest or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the combined carve-out historical financial information of Capevin and the Gordon's Gin interest.

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the combined carve-out historical financial information of Capevin and the Gordon's Gin interest.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the combined carve-out historical financial information of Capevin and the Gordon's Gin interest, has not been prepared, in all material respects, in accordance with the basis of preparation as described in the *Basis of preparation of combined carve-out historical financial information* note to combined carve-out historical financial information of Capevin and the Gordon's Gin interest as set out in Annexure 13 of the Distell Circular.

Purpose of the report

This report has been prepared for the purpose of the Distell Circular and for no other purpose.

Emphasis of Matter: Basis of preparation and restriction on use

We draw attention to the fact that, as described in the *Basis of preparation of combined carve-out historical financial information* note to the combined carve-out historical financial information, the businesses included in the combined carve-out historical financial information have not operated as a single entity. The combined carve-out historical financial information is, therefore, not necessarily indicative of results that would have occurred if the businesses had operated as a single business during the years presented or of future results of the combined carved-out businesses.

The combined carve-out historical financial information has been prepared for the board of directors of Distell, using the basis of preparation described in the *Basis of preparation of combined carve-out historical financial information* note to combined carve-out historical financial information of Capevin and the Gordon's Gin interest as set out in Annexure 13 of the Distell Circular, to assist them in presenting the financial position and results of the entities set out in the *Basis of preparation of combined carve-out historical financial information* note, in connection with the transaction described in the *Basis of preparation of combined carve-out historical financial information* note to the combined carve-out historical financial information. As a result, the combined carve-out historical financial information may not be suitable for another purpose.

PricewaterhouseCoopers Inc.

Director: RM Labuschaigne
Registered Auditor
Stellenbosch, South Africa
5 January 2022"

COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE SCOTCH WHISKY BUSINESS FOR THE 3 FINANCIAL YEARS UP TO AND ENDED 30 JUNE 2021

Introduction to the carve-out historical financial information

The carve-out historical financial information consists of the combined carve-out statements of financial position and the related carve-out income statements and statements of comprehensive income, changes in equity, and cash flows for the 3 financial years up to and ended 30 June 2021, and the notes comprising a summary of significant accounting policies and other explanatory information of the Scotch whisky business (collectively referred to as the “**Carve-Out Historical Financial Information of the Scotch whisky business**”), as set out in this Annexure 16. The Carve-Out Historical Financial Information of the Scotch whisky business has been prepared as described in the basis of preparation set out below.

The Distell Directors are responsible for the preparation of the Carve-Out Historical Financial Information of the Scotch whisky business in accordance with the basis of preparation as described below, and for such internal control as the directors determine is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

The Carve-Out Historical Financial Information of the Scotch whisky business for the year ended 30 June 2021 was audited by Grant Thornton UK LLP in accordance with International Standards on Auditing. Grant Thornton UK LLP issued an unqualified opinion on this financial information. The Carve-Out Historical Financial Information of the Scotch whisky business for the 2 financial years up to and ended 30 June 2020 was reviewed by Grant Thornton UK LLP in accordance with International Standards on Review Engagements. Grant Thornton UK LLP issued an unqualified conclusion on this financial information. The Independent Reporting Accountant's reports on the Carve-Out Historical Financial Information of Capevin and the Gordon's Gin interest are included in Annexure 17 and Annexure 18 to this Distell Circular.

General information

Overview of carve-out Scotch whisky business

The Scotch whisky business (previously Burn Stewart Distillers Limited) was acquired by Distell Group Holdings Limited from CL Financial (Trinidad) in April 2013. The main operations are situated in Scotland, United Kingdom with the main focus being the distillation, maturation, blending, bottling, distribution and marketing of a portfolio of premium Scotch whisky brands. The key single malts brands include Bunnahabhain, Deanston, Tobermory and Ledaig. The portfolio also includes the blended Scotch brands of Black Bottle and Scottish Leader, the latter being the second biggest blended Scotch in Taiwan. In addition to its whisky portfolio, the business also produces Tobermory Gin. After acquiring Burn Stewart Distillers Limited in 2013, Distell consolidated its International owned wines, spirits and ready-to-drink trademarks operations within the Scotch business unit and renamed the entity Distell International Limited.

For the purpose of this carve-out, all South African owned wines, spirits (e.g. Amarula) and ready-to-drink trademarks and related operations are excluded and the presented carve-out historical financial information only includes the Scotch whisky business.

The Scotch whisky business entity owns 3 distilleries:

- Bunnahabhain on the Isle of Islay, one of only a few distilleries on Islay, delivering exceptional volume and profit growth since the brand was acquired in 2013;
- Deanston situated on the river Teith close to Stirling Castle, the only distillery in Scotland to be self-sufficient in electricity supply. This distillery is also the spiritual home of the blended Scotch whisky Scottish Leader, the 2nd biggest blended Scotch in Taiwan. Taiwan, which operates as a branch with 55 employees based out of Taipei, is the largest contributor to the entity's revenue; and
- Tobermory on the Isle of Mull is the only distillery on the Island, and also produces the peaty single malt brand of Ledaig. The distillery has also recently launched the very successful boutique Tobermory gin.

Each distillery also has a visitor centre with all 3 being extremely popular with tourists and showing strong growth.

The Scotch whisky business (“**the business**”) also owns a bottling, blending and warehousing facility in East Kilbride, Scotland.

Financial Commentary

It is important to note that the Scotch whisky business is not an independent legal entity and the carved-out results and assumptions applied are not indicative of the financial performance that would have been achieved, had this business unit operated independently for the Reporting Periods. Furthermore, it will not be indicative of the financial results in future periods. Commentary relating to the financial results for the years presented are as follows:

Financial Year 2021

Revenue for the 12 months ended 30 June 2021 was £80 million which, after applying cost allocation assumptions between wine, cider, Amarula and whisky, realised profit from operations of £7 million. This strong performance was delivered despite ongoing COVID-19 challenges, especially in Global Travel Retail where single malt whisky sales were materially impacted. Scotch whisky as a category performed strongly during the past year and our portfolio of scarce premium whisky brands with its unique point of difference and strong heritage, positioned itself as an attractive option for both retail and online purchase for at-home consumption during COVID-19. Our single malt whiskies, which include Bunnahabhain and Deanston, grew revenue by 64,9% and volumes by 55,4% on prior year. We have a leading market position in Taiwan, a valuable whisky market for both blended scotch and malts. Scottish Leader is the second largest blended Scotch whisky brand in Taiwan, and we are making good progress at growing our single malts in this geography. Taiwan also serves as an entry point to China, where the business is growing strongly. In the UK, the team was successful in step changing our position in the e-commerce channel. The company also completed the construction of its new blending and warehousing facility in East Kilbride (£17m).

The strong year-on-year revenue growth resulted in a £5 million increase in profit from operations from prior year.

Financial Year 2020

The business unit delivered a resilient sales performance despite significant global challenges. Revenue for the 12 months ended 30 June 2020 was £73 million but overall profit and margins were significantly impacted due to the shift in portfolio and channel mix created by COVID-19. The company's trading pattern and performance in key markets reflected the geographic spread of the virus. Our whisky performance in our highly profitable Asian markets was the first to be impacted in beginning 2020 where the virus then spread relatively quickly into our key European whisky markets. The largest impact was experienced in our Global Travel Retail performance where the effective suspension of world travel due to COVID-19 restrictions brought single malt whisky sales in this channel to a stop. The mandatory closure of our distilling operations for a couple of months also resulted in the under absorption of overheads which negatively impacted overall cost of goods and profit margins. This together with the significant sales mix impact of less single malts sold, negatively impacted overall gross profit when compared to prior year. The company also continued with its ongoing capital investment programme with the construction of new visitor center at Bunnahabhain distillery that was completed in January 2020.

Financial Year 2019

Revenue for the 12 months ended 30 June 2019 was £72 million which realised operating profit of £7.5 million. Our scarce and highly profitable single malt portfolio of brands continue to grow strongly and reflects the success of the ongoing strategy to invest behind aged inventory to support future growth.

SCOTCH WHISKY BUSINESS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	NOTE	2021 £000	Unaudited 2020 £000	Unaudited 2019 £000
ASSETS				
Non-current assets				
Property plant and equipment	6	57 963	52 139	42 600
Right of use assets	7	575	707	–
Intangible assets	8	7 363	7 363	8 938
Investments in joint ventures	9	–	922	646
		65 901	61 131	52 184
Current assets				
Inventories	10	118 341	111 070	112 665
Trade and other receivables	11	15 268	14 440	18 393
Cash and cash equivalents	20	16 322	15 635	9 713
TOTAL ASSETS		215 832	202 276	192 955
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Issued capital	12	6 523	6 523	6 523
Other reserves	12	48 985	48 644	49 205
Parent entity net investment	12	57 667	56 783	52 668
TOTAL EQUITY		113 175	111 950	108 396
LIABILITIES				
Non-current liabilities				
Loans and borrowings	13	–	65 408	57 048
Deferred tax liabilities	14	9 621	6 400	5 548
Trade and other payables	15	303	291	–
		9 924	72 099	62 596
Current liabilities				
Trade and other payables	15	19 320	11 194	14 930
Loans and borrowings	13	73 413	7 033	7 033
		92 733	18 227	21 963
TOTAL LIABILITIES		102 657	90 326	84 559
TOTAL EQUITY AND LIABILITIES		215 832	202 276	192 955

SCOTCH WHISKY BUSINESS
CONSOLIDATED INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2021

		2021	Unaudited	Unaudited
	NOTE	2020	2020	2019
		£000	£000	£000
Revenue	2	79 544	72 624	72 223
Cost of sales		(48 672)	(48 696)	(43 462)
Gross profit		30 872	23 928	28 761
Distribution costs		(18 519)	(18 236)	(19 625)
Administrative expenses		(5 299)	(3 192)	(1 595)
Profit from operations		7 054	2 500	7 541
Finance costs	3	(1 080)	(1 312)	(1 221)
Share of profit/(loss) of joint ventures	9	382	268	(39)
Profit before taxation	4	6 356	1 456	6 281
Taxation	5	(3 944)	(1 310)	(795)
Profit for the year from continuing operations		2 412	146	5 486
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations		341	(561)	(146)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		2 753	(415)	5 340
Profit attributable to:				
Owners of the parent		2 412	146	5 486
Total comprehensive income/(loss) attributable to:				
Owners of the parent		2 753	(415)	5 340

SCOTCH WHISKY BUSINESS
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021

	Note	Share Capital £000	Other Reserves £000	Foreign Exchange Reserve £000	Parent Entity Net Investment £000	Total £000
Opening balance as at 1 July 2020		6 523	49 239	(595)	56 783	111 950
Comprehensive income						
Profit for the year		–	–	–	2 412	2 412
Other comprehensive income						
Exchange differences on translating foreign operations		–	–	341	–	341
Distribution to parent entity		–	–	–	(1 528)	(1 528)
Balance at 30 June 2021	12	6 523	49 239	(254)	57 667	113 175

Unaudited
For the year ended 30 June 2020

	Note	Share Capital £000	Other Reserves £000	Foreign Exchange Reserve £000	Parent Entity Net Investment £000	Total £000
Opening balance as at 1 July 2019		6 523	49 239	(34)	52 668	108 396
Comprehensive income						
Profit for the year		–	–	–	146	146
Other comprehensive income						
Exchange differences on translating foreign operations		–	–	(561)	–	(561)
Contribution from parent entity		–	–	–	3 969	3 969
Balance at 30 June 2020	12	6 523	49 239	(595)	56 783	111 950

Unaudited
For the year ended 30 June 2019

	Note	Share Capital £000	Other Reserves £000	Foreign Exchange Reserve £000	Parent Entity Net Investment £000	Total £000
Opening balance as at 1 July 2018		6 523	49 239	112	46 223	102 097
Comprehensive income						
Profit for the year		–	–	–	5 486	5 486
Other comprehensive income						
Exchange differences on translating foreign operations		–	–	(146)	–	(146)
Contribution from parent entity		–	–	–	959	959
Balance at 30 June 2019	12	6 523	49 239	(34)	52 668	108 396

SCOTCH WHISKY BUSINESS
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2021

		2021	Unaudited	Unaudited
	NOTE	2020	2020	2019
		£000	£000	£000
Cash flows from operating activities				
Profit before tax		6 356	1 456	6 281
Adjustments for non-cash operating transactions:				
Depreciation	4	2 225	2 326	1 734
Loss/(gain) on disposal of property, plant and equipment	4	294	151	(9)
Gain on winding up joint venture		–	–	(998)
Impairment of intangible asset		–	1 575	–
Interest expense	3	1 080	1 312	1 221
Share of joint venture profit	9	(382)	(268)	39
Changes in working capital:				
(Increase)/decrease in inventories		(6 522)	2 453	(6 672)
(Increase)/decrease in trade and other receivables		(998)	3 942	(2 727)
Increase/(decrease) in trade and other payables		9 116	(5 523)	369
Cash generated from operations		11 169	7 424	(762)
Interest paid		(1 060)	(1 292)	(1 203)
Taxes paid		(626)	(263)	(702)
Net cash from operating activities		9 483	5 869	(2 667)
Cash flows from investing activities				
Purchase of property, plant and equipment	6	(8 520)	(12 076)	(7 685)
Purchase of trademarks		–	–	(4 310)
Proceeds from sale of plant and equipment		23	–	13
Proceeds from winding up of joint venture		787	–	2 155
Net cash used in investing activities		(7 710)	(12 076)	(9 827)
Cash flows from financing activities				
Proceeds from borrowings	20	952	8 340	6 026
Contributions from/(distribution to) parent entity		(1 528)	3 969	959
Payment of lease liabilities		(475)	(388)	–
Net cash from financing activities		(1 051)	11 921	6 985
Increase/(decrease) in cash and cash equivalents		722	5 714	(5 509)
Cash and cash equivalents at the beginning of the year		15 635	9 713	15 119
Effect of exchange rate changes		(35)	208	103
Cash and cash equivalents at the end of the year	20	16 322	15 635	9 713

BASIS OF PREPARATION OF CARVE-OUT HISTORICAL FINANCIAL INFORMATION

Distell Group Holdings Limited is issuing a circular (the “**Circular**”) to its shareholders regarding an offer to acquire the entire issued ordinary and B share capital of Distell by way of a scheme of arrangement to be proposed by the board of directors of Distell to Distell shareholders (the “**Proposed Transaction**”). This circular includes carve-out financial information of the Scotch whisky business.

This basis of preparation describes how the financial information has been prepared.

International Financial Reporting Standards (“**IFRS**”) do not provide for the preparation of carve-out historical financial information, and accordingly in preparing the carve-out historical financial information, certain accounting conventions commonly used in the preparation of carve-out historical financial information for inclusion in circulars, have been applied, which are discussed in more detail below.

In preparing the carve-out historical financial information, the recognition and measurement principles of IFRS have been applied, except for the material departures from these principles as has been noted below.

The carve-out historical financial information of the Scotch whisky business has been derived from the audited financial statements of Distell International Limited. Distell International Limited’s financial statements were prepared in accordance with IFRS. The carve-out historical financial information has been prepared for the purpose of presenting the financial position, results of operations and cash flows of the Scotch whisky business.

The carve-out historical financial information has been further supplemented with only certain relevant note disclosures that are considered necessary to understand the carve-out historical financial information of the Scotch whisky business.

The accounting policies utilised in the historical financial information are consistent with those applied by Distell International Limited in its consolidated financial statements.

Carve-out historical financial information

The entities and operations included in this carve-out financial report comprise that of the Scotch whisky business. This carve-out financial information excludes the financial information of all non-Scotch whisky operations and sales relating to wine, spirits and ready-to-drink trademarks that are all owned by Distell Group Holdings Limited and registered in South Africa.

The carve-out historical financial information has been derived from the financial statements of Distell International Limited and includes the Scotch whisky business of Distell International Limited, including its branch in Taiwan and the Scotch whisky business of its subsidiary Burn Stewart US Holdings Limited, although this is a small part of the overall business. Distell International Limited owns a number of dormant subsidiaries which also form part of the Scotch whisky business.

The Scotch whisky business predominately resides in one legal entity namely Distell International Limited.

This carve-out historical financial information has been prepared for the purposes of presenting the financial position, the results of operations, changes in equity and cash flows on a stand-alone basis reflecting only the Scotch whisky business. The Scotch whisky business is however not an independent legal entity and its results are not indicative of the financial performance that would have been achieved, had this business unit operated independently for the Reporting Periods. Furthermore, it may not be indicative of the financial results in future periods.

The following are allocation methodologies applied to key areas in the historical financial information:

Revenue

The revenue reflected in the carve-out historical financial information is specifically attributable to the products sold by the Scotch whisky business and is extracted from the management reporting system that reconciles to the audited financial statements.

Inventory

The inventory reflected in the carve-out historical financial information is specifically attributable to the Scotch whisky business.

Property, plant and equipment & Intangibles

Fixed assets and intangibles reflected in the carve-out historical financial information are separately identifiable and specifically attributable to the Scotch whisky business.

Accounts receivable and accounts payable

Inventory relating to the Scotch Whisky operations is sold to the same customers as part of a basket of products that include other spirits, wines, and cider and ready-to-drinks. Similarly, many purchases of goods and services relating to the Scotch Whisky operations are sourced from the same suppliers as for other Distell products. As a result various categories of accounts receivable and payable, such as trade debtors, prepayments, trade creditors, accruals, provisions, VAT receivable cannot be allocated directly because the goods or services are shared.

Accounts receivable are allocated between the Scotch whisky business and Distell South African owned brands based on a Gross Revenue % basis. Other receivables are reviewed individually and any large balances which clearly relate to one business stream will be allocated accordingly. Any remaining debtor balances will be reviewed and allocated on the most appropriate allocation key, for example Net Revenue will be used for allocation of advertising and promotional debtors that covers to the total portfolio.

Accounts payable, accruals and provision items that could be directly linked to the Scotch whisky business are reflected as such in the historical carve-out financial information for the Reporting Periods. Remaining creditors are allocated using an appropriate allocation key depending on the nature of the creditor, accrual and provision.

Deferred tax

Deferred tax liabilities reflected in the carve-out historical financial information are separately identifiable and are calculated with reference to assets specifically attributable to the Scotch whisky business.

Within the deferred tax provision the following elements are all specifically attributable to the Scotch whisky business including accelerated capital allowances, other timing differences, intangible assets and revaluation of fixed assets.

Cash and bank borrowings

The cash balances of Distell International Limited are included in the carve-out historical financial information as these would transfer to the Scotch whisky business.

The bank borrowings of Distell International Limited are included in the carve-out historical financial information. It is anticipated that the borrowings of Distell International Limited would transfer to the Scotch whisky business.

Equity

The carve-out historical financial information includes categories of equity of Distell International Limited which were unchanged since Distell International Limited was acquired by the Distell Group.

The balance of equity is included in Parent company net investment.

Operating costs

The Scotch whisky business did not previously operate independently, with the result that it benefited from certain centralised centres of excellence functions provided by Distell International Limited throughout the Reporting Periods.

The carve-out historical financial information includes costs allocated to its operations based on various allocation methodologies. These methodologies include:

- Commercial Sales, Marketing and Corporate function costs – allocated based on net revenue basis (after deducting excise duty) from the Scotch whisky business over total net revenue (after deducting excise duty) generated by Distell International Limited;
- Advertising and promotion costs – allocated based on costs directly attributable to products sold by the Scotch whisky business;
- Supply chain operating costs – allocated either on a volume from Scotch whisky business over total volumes sold by the supply chain network basis, or a net revenue basis, depending on the nature of costs. Where certain cost centres relating to wines and ready-to-drink are clearly identifiable, these have been specifically excluded from the carve out; and
- Employee wages and salaries costs – where these relate directly to the Scotch whisky business, the costs are allocated accordingly to the Scotch whisky business. In other cases the employee costs have been allocated on the same basis as other operating costs noted above.

Finance costs

Finance costs are calculated based on the borrowing requirements of the Scotch whisky business.

Joint Venture profit

The share of joint venture profit or loss is apportioned based on the proportion of brand contribution attributable to the Scotch whisky business compared to the total brand contribution of the joint venture.

Current tax

The current tax charge is calculated based on the result of the Scotch whisky business as if the business was a standalone entity.

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The carve-out historical financial information of the Scotch whisky business is consistent with the previous financial statements of Distell International Limited and has been prepared on a historical cost basis except as noted above under “Basis of preparation of carve-out historical financial information”.

Standards and amendments applicable to the carved-out business effective for the first time

The following standards and amendments were effective for the first time but had no material impact on the carve-out financial statements:

- Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – the definition of material (effective 1 January 2020);
- Amendments to IFRS 3 Business Combinations – definition of a business (effective 1 January 2020);
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosure – Interest rate benchmark reform (Phase 1) (effective 1 January 2020); and
- IFRS 16 Leases – COVID 19-related rent concession amendments (effective 1 June 2020).

Standards, interpretations and amendments to published standards that are not yet effective

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 June 2021, but not yet effective on that date. Management is in the process of assessing the impact of these standards, interpretations and amendments on the reported results. The standards that are applicable to the carve-out business, but that were not implemented early, are the following:

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases – Interest rate benchmark (IBOR) reform (effective 1 January 2021);
- Amendment to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective 1 January 2023);
- Amendment to IFRS 3 Business Combinations (effective 1 January 2022);
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use (effective 1 January 2022);
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets on onerous contracts – Cost of fulfilling a contract (effective 1 January 2022);
- Annual improvements cycle 2018 – 2020 (effective 1 January 2022);
- IFRS 17 Insurance Contracts and amendments (effective 1 January 2023);
- Amendment to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021);
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023);
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective 1 January 2023); and
- Amendments to IAS 8 – Definition of Accounting Estimates (effective 1 January 2023).

Critical accounting estimates and assumptions

In applying the accounting policies, the directors have made critical accounting judgements, estimates and assumptions about the carrying value of the assets and liabilities. These estimates and assumptions are based on historical experience and future forecasts and are reviewed on a continual basis. The estimates and assumptions that could have a material effect on the amounts recognised in the financial statements for the financial year are as follows:

a) Impairment of intangible assets

The business tests annually whether intangible assets with indefinite useful lives have suffered any impairments in accordance with the relevant accounting policy note. This impairment review compares the carrying value of the asset with its recoverable amount. In calculating the recoverable amount, management use estimates in forecasting future cash flows and the discount rates applied. Further information is included in note 8 to the historical financial information.

Going Concern

The financial statements have been prepared on a going concern basis. The directors have reviewed the financial position of the business and believe that it has sufficient facilities to trade as a going concern for the foreseeable future. In making this assessment, the directors have considered the budgets, cash flow forecasts and available borrowing facilities of the Scotch whisky business as if it were a standalone entity. The directors

believe that the current lending facility of Distell International Limited will be transferred to the Scotch whisky business under the same terms and that the existing support of the shareholder with regard to the related party loan to Distell International Limited will continue. The current borrowing facility expires on 28 February 2022 and the current finance provider has confirmed the intention to continue to extend the current asset-backed lending facility. The potential impact of COVID-19 on the business has also been considered and sensitivity analysis performed on the budgets and forecasts. Although the full impact and duration of the pandemic are uncertain the business has put in place the necessary structures and processes to monitor and mitigate against existing and emerging risks to the business.

As a result of the above points the directors consider the business to be a going concern and that no material uncertainty exists. In forming this conclusion management acknowledge that the formation of this conclusion in relation to the renewal of the borrowing facility involves significant judgement.

Basis of consolidation

The carve out financial statements consolidate the financial statements of all the whisky related business unit. All acquisitions are dealt with by the acquisition method of accounting. The results of new acquisitions are consolidated from their effective date of acquisition. All intra group transactions and balances are eliminated on consolidation. The interests in joint ventures and associates are accounted for using the equity method of accounting.

Foreign currency translation

The carved-out financial statements are presented in sterling which is also the functional currency of the business. Transactions in foreign currencies are translated into sterling at average rates throughout the year. At the balance sheet date, foreign currency monetary items are translated at the exchange rate ruling at the balance sheet date. All differences arising on translation are recognised in the income statement with the exception of all monetary items that form part of a net investment in a foreign operation. These are recognised in other comprehensive income.

The assets and liabilities of foreign operations are translated at the rate ruling at the balance sheet date. Any exchange difference arising are recognised in other comprehensive income and accumulated in equity.

Revenue recognition

The Scotch whisky business manufactures and sells a range of alcoholic products in various categories and to a range of customers, including wholesalers, retailers and distributors.

Revenue reflected in the carve-out historical financial information comprises the consideration received or receivable for the sale of goods or services in the ordinary course of the Scotch whisky business's activities, including excise duty, but net of value added tax ("VAT"), rebates and discounts. Revenue is recognised when all performance obligations in a contract have been satisfied. Revenue consists mostly of sales of products delivered to customers at the point of sale and does not have multiple performance obligations included in it. The business considers excise duty to be a cost to the business and includes it in cost of sales. The business is considered to be the principal and not an agent of the tax authority. Excise duty is not directly related to sales, unlike VAT. Increases in excise duty are not always passed on to customers and the business cannot reclaim the duty where customers do not pay for products received. Where applicable, excise duty is included in the selling price and therefore forms part of a sales transaction and is included in revenue.

The products sold often include various types of discounts, including volume discounts based on aggregate sales and early settlement discounts which are considered to represent variable consideration. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A liability (included in trade and other payables) is recognised for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with credit terms which are consistent with market practice.

The segmental information provided on revenue is consistent with the reporting provided to the management team for the purposes of assessing performance, allocating resources and making strategic decisions.

Taxation

Current taxes are based on the taxable profit for the period and are calculated according to local tax rules using the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full for all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes with the following exceptions:

- Deferred tax is not provided on the initial recognition of goodwill;
- Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting or taxable profit or loss; and

- Deferred tax on temporary differences associated with temporary differences in investments in subsidiaries, branches and associates is not provided to the extent that the group is able to control the reversal of temporary differences and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets are recognised to the extent temporary differences will reverse in the foreseeable future and that it is probable that future taxable profit will be available against which the asset can be utilised.

Deferred tax is measured using currently enacted or substantially enacted tax rates.

Property, plant and equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and any provision for impairment. Depreciation is calculated on a straight line basis to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Buildings	20 to 60 years
Plant and equipment	4 to 20 years
Fixtures and fittings	4 to 5 years

Land is considered to have an unlimited useful life and therefore is not depreciated.

Leases

At the inception of a contract the business assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract gives the right to control the use of an identified asset for a period of time in exchange for a consideration. The group assesses whether:

- the contract involves the use of an identified asset;
- the group has the right to obtain substantially all the economic benefits from the use of the asset throughout the period; and
- the group has the right to direct the use of the asset. The group has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used.

The business recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right of use asset is subsequently depreciated using the straight line method from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

The lease liability is initially measured at the present value of the unpaid lease payments discounted using the interest rate implicit in the lease or the business's incremental borrowing rate.

The business presents right of use assets in the statement of financial position as a separate line item and lease liabilities in trade and other payables.

The business has elected not to recognise right of use assets and lease liabilities for short term leases of less than twelve months and leases of low value assets. The business recognises the lease payments associated with these leases as an expense in the income statement on a straight line basis over the lease term.

Prior to the adoption of IFRS 16 the following policy applied for leases:

Leases that transfer substantially all the risks and rewards incidental to the ownership of an asset to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Assets held under finance leases are recorded in the balance sheet at the lower of fair value and the present value of the minimum lease payments at the inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement. A leased asset is depreciated over the shorter of the lease period and its useful life. The capital elements of future obligations are included in other payables. Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease period.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses if any.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment at the balance sheet date or whenever there is an indication that the intangible asset may be impaired.

Amortisation costs and impairment losses are recognised in the income statement.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually or where there is an indication that impairment exists.

Purchased brands and trademarks are capitalised as intangible fixed assets and amortised on a straight line basis over their estimated life. Where the brand or trademark is deemed to have an indefinite life, it is not amortised but is subject to an annual impairment review.

Impairment

Assets that have an indefinite useful life and intangible assets not ready for use are not subject to amortisation and are tested for impairment annually. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the full carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units ("CGUs")). Management estimate expected future cash flows from each CGU and determine a suitable discount rate to calculate the present value of the future cash flows. Discount factors are determined for each CGU to reflect the underlying risks involved.

The future cash flows used in the calculation are based on the business's latest approved budget and forecasts for up to five years. Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

Financial instruments

Financial assets and financial liabilities are recognised when the business has become a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for expected credit losses. Trade receivables do not carry any interest. The carve-out business applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on past customer experience, adjusted to reflect current and forward looking information. Trade receivables are written off when there is no reasonable expectation of recovery. Amounts written off as irrecoverable or provided for are recognised in the income statement.

Loans and borrowings

Interest bearing loans and borrowings are initially measured at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Interest is recognised on an accruals basis using the effective interest method and is presented in finance costs in the income statement.

Financial liabilities at fair value through profit or loss

Financial liabilities held for trading are accounted for at fair value through profit or loss. This category includes derivative financial instruments that are not designated as hedges. These liabilities are re-measured at each reporting date, with changes in fair value being recognised in the income statement.

Trade and other payables

Trade and other payables are not interest bearing, are initially recognised at transaction price and subsequently measured at amortised cost.

Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that settlement will result in payment and a reliable estimate of the amount of the obligation can be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all expenditure, excluding financing costs, incurred in producing or purchasing the inventory and bringing it to its current location and condition. Where appropriate, cost includes an allocation of fixed production, maturation and administration costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits together with other short term highly liquid investments with original maturities of three months or less.

Employee benefits

The cost of providing pensions through defined contribution arrangements is charged to the income statement in the period in respect of which contributions become payable.

SCOTCH WHISKY BUSINESS

NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the year ended 30 June 2021

2. REVENUE

An analysis of revenue by geographical region is as follows:

	2021 £000	Unaudited 2020 £000	Unaudited 2019 £000
Africa	5 096	3 748	5 493
Americas	4 132	2 327	2 461
Asia	30 132	24 872	28 561
Europe	9 483	8 696	8 903
Global Travel Retail	1 650	1 278	2 071
United Kingdom	29 051	31 703	24 734
	79 544	72 624	72 223
Revenue is shown after deducting incentives and discounts of	9 758	5 823	4 010

3. FINANCE COSTS

	2021 £000	Unaudited 2020 £000	Unaudited 2019 £000
Interest on bank loans	1 062	1 292	1 221
Interest on lease liabilities	18	20	–
	1 080	1 312	1 221

4. PROFIT BEFORE TAX

	2021 £000	Unaudited 2020 £000	Unaudited 2019 £000
Profit before taxation is stated after charging:			
Excise duty	11 204	9 720	10 450
Depreciation on fixed assets	1 750	1 935	1 734
Depreciation on right of use assets	475	391	–
Loss/(gain) on disposal of property, plant and equipment	294	151	(9)
Short term lease rentals	101	202	–
Low value lease rentals	7	5	–
Fees payable to the auditor of the Scotch Whisky business for the audit of the annual accounts	69	66	60
Fees payable to the business's auditor for other services:			
Tax compliance	9	8	8
Tax advisory	26	41	30
Employee costs			
Salaries and wages	11 828	10 775	11 454
Social security	1 192	1 119	1 102
Pension contributions	669	640	627
	13 689	12 534	13 183

SCOTCH WHISKY BUSINESS

NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the year ended 30 June 2021

4. PROFIT BEFORE TAX (continued)

Remuneration in respect of directors included in total employee costs was as follows:

	2021 £000	Unaudited 2020 £000	Unaudited 2019 £000
Emoluments	464	446	437
Compensation for loss of office	102	–	–
Pension contributions to defined contribution pension schemes	33	31	31
	599	477	468
	2021	2020	2019
During the period the following number of directors:			
Accrued benefits under defined contribution pension schemes	3	2	2
Received payments under group share plans	2	–	–

The above amounts include remuneration in respect of the highest paid director as follows:

	2021 £000	Unaudited 2020 £000	Unaudited 2019 £000
Remuneration	299	220	224
Pension contributions to defined contribution pension schemes	17	19	19
	316	239	243

Note: The amount of depreciation differs from the amount charged per Note 6 due to depreciation capitalised in inventories (2021 – £626,000; 2020 – £460,000; 2019 – £555,000)

5. TAXATION

	2021 £000	Unaudited 2020 £000	Unaudited 2019 £000
Analysis of taxation expense			
Current tax	626	263	702
Deferred tax			
Deferred tax charge per the income statement is as follows:			
Accelerated depreciation	1 668	566	165
Property, plant & equipment	747	249	–
Intangible assets	334	(156)	(170)
Other timing differences	569	388	98
	3 318	1 047	93
In respect of the origination and reversal of temporary differences			
Change in rates	1 014	246	327
Adjustments in respect of previous periods	2 021	653	–
	283	148	(234)
	3 318	1 047	93
Total tax expense	3 944	1 310	795

SCOTCH WHISKY BUSINESS

NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the year ended 30 June 2021

5. TAXATION (continued)

Following the announcement by the UK Government that Corporation Tax will increase to 25% with effect from April 2023, deferred tax has been provided at 25% for the year ended 30 June 2021 on the basis that temporary differences are mainly expected to reverse after the higher rate comes into effect.

This was previously provided at 19% for the year ended 30 June 2020 and 17% for the year ended 30 June 2019.

Reconciliation of effective tax rate

	2021 £000	Unaudited 2020 £000	Unaudited 2019 £000
The tax assessed for the period differs from the standard rate of UK corporation tax of 19% (2020 – 19%; 2019 – 19%). The differences are reconciled below.			
Profit before tax	6 356	1 456	6 281
Profit on ordinary activities at 19% (2020 – 19%; 2019 – 19%)	1 208	277	1 193
Effect of:			
Expenses not deductible for tax purposes & non taxable income	49	187	(209)
Fixed asset differences	95	45	45
Movement relating to change in tax rates	2 309	653	–
Movement relating to prior periods – deferred tax	283	148	(234)
	3 944	1 310	795

6. PROPERTY, PLANT AND EQUIPMENT

2021	Assets under Construction £000	Land and Buildings £000	Plant and Equipment £000	Fixtures and Fittings £000	Total £000
Cost					
At 1 July 2020	15 846	17 963	32 146	1 836	67 791
Transfer from assets under construction	(18 800)	13 397	4 155	1 248	–
Additions	5 701	194	2 523	102	8 520
Disposals	–	–	(508)	(82)	(590)
Transfer differences	–	–	–	(16)	(16)
At 30 June 2021	2 747	31 554	38 316	3 088	75 705
Depreciation					
At 1 July 2020	–	3 629	10 624	1 399	15 652
Charge for the year	–	258	1 927	191	2 376
On disposals	–	–	(191)	(82)	(273)
Translation differences	–	–	–	(13)	(13)
At 30 June 2021	–	3 887	12 360	1 495	17 742
Carrying amount					
At 30 June 2021	2 747	27 667	25 956	1 593	57 963
At 30 June 2020	15 846	14 334	21 522	437	52 139

Included property, plant and equipment are assets under construction amounting to £2,747,000 (2020 – £15,846,000; 2019 – £5,555,000) on which no depreciation has been charged.

SCOTCH WHISKY BUSINESS
NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the year ended 30 June 2021

6. PROPERTY, PLANT AND EQUIPMENT (continued)

2020 – Unaudited	Assets under Construction £000	Land and Buildings £000	Plant and Equipment £000	Fixtures and Fittings £000	Total £000
Cost					
At 1 July 2019	5 556	17 757	30 865	1 853	56 031
Transfer from assets under construction	(340)	198	127	15	–
Additions	10 630	18	1 403	25	12 076
Disposals	–	(10)	(249)	(82)	(341)
Translation differences	–	–	–	25	25
At 30 June 2020	15 846	17 963	32 146	1 836	67 791
Depreciation					
At 1 July 2019	–	3 389	8 819	1 223	13 431
Charge for the year	–	240	1 915	240	2 395
On disposals	–	–	(110)	(80)	(190)
Translation differences	–	–	–	16	16
At 30 June 2020	–	3 629	10 624	1 399	15 652
Carrying amount					
At 30 June 2020	15 846	14 334	21 522	437	52 139
At 30 June 2019	5 556	14 368	22 046	630	42 600
2019 – Unaudited	Assets under Construction £000	Land and Buildings £000	Plant and Equipment £000	Fixtures and Fittings £000	Total £000
Cost					
At 1 July 2018	2 039	17 377	27 167	1 765	48 348
Transfer from assets under construction	(403)	87	316	–	–
Additions	3 920	293	3 388	84	7 685
Disposals	–	–	(6)	(4)	(10)
Transfer differences	–	–	–	8	8
At 30 June 2019	5 556	17 757	30 865	1 853	56 031
Depreciation					
At 1 July 2018	–	3 152	7 020	972	11 144
Charge for the year	–	237	1 801	251	2 289
On disposals	–	–	(2)	(4)	(6)
Translation differences	–	–	–	4	4
At 30 June 2019	–	3 389	8 819	1 223	13 431
Carrying amount					
At 30 June 2019	5 556	14 368	22 046	630	42 600
At 30 June 2018	2 039	14 225	20 147	793	37 204

SCOTCH WHISKY BUSINESS

NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the year ended 30 June 2021

7. RIGHT OF USE ASSETS

2021	Land and Buildings £000	Plant and Equipment £000	Total £000
Cost			
At 1 July 2020	418	680	1 098
Additions	102	270	372
Disposals	(296)	(128)	(424)
Currency differences	(17)	(17)	(34)
At 30 June 2021	207	805	1 012
Depreciation			
At 1 July 2020	197	194	391
Charge for the year	230	245	475
On disposals	(296)	(122)	(418)
Currency differences	(8)	(3)	(11)
At 30 June 2021	123	314	437
Carrying amount			
At 30 June 2021	84	491	575
At 30 June 2020	221	486	707
2020 – Unaudited	Land and Buildings £000	Plant and Equipment £000	Total £000
Cost			
Transition to IFRS 16	395	367	762
Additions	–	304	304
Currency differences	23	9	32
At 30 June 2020	418	680	1 098
Depreciation			
At 1 July 2019	–	–	–
Charge for the year and as at 30 June 2020	197	194	391
Carrying amount			
At 30 June 2020	221	486	707

SCOTCH WHISKY BUSINESS

NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the year ended 30 June 2021

8. OTHER INTANGIBLE FIXED ASSETS

Brands and trademarks	Brands			Total £000
	Black Bottle £000	Bunnahabhain £000	Trademarks £000	
Gross carrying amount				
At 1 July 2019, 2020 and 30 June 2021	4 500	1 128	4 310	9 938
Impairment				
At 1 July 2018 and 30 June 2019	(1 000)	–	–	(1 000)
Impairment loss year to 30 June 2020	(1 575)	–	–	(1 575)
At 30 June 2020 and 30 June 2021	(2 575)	–	–	(2 575)
Carrying amount				
At 30 June 2021	1 925	1 128	4 310	7 363
At 30 June 2020 – Unaudited	1 925	1 128	4 310	7 363
At 30 June 2019 – Unaudited	3 500	1 128	4 310	8 938

The brands and trademarks are considered to have an indefinite useful life as there are no foreseeable limits on the time they are expected to provide future cash flows. They are allocated to their respective cash generating units (CGUs) and tested annually for impairment. The recoverable amounts of the CGUs have been based on a value in use calculation. To calculate this, cash flow projections are based on financial budgets approved by management covering a five year period and are discounted using a weighted average cost of capital (WACC) for each CGU. In determining growth rates consideration is given to the growth potential of the respective CGU. Growth assumptions are based on management's best estimates of known strategies and future plans to grow the business. These growth plans were generally adjusted downwards to take account of the potential impact of Covid-19. The discount rates used reflect the returns on government bonds and an equity risk premium specific to each CGU. Further risk premiums are applied according to management's assessment of the specific risks relevant to each CGU. Post tax discount rates are applied to post tax cash flows as these approximate to the valuation calculated using pre tax discount rates and pre tax cash flows.

The key assumptions are as follows:

	2021		2020 Unaudited		2019 Unaudited	
	Long-term growth rate	Discount Rate	Long-term growth Rate	Discount rate	Long-term growth rate	Discount rate
Black Bottle	1.5%	8%	2%	7%	2%	5%
Bunnahabhain	1.5%	8%	2%	7%	2%	5%
Trademarks in Sub Saharan Africa	4.5%	14%	2%	12%	2%	6%

The following CGU was identified as sensitive to reasonably possible changes in assumptions and the potential impairment as a result of the changes in assumptions as at 30 June 2021, all other assumptions remaining constant, would be as follows:

	Carrying Value £000	1.5% Increase in Discount rate £000	2% Decrease in Long-term growth rate £000
Trademarks in Sub Saharan Africa	4 310	141	81

An impairment loss of £1,575,000 in respect of Black Bottle was recognised in Administrative expenses in the year to 30 June 2020 based on its value in use as the cash flow projections based on budgets and forecasts resulted in a value in use lower than the carrying value.

SCOTCH WHISKY BUSINESS**NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION**

For the year ended 30 June 2021

9. INVESTMENTS

	2021 Joint Ventures £000	2020 Joint Ventures £000	2019 Joint Ventures £000
Cost or valuation			
At 1 July 2020	922	646	1 814
Share of profit	382	268	(39)
Exchange movement	(89)	8	28
Wind up of joint venture (note 18)	(1 215)	–	(1 157)
At 30 June 2021	–	922	646

Details of investments in subsidiary companies and joint ventures are in note 18 to the combined carve-out historical financial information.

10. INVENTORIES

	2021 £000	Unaudited 2020 £000	Unaudited 2019 £000
Raw materials	2 452	3 009	3 176
Maturing spirit and other work in progress	104 560	98 055	98 765
Finished goods	11 329	10 006	10 724
	118 341	111 070	112 665

The cost of inventories recognised as an expense during the year was £37,468,000 (2020 £38,976,000; 2019 £33,012,000).

11. TRADE AND OTHER RECEIVABLES

	2021 £000	Unaudited 2020 £000	Unaudited 2019 £000
Trade receivables	12 806	12 873	15 519
Loss allowance	(317)	(244)	(322)
Net trade receivables	12 489	12 629	15 197
Receivables from related parties	1 265	334	1 133
Prepayments	1 068	1 159	1 122
Other receivables	446	318	941
	15 268	14 440	18 393

Trade receivables comprise a large widespread customer base and the group performs ongoing credit evaluation of the financial strength of these customers. The granting of credit is controlled by means of a robust application process and the credit limits and terms assigned to each customer are reviewed on an ongoing basis.

Expected credit losses are recognised using the simplified model based on a provision matrix which incorporates historical default rates of the debtors, adjustment for factors specific to the debtor including general economic conditions, both current and forecast.

SCOTCH WHISKY BUSINESS

NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the year ended 30 June 2021

11. TRADE AND OTHER RECEIVABLES (continued)

The movement in the credit loss allowance is as follows:

	2021	Unaudited	Unaudited
	£000	2020	2019
		£000	£000
Balance at the beginning of the year	244	322	194
Loss allowance recognised during the year	184	87	128
Losses reversed	(111)	(165)	–
Balance at end of year	317	244	322

The loss allowance was determined as follows:

2021

Trade receivables – days past due

	Not past due	Up to	61 – 90	More than	
	£000	60 days	days	90 days	Total
		£000	£000	£000	£000
Expected credit loss rate	–	0.6%	75.7%	69.8%	2.5%
Gross carrying amount	12 011	353	103	339	12 806
Lifetime expected credit loss	–	2	78	237	317

2020 – Unaudited

Trade receivables – days past due

	Not past due	Up to	61 – 90	More than	
	£000	60 days	days	90 days	Total
		£000	£000	£000	£000
Expected credit loss rate	–	–	–	24.4%	1.8%
Gross carrying amount	11 035	800	74	964	12 873
Lifetime expected credit loss	–	–	–	244	244

2019 – Unaudited

Trade receivables – days past due

	Not past due	Up to	61 – 90	More than	
	£000	60 days	days	90 days	Total
		£000	£000	£000	£000
Expected credit loss rate	0.6%	0.0%	0.0%	19.8%	2.1%
Gross carrying amount	13 565	741	159	1 054	15 519
Lifetime expected credit loss	96	–	–	226	322

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable as mentioned above.

The carrying amounts of trade and other receivables are approximate to their fair value.

SCOTCH WHISKY BUSINESS**NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION**

For the year ended 30 June 2021

12. EQUITY

	2021	Unaudited	Unaudited
	2021	2020	2019
	£000	£000	£000
Ordinary share capital			
Authorised:			
80,000,000 ordinary shares of 10p each	8 000	8 000	8 000
Allotted, issued and fully paid:			
65,232,740 ordinary shares of 10p each	6 523	6 523	6 523
Other reserves			
Share premium account	19 770	19 770	19 770
Capital contribution	28 781	28 781	28 781
Capital reserve	688	688	688
Foreign exchange reserve	(254)	(595)	(34)
	48 985	48 644	49 205
Parent entity net investment	57 667	56 783	52 668

The share premium account represents the consideration received in excess of the nominal value of shares on the issue of ordinary share capital.

The capital contribution account represents equity consideration previously received from shareholders.

The capital reserve represents the value of net assets acquired in excess of consideration paid in previous business combinations.

Parent entity net investment represents profits and losses retained in previous and current periods together with contributions from the parent entity less distributions to the parent entity.

13. LOANS AND BORROWINGS

	2021	Unaudited	Unaudited
	2021	2020	2019
	£000	£000	£000
Non-current liabilities			
Secured			
Revolving credit facilities	–	65 408	57 048
	–	65 408	57 048
Current liabilities			
Revolving credit facilities	66 380	–	–
Loans due to related parties	7 033	7 033	7 033
	73 413	7 033	7 033
Unutilised banking facilities	3 517	4 489	12 849

The revolving credit facility expires on 28 February 2022.

The effective interest rate on the facility was 1.6% (2020 2.1%; 2019 – 2.3%). A 0.5% increase or decrease in market interest as at 30 June 2021 would have decreased or increased profit after tax and equity by £267,000 (2020 £252,000; 2019 £217,000).

The bank loans and revolving credit facilities are secured by a bond and floating charge over the whole assets and undertaking of the business, together with a standard security creating a fixed charge over each of the business's heritable properties.

There were no defaults or breaches of loans payable during the year.

The directors estimate that the fair value of borrowings is not significantly different to the carrying value.

SCOTCH WHISKY BUSINESS**NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION**

For the year ended 30 June 2021

14. DEFERRED TAX LIABILITY

	2021	Unaudited	Unaudited
	2020	2019	
	£000	£000	£000
Deferred tax relates to the following:			
Accelerated depreciation	3 644	1 976	1 411
Property, plant & equipment	3 113	2 366	2 117
Intangible assets	1 392	1 058	1 214
Other timing differences	1 472	1 000	806
Net deferred tax liabilities	9 621	6 400	5 548

15. TRADE AND OTHER PAYABLES

	2021	Unaudited	Unaudited
	2020	2019	
	£000	£000	£000
Trade creditors	6 394	2 818	8 295
Social security and other taxes	448	557	396
Other creditors and accruals	12 205	7 400	6 239
Lease liabilities	273	419	–
	19 320	11 194	14 930

Other creditors and accruals as at 30 June 2021 include accrued discounts attributed to revenue of £2,846,000 (2020 – £1,855,000; 2019 – £867,000).

Non Current	2021	Unaudited	Unaudited
	2020	2019	
	£000	£000	£000
Lease liabilities	303	291	–

The carrying amount of trade and other payables approximates to their fair value. Trade payables and accruals are non interest bearing and generally mature within six months.

SCOTCH WHISKY BUSINESS**NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION**

For the year ended 30 June 2021

16. LEASES

The group has entered into various leases on property, plant, office equipment and motor vehicles.

IFRS 16 was adopted with effect from 1 July 2019 and the following items were added to the Statement of Financial Position as at that date:

	£000	
Right of use assets		762
Lease liabilities		762
Lease liabilities		Unaudited
	2021	2020
	£000	£000
Due within one year	273	419
Due after more than one year	303	291
	576	710

The maturity analysis of contractual undiscovered cash flows are as follows:

	2021	Unaudited
	£000	2020
		£000
Within one year	280	426
After one year but not more than five years	263	298
After five years	53	–
Total undiscounted lease liabilities	596	724
Payments for short-term and low value leases (note 4)	108	207
Total cash outflow for leases	601	615

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Unaudited
	2019
	£000
Within one year	588
After one year but not more than five years	359
	947
Operating lease rentals charged to the income statement	1 018

17. OTHER COMMITMENTS

Capital commitments contracted but not provided for in the combined carve-out historical financial information amounted to £3,273,000 (2020 – £5,274,000; 2019 – £12,686,000).

SCOTCH WHISKY BUSINESS

NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the year ended 30 June 2021

18. RELATED PARTIES

Parent and ultimate parent company

The Scotch Whisky business sits in the corporate entity Distell International Limited.

The holding company of Distell International Limited is Distell International Holdings Limited, a company registered in England.

The ultimate parent company and ultimate controlling party is Remgro Limited, a company incorporated in South Africa.

Related party relationships exist between the business and subsidiaries of Distell International Limited, its parent company and other subsidiaries and associated entities within the Distell Group.

The following related party transactions took place during the year:

	2021	Unaudited	Unaudited
	2020	2020	2019
	£000	£000	£000
Sale of goods and services	5 209	3 730	5 493

Balances arising from sales to related parties are stated in note 11.

Principal Subsidiaries

Distell International Limited owns the entire ordinary share capital of the undernoted dormant companies as follows:

Registered office at 8 Milton Road, College Milton North, East Kilbride, G74 5BU:

Albyn Bond (Airdrie) Limited

Burn, Stewart & Co. Limited

Burn Stewart (US Holdings) Limited

Deanston Distillery Company Limited

Gordon Graham & Company Limited

Ledaig Distillery (Tobermory) Limited

St. Andrews Distilling Company Limited

St. Leger & Co Limited

The Black Prince Scotch Whisky Company Limited

The Bunnahabhain Distillery Company Limited

The Wallace Malt Liqueur Company Limited

Tobermory Distillers Limited

Registered office at Avalon House, 72 Lower Mortlake Road, Richmond, Surrey, TW9 2JY

Ingenious Alchemy Company Limited

Nordren McCall Limited

Burn, Stewart & Co Limited has a number of wholly owned dormant subsidiaries and Nordren McCall Limited has one wholly owned dormant subsidiary.

Burn Stewart (US Holdings) Limited owns 100% of Distell North America Inc, an importer of alcoholic beverages in the United States of America, registered at 111 8th Avenue, New York.

Joint Ventures

Distell North America Inc had a 50% interest in TD Artisan Spirits LLC (registered office at 2401 Waukegan Road, Bannockburn, Illinois, USA) in a joint venture with Terlato Wine Group Limited with regard to the marketing of their respective spirit portfolios within the USA.

SCOTCH WHISKY BUSINESS

NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the year ended 30 June 2021

18. RELATED PARTIES (continued)

During the year the joint venture ceased trading in March 2021 and is in the process of being wound up.

Distell International Limited had a 50% interest in Scotch Whisky Sub-Sahara LLP (registered office at 8 Milton Road, College Milton North, East Kilbride, G74 5BU), a limited liability partnership, in a joint venture with Distell Mauritius Limited with regard to the sale and licensing of Distell International Limited's brands in Sub-Saharan Africa. During the year to 30 June 2019 the partners agreed to wind up the joint venture and the proceeds were distributed to members in December 2018.

The proceeds received on winding up were as follows:

	2021 £000	2020 £000	2019 £000
Cash received	787	–	2 155
Inventory received	363	–	–
Balance due on final dissolution (included in receivables from related parties)	65	–	–
	1 215	–	2 155

Key management compensation

The key management personnel are the directors of the business and their remuneration details are given in note 4.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments as disclosed in the statement of financial position include borrowings, cash, trade and other receivables and trade and other payables.

The following is a summary of the applicable financial instrument categories:

	Loans and other receivables £000	Other financial liabilities £000
As at 30 June 2021		
Trade and other receivables (note 11)	14 200	–
Cash and cash equivalents (note 20)	16 322	–
Interest bearing borrowings (notes 13 and 16)	–	66 956
Other loans (note 13)	–	7 033
Trade and other payables (note 15)	–	18 599
As at 30 June 2020 – Unaudited		
Trade and other receivables (note 11)	13 281	–
Cash and cash equivalents (note 20)	15 635	–
Interest bearing borrowings (notes 13 and 16)	–	66 118
Other loans (note 13)	–	7 033
Trade and other payables (note 15)	–	10 218
As at 30 June 2019 – Unaudited		
Trade and other receivables (note 11)	17 271	–
Cash and cash equivalents (note 20)	9 713	–
Interest bearing borrowings (note 13)	–	57 048
Other loans (note 13)	–	7 033
Trade and other payables (note 15)	–	14 534

SCOTCH WHISKY BUSINESS

NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the year ended 30 June 2021

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management

The business's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The directors review and agree policies for the management of these risks on a regular basis.

Currency risk

The business is exposed to translation and transaction foreign exchange risk. Some of this exposure is naturally mitigated through sales and purchases being in the same foreign currency. In order to further limit its exposure, the business has implemented a foreign exchange management strategy and will utilise forward contracts where it is considered appropriate, taking account of future forecasted receipts and purchases.

The business is primarily exposed to the currency of the Taiwan Dollar. If sterling had weakened or strengthened by 5% against this currency with all other variables remaining constant, the profit after tax for the year would have increased by £33,000 (2020 £206,000; 2019 £133,000) or decreased by £30,000 (2020 £228,000; 2019 £120,000) and equity would have increased by £433,000 (2020 £470,000; 2019 £629,000) or decreased by £392,000 (2020 £425,000; 2019 £569,000).

Interest Rate risk

The business finances its operations through a mixture of operating profits, bank borrowings and capital contributions. The directors continually assess this position with regard to interest rate fluctuation and will enter interest rate swaps or other hedging instruments where it is deemed commercially appropriate. The level of interest rate risk that the business is exposed to is set out in note 13 to the financial statements.

Credit risk

The group's principal financial assets are trade debtors, and as such this is where the principal credit risk lies.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Further details of trade and other receivables are set out in note 11 to the financial statements.

Liquidity risk

The business manages financial risk through the compilation and monitoring of cash flow forecasts in addition to ensuring that adequate borrowing facilities are maintained. Steps have been taken to mitigate the impact of the Covid-19 pandemic on its liquidity including minimising discretionary expenditure and improving working capital requirements by ensuring stock levels are not excessive, focusing on effective recovery of trade receivables and optimising payment terms with suppliers. The maturity of borrowings is set out in note 13 to the financial statements and the contractual undiscounted cash flows of financial liabilities are noted below:

Financial liabilities 2021	Due within 1 year £000	Due between 1 and 5 years £000	Due after 5 years £000	Total £000	Carrying Amount £000
Interest bearing borrowings (note 13)	66 380	–	–	66 380	66 380
Interest on borrowings	708	–	–	708	–
Loan due to related party (note 13)	7 033	–	–	7 033	7 033
Trade and other payables (note 15)	18 599	–	–	18 599	18 599
Lease liabilities (note 16)	311	263	53	627	576
	93 031	263	53	93 347	92 588

SCOTCH WHISKY BUSINESS

NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the year ended 30 June 2021

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial liabilities 2020	Due within 1 year £000	Due between 1 and 5 years £000	Due after 5 years £000	Total £000	Carrying Amount £000
Interest bearing borrowings (note 13)	–	65 408	–	65 408	65 408
Interest on borrowings	1 374	916	–	2 290	–
Loan due to related party (note 13)	7 033	–	–	7 033	7 033
Trade and other payables (note 15)	10 218	–	–	10 218	10 218
Lease liabilities (note16)	456	298	–	754	710
	19 081	66 622	–	85 703	83 369
2019	Due within 1 year £000	Due between 1 and 5 years £000	Due after 5 years £000	Total £000	Carrying Amount £000
Interest bearing borrowings (note 13)	–	57 048	–	57 048	57 048
Interest on borrowings	1 312	2 187	–	3 499	–
Loan due to related party (note 13)	7 033	–	–	7 033	7 033
Trade and other payables (note 15)	14 534	–	–	14 534	14 534
Lease liabilities (note16)	588	359	–	947	–
	23 467	59 594	–	83 061	78 615

It is expected that the borrowing facility will be extended for a further period as noted in the Accounting Policies under Going Concern and so no net cash outflow will actually occur in relation to the interest bearing borrowings of £66,380,000 noted for the year ended 30 June 2021.

Capital management

The business's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the business may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The business monitors capital using its gearing ratio, calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash. Total capital is calculated as total equity as shown in the consolidated statement of financial position. The gearing ratio as at 30 June 2021 was 51% (2020 – 51%, 2019 – 50%).

SCOTCH WHISKY BUSINESS
NOTES TO THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION

For the year ended 30 June 2021

20. NET DEBT ANALYSIS
ANALYSIS OF CHANGES IN NET DEBT

2021	At 1 July 2020 £000	Cash Flow £000	Translation and other movements £000	At 30 June 2021 £000
Cash at bank and in hand	15 635	722	(35)	16 322
Lease liabilities	(710)	475	(341)	(576)
Loans due to related parties	(7 033)	–	–	(7 033)
Debt due after one year	(65 408)	(952)	(20)	(66 380)
	(57 516)	245	(396)	(57 667)

2020 – Unaudited	At 1 July 2019 £000	Cash Flow £000	Translation and other movements £000	At 30 June 2020 £000
Cash at bank and in hand	9 713	5 714	208	15 635
Lease liabilities	(762)	388	(336)	(710)
Loans due to related parties	(7 033)	–	–	(7 033)
Debt due after one year	(57 048)	(8 340)	(20)	(65 408)
	(55 130)	(2 238)	(148)	(57 516)

2019 – Unaudited	At 1 July 2018 £000	Cash Flow £000	Translation and other movements £000	At 30 June 2019 £000
Cash at bank and in hand	15 119	(5 509)	103	9 713
Loans due to related parties	(7 033)	–	–	(7 033)
Debt due after one year	(51 004)	(6 026)	(18)	(57 048)
	(42 918)	(11 535)	85	(54 368)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2021 £000	Unaudited 2020 £000	Unaudited 2019 £000
Increase/(decrease) in cash in the financial year	722	5 714	(5 509)
Cash inflows from loans	(952)	(8 340)	(6 026)
Lease payments	475	388	–
Change in net debt resulting from cash flows	245	(2 238)	(11 535)
Lease liabilities	(341)	(336)	–
Translation and other movements	(55)	188	85
Decrease/(increase) in net debt in the financial year	(151)	(2 386)	(11 450)
Net debt at the beginning of the year	(57 516)	(55 130)	(42 918)
Net debt at the end of the year	(57 667)	(57 516)	(54 368)

Net debt at 1 July 2019 differs from the 30 June 2019 closing balance due to the inclusion of lease liabilities on the adoption of IFRS 16.

INDEPENDENT REPORTING ACCOUNTANT'S AUDIT REPORT ON THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE SCOTCH WHISKY BUSINESS FOR THE YEAR ENDED 30 JUNE 2021

To the Board of Directors of Distell Group Holdings Limited

Independent Reporting Accountant's Audit Report on the Carve-Out Historical Financial Information of the Scotch whisky business for the year ended 30 June 2021

Opinion

We have audited the non-statutory financial statements of Distell International Limited (the 'company') for the year ended 30 June 2021, which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company for the year ended 30 June 2021 are prepared, in all material respects, in accordance with the basis of preparation as described in note 1 of Annexure 16.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), including ISA (UK) 800. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of accounting and restriction on distribution and use

We draw attention to note 1 in Annexure 16 to the financial statements, which describes the basis of preparation, and is a special purpose framework. The financial statements are prepared to allow the parent company, Distell Group Holdings Limited to issue a circular to its shareholders containing the carve out historical financial information in consideration of the proposed transaction as detailed in the Distell Circular. The business being carved out has not operated as a separate legal entity and the non statutory financial statements are therefore, not necessarily indicative of results that would have occurred if this had been a stand alone entity. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Distell International Limited and its directors and should not be distributed to or used by parties other than Distell International Limited or its directors. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease or continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements which are prepared, in all material respects, in accordance with the basis of preparation described in note 1 in Annexure 16 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of preparation unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (IFRS and the Companies Act 2006) and the relevant tax compliance regulations in the UK.
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices.
- We assessed the susceptibility of the carved out financial statements to material misstatement, including how fraud might occur by meeting with management to understand where management considered there was a susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts.
- Audit procedures performed by the engagement team included:
 - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - identifying and testing related party transactions.

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the industry in which the client operates
 - understanding of the legal and regulatory requirements specific to the group including:
 - the provisions of the applicable legislation
 - the regulator's rules and related guidance, including guidance issued by relevant authorities that interprets those rules.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the group's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement
 - the group's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

Use of our report

This report is made solely to the company's directors, as a body, in accordance with our letter of engagement dated 8 November 2021. Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Independent Reporting Accountant, Chartered Accountants
Glasgow
5 January 2022

INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON THE CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF THE SCOTCH WHISKY BUSINESS FOR THE YEARS ENDED 30 JUNE 2020 AND 2019

To the Board of Directors of Distell Group Holdings Limited

Independent reporting accountant's review report on the combined carve-out historical financial information of the Scotch whisky business for the years ended 30 June 2020 and 2019

We have reviewed the non statutory financial statements of Distell International Limited (the 'company') for the year ended 30 June 2019 and year ended 30 June 2020, which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non statutory financial statements of the company for the year ended 30 June 2019 and 30 June 2020 are prepared, in all material respects, in accordance with the basis of preparation as described in note 1 in Annexure 16.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation of non statutory financial statements which are prepared, in all material respects, in accordance with the basis of preparation described in note 1 in Annexure 16 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's responsibility

Our responsibility is to express a conclusion on the accompanying non statutory financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised) 'Engagements to Review Historical Financial Statements' and ICAEW Technical Release 09/13AAF (Revised) 'Assurance Review Engagements on Historical Financial Statements'. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the non statutory financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. ISRE 2400 (Revised) also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK). Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these non statutory financial statements do not give a true and fair view of the state of the company's affairs as at 30 June 2019 and 30 June 2020 and of its profit for the year then ended in accordance with the basis of preparation as described in note 1 of Annexure 16.

Use of our report

This report is made solely to the company's directors, as a body, in accordance with the terms of our engagement letter dated 8 November 2021. Our work has been undertaken so that we might state to the directors those matters that we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body for our work, for this report or for the conclusions we have formed.

Grant Thornton UK LLP

Chartered Accountants
Glasgow
5 January 2022

PRO FORMA FINANCIAL INFORMATION OF THE CAPEVIN GROUP

The tables below set out the *pro forma* statement of financial position and *pro forma* income statement of the Capevin Group, comprising Capevin and its Subsidiaries after the implementation of the Distell Internal Reorganisation which will hold the Distell Out-of-Scope Assets (collectively “**Capevin Group Pro Forma Financial Information**”).

The Capevin Group *Pro Forma* Financial Information has been prepared to illustrate the *pro forma* effect of the implementation of the Distell Internal Reorganisation on the Capevin Group which will hold the Distell Out-of-Scope Assets following the implementation of the Scheme based on the assumption that the Distell Internal Reorganisation and the implementation of the Scheme took place on 1 July 2020 for purposes of the *pro forma* income statement and on 30 June 2021 for purposes of the *pro forma* statement of financial position. Because of its nature, the Capevin Group *Pro Forma* Financial Information may not fairly present the actual financial position, changes in equity, results of operations or cash flows of Distell Shareholders after the Distell Internal Reorganisation and the implementation of the Scheme.

The Capevin Group *Pro Forma* Financial Information has been prepared using the accounting policies of Distell as at 30 June 2021, which are in compliance with IFRS and are consistent with those in the published audited results of Distell for the year ended 30 June 2021, in accordance with the applicable criteria of the Companies Regulations and JSE Listings Requirements and in terms of the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.

The Capevin Group *Pro Forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Distell Directors. Their responsibility includes determining that the *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Distell and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Companies Regulations and JSE Listings Requirements.

The Capevin Group *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's reasonable assurance report thereon, which is presented in Annexure 21 of this Distell Circular.

Basis of preparation of the Capevin Group Pro Forma Financial Information

In terms of the Implementation Agreement and the Distell Internal Reorganisation, Distell will implement various internal reorganisation steps in terms of which it will create 2 separate business units, namely:

- the Distell In-Scope Assets: a business unit consisting of the cider, RTD beverages, spirits and wine business, including the brands detailed in paragraph 11.1.4.2 of this Distell Circular; and
- the Distell Out-of-Scope Assets: a business unit consisting of the Scotch whisky and Gordon's Gin operations of the Distell Group, including the brands detailed in paragraph 11.1.4.1 of this Distell Circular.

The salient details relating to the accounting treatment of the Distell Internal Reorganisation to create the Distell Out-of-Scope Assets are as follows:

- from a legal perspective, after the implementation of the Distell Internal Reorganisation, the Distell Out-of-Scope Assets comprise Capevin and its Subsidiaries, namely Distell International, RCI, DGL and SADW and their Subsidiaries, including CastleWine, which will hold the Distell Out-of-Scope Assets;
- from an accounting perspective, the Capevin Group has followed the book value accounting (predecessor) approach whereby the Distell Internal Reorganisation has been treated as a group re-organisation;
- the assets, liabilities, income, and expenses of the economic activities of the Distell Out-of-Scope Assets are reflected in the Combined Carve-out Historical Financial Information of Capevin and the Gordon's Gin interest and the Carve-out Historical Financial Information of the Scotch whisky business and have been determined based on the historically reported amounts from the Distell audited consolidated annual financial statements and the Distell International consolidated annual financial statements, respectively.
- for purposes of the Capevin Group *Pro Forma* Financial Information, the book values of the assets, liabilities, income and expenses have been extracted from the Combined Carve-out Historical Financial Information of Capevin and the Gordon's Gin interest for the year ended 30 June 2021 and the Carve-out Historical Financial Information of the Scotch whisky business for the year ended 30 June 2021.

As discussed in paragraph 11.2.6 of this Distell Circular, after implementation of the Transaction, it is anticipated that (i) Distell Beverages will declare and distribute as a distribution *in specie* to the Distell Development Trust the 15% shares it holds in SADW and (ii) Distell Development Trust will, in turn, distribute the 15% shares which it holds in SADW to the CVH Trust, thereby transferring the B-BBEE interests in Capevin to a separate vehicle (namely CVH Trust) from Distell Development Trust and Distell Beverages.

The CVH Trust, being a discretionary trust, will be constituted by Capevin as the founder. The principal and sole object of the CVH Trust is to carry on any Public Benefit Activity indicated in the Ninth Schedule to the Income Tax Act, specifically by identifying opportunities with the general aim of advancing community development, BEE ownership, anti-poverty and empowerment in the interest of, and for the benefit of the Beneficiaries. Capevin will have the right to appoint the majority of trustees of the CVH Trust and based on management's judgement and application of the control principles contained in IFRS 10: *Consolidated financial statements*, management concluded that they will exercise control and therefore consolidate the CVH Trust going forward.

Following the implementation of the Distell Internal Reorganisation and the Scheme, the 15% interest in SADW will be held by the Distell Development Trust which will be external to the Capevin Group. As this holding is transitory/temporary and expected to be transferred to the CVH Trust (which will be consolidated within the Capevin Group as noted above), the non-controlling interest associated with the Distell Development Trust's shareholding has not been recognised within the Capevin Group *Pro Forma* financial information.

The Capevin Group has not operated as a stand-alone group and the Combined Carve-Out Historical Financial Information of both Capevin and the Gordon's Gin interest and the Scotch whisky business is, therefore, not necessarily indicative of results that would have occurred if the Capevin Group had operated as a stand-alone group during the years presented or of future results of the combined carved-out businesses. Furthermore, the operational planning for the unbundling of the Capevin Group and for the Capevin Group to operate as a stand-alone entity from an operational perspective still needs to be progressed and finalised.

It should be noted that the Capevin Group *Pro Forma* Financial Information does not include the earnings effects of additional costs which may be incurred and new agreements the Capevin Group may have to enter into post the Distell Internal Reorganisation to operate as a stand-alone entity post the Distell Internal Reorganisation as the impact of operating as a stand-alone entity cannot be reliably determined and is not factually supportable as at the Last Practicable Date prior to the issue of the Distell Circular. Consequently the Capevin *Pro Forma* Financial Information should be read with caution:

Gordon's Gin production, bottling and distribution agreements

- Following the implementation of the Distell Internal Reorganisation, it is anticipated that the cost to produce, bottle and distribute Gordon's Gin for Distell Out-of-Scope Assets as a stand-alone business will likely increase as it will no longer form part of the DGHL Group and will operate independently. However, in terms of the basis of preparation adopted for purposes of preparing the Combined Carve-out Historical Financial Information of Capevin and the Gordon's Gin interest, historical costs were based on a combination of separately identifiable costs as well as allocations of certain operating costs which have been determined based on the historically reported amounts in the Distell audited consolidated annual financial statements.
- The impact of operating independently of the Distell Newco Group is currently uncertain and consequently not factually supportable and apart from higher production costs (refer to note 9 to the *pro forma* income statement of the Capevin Group for the year ended 30 June 2021), has therefore been excluded from the Capevin Group *Pro Forma* Financial Information.

Distell Bev Distell Shares

- Distell Beverages owns a 1.2% equity stake in Distell. Following the implementation of the Distell Internal Restructuring, it is anticipated that Distell Beverages will accept the Capevin Offer in respect of their Capevin Ordinary Shares and elect the Newco Cash Consideration in respect of their Scheme Ordinary Shares respectively. In this event, Distell Beverages will distribute the proceeds (after tax) of the Capevin Cash Consideration and Newco Cash Consideration to the Distell Development Trust who is expected, in turn, to distribute the proceeds to the CVH Trust.
- The distribution, as detailed above, is dependent on the respective options elected under the Scheme and consequently is currently uncertain and not factually supportable and have therefore been excluded from the Capevin Group *Pro Forma* Financial Information.
- From an accounting perspective, any such cash received by CVH Trust pursuant to the distribution will be ring-fenced and is solely for the benefit of the CVH Trust. Consequently, in the event that such a distribution is received, it is not expected to give rise to any *pro forma* financial effects other than recognising the cash received, offset by a corresponding obligation, resulting in a neutral impact on the Capevin Group *Pro Forma* Financial Information.

Distributions by the Capevin Group

- As discussed in Annexures 4 and 5 of this Distell Circular, subject to the Companies Act and Capevin's MOI Capevin shall declare and pay to the holders of Capevin Ordinary Shares at least 80% of its profits after tax in respect of annual dividends. Such distribution is currently uncertain and not factually supportable and have therefore been excluded from the Capevin Group *Pro Forma* Financial Information.

PRO FORMA STATEMENT OF FINANCIAL POSITION FOR THE CAPEVIN GROUP AS AT 30 JUNE 2021

R in '000	Column 1	Column 2	Scotch whisky business	Scotch whisky carve out from Distell	Scotch whisky impairment	Employee incentive (Early vesting)	Employee incentive (Deal bonus)	Employee incentive (Retention bonus)	De-grouping taxes	Column 8	Column 9	Pro forma after the Distell Internal Reorganisation and the Scheme
ASSETS												
Non-current assets												
Property, plant and equipment	92,189	1,161,317		-	(570,282)	-	-	-	-	-	-	1,253,506
Intangible assets	-	146,072	1,385,546	-	-	-	-	-	-	-	-	961,336
Deferred income tax assets	4,403	-	-	-	-	-	-	-	-	-	-	4,403
Total non-current assets	96,592	1,307,389	1,385,546	(570,282)								2,219,245
Current assets												
Inventories	138,476	2,347,730	-	-	-	-	-	-	-	-	-	2,486,206
Trade and other receivables	113,032	302,897	-	-	-	-	-	-	-	-	-	415,929
Financial assets at amortised cost	141,421	(141,421)	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	16,185	323,807	-	-	-	(70,301)	(1,460)	-	-	-	(8,352)	259,879
Total current assets	409,114	2,833,013	-	-	(570,282)	(70,301)	(1,460)	-	-	-	(8,352)	3,162,014
Total assets	505,706	4,140,402	1,385,546			(70,301)	(1,460)	-	-	-	(8,352)	5,381,259
EQUITY AND LIABILITIES												
Capital and reserves												
Share capital	10,228,611	89,368	(89,368)	-	-	-	-	-	-	-	-	10,228,611
Non-Distributable reserves	(7,762,110)	674,563	(561,662)	-	-	-	-	-	-	-	-	(7,649,209)
Distributable reserves	(2,482,588)	45,895	(45,895)	-	-	(70,301)	(1,460)	-	(236,284)	(8,352)	(8,352)	(2,798,985)
Parent company investment/contribution	81,311	1,433,286	1,981,127	(570,282)		-	-	-	236,284	-	-	3,161,726
Total equity	65,224	2,243,112	1,284,202	(570,282)		(70,301)	(1,460)	-	-	(8,352)		2,942,143
Non-current liabilities												
Interest-bearing borrowings	-	6,011	-	-	-	-	-	-	-	-	-	6,011
Deferred income tax liabilities	13,742	190,868	101,344	-	-	-	-	-	-	-	-	305,954
Total non-current liabilities	13,742	196,879	101,344	-	-	-	-	-	-	-	-	311,965
Current liabilities												
Trade and other payables	412,897	383,282	-	-	-	-	-	-	-	-	-	796,179
Interest-bearing borrowings	-	1,317,129	-	-	-	-	-	-	-	-	-	1,317,129
Current income tax liabilities	13,843	-	-	-	-	-	-	-	-	-	-	13,843
Total current liabilities	426,740	1,700,411	-	-	-	-	-	-	-	-	-	2,127,151
Total equity and liabilities	505,706	4,140,402	1,385,546		(570,282)	(70,301)	(1,460)	-	-	-	(8,352)	5,381,259
Issued number of ordinary shares ('000)	222,757											222,757
Net asset value per share (cents)												1,321
Net tangible asset value per share (cents)												889

Notes and assumptions:

- Column 1 presents the historical financial information relating to Capevin and the Gordon's Gin interest, which has been extracted, without adjustment, from the audited Combined Carve-out Historical Financial Information of Capevin and the Gordon's Gin interest for the year ended 30 June 2021, set out in Annexure 13. The *pro forma* number of issued shares considers the Capevin Entitlement Ratio (namely 1 Capevin Ordinary Share for every 1 Distell Ordinary Share held by Scheme Participants on the Election Record Date).
- Column 2 presents the historical financial information relating to the Scotch whisky business, which has been extracted, from the audited Carve-Out Historical Financial Information of the Scotch whisky business for the year ended 30 June 2021, set out in Annexure 16. Certain intercompany balances (i.e. financial assets at amortised cost) have been reclassified for purposes of eliminating these within the Capevin Group. The Carve-Out Historical Financial Information of the Scotch whisky business has been converted from GBP, being the functional currency of the Scotch whisky business, to Rand at an exchange rate of R19.84/GBP1, being the closing exchange rate applied for purposes of preparing the audited published annual financial statements of Distell for the year ended 30 June 2021.
- Column 3 presents the following consolidation adjustments attributable to the Scotch whisky business recognised at a Distell Group level (these consolidation adjustments were excluded from the Carve-Out Historical Financial Information of the Scotch whisky business for the year ended 30 June 2021):
 - intangible assets are adjusted by R1,385.5 million and deferred tax is adjusted by R101.4 million (as detailed below), with the net impact thereof being adjusted against equity;
 - the elimination of the share capital recognised by the Scotch whisky business of R89.4 million (based on the Carve-Out Historical Financial Information of the Scotch whisky business for the year ended 30 June 2021) against parent company investment/contribution; and
 - at acquisition consolidation adjustments against distributable and non-distributable reserves are reversed.

These adjustments have been extracted from a combination of the audited published annual financial statements of Distell for the year ended 30 June 2021 and audited consolidation working papers underlying the audited published results of Distell.

Intangible assets:

Reported per note 5 of the published audited results of Distell	(R'000)
Goodwill – Distell International Limited	1,038,296
Trademarks and other intangibles – Distell International Limited	493,322
Total	1,531,618
Less: Reported per the Carve-out Historical Financial Information of the Scotch whisky business	(146,072)
	1,385,546

Deferred taxation:

Reported per note 14 of the published audited results of Distell	(R'000)
Deferred income tax liabilities relating to intangible assets	191,226
Relating to the Scotch whisky business	101,344
Other	89,882

- Column 4 presents the *pro forma* adjustment in respect of the one-off impairment of a portion of the goodwill allocated to Distell International. The goodwill was originally recognised at a Distell Group level (refer note 3 above) when the Scotch whisky business was acquired in 2013 as the business was expected to provide Distell with enhanced sales capabilities, route-to-market opportunities and a platform to increase its presence in the markets where the Scotch whisky business operates, as well as to reduce costs through economies of scale. On the assumption that the brands in the Distell In-Scope Assets will not be distributed through Distell International post the implementation of the Scheme, the cash-generating capacity of Distell International will be diminished which results in an impairment of the goodwill of R570 million.

Impairment tests for goodwill and indefinite useful life trademarks and tradenames

The recoverable amount of the Distell International cash-generating unit (CGU) was based on a value in use calculation. To calculate this, cash flow projections are based on revised financial budgets approved by management covering a 10-year period. The cash flow projections used for the Distell International impairment tests performed for the 30 June 2021 Distell Group year-end were revised to exclude revenue and direct costs relating to the distribution of In-Scope Assets. A longer than five-year period was used as

these longer periods better reflect the nature of the spirits category due to the long maturation periods required for some of the products. The key assumptions used for the value in use calculations of the CGU's to which goodwill and indefinite useful life intangible assets are allocated are as follows:

- Forecast growth rate: 7.1%
- Long-term growth rate: 2%
- Discount rate: 8.2%

5. Column 5 presents the *pro forma* adjustments of the one-off acceleration and cash settlement of certain employee scheme awards. In terms of the Implementation Agreement, the Scheme Parties agree that all awards made to participants in either of Distell's two (2) long-term incentive schemes, namely the "Distell Group Holdings Limited Equity Conditional Share Plan 2017" ("CSP Scheme") and the "Distell Group Holdings Limited Equity Settled Share Appreciation Rights Scheme 2017" ("SAR Scheme"), which have not yet vested at the time of implementation of the Scheme, will be cash settled by Distell upon implementation of the Scheme in accordance with the rules applicable to the CSP Scheme and the SAR Scheme. In order to give effect to the acceleration of the vesting, equity and cash and cash equivalents are adjusted with reference to the assumed charges which would have ordinarily been expensed post the implementation of the Scheme over the vesting period calculated with reference to the fair value of the awards. The significant assumptions used for purposes of the calculation of the *pro forma* financial effects are as follows:

- Assumed fair value based on the Newco Cash Consideration and Capevin Cash Consideration totaling R180 per share;
- Number of options amounting to as follows:
 - CSP = 588,998 awards of which 458,420 will vest;
 - SAR = 155,127 awards of which 23,763 will vest;
- Assumed tax rate of 19%; and
- Employees attributable to the In-Scope Assets have been excluded.

6. Column 6 presents the *pro forma* adjustments of the one-off cash-based deal bonuses. Distributable reserves and cash and cash equivalents have been adjusted for the *pro forma* effects of cash-based deal bonuses which will benefit certain management following the successful implementation of the Scheme, awarded to employees with key roles in the success of the project based on the assumed bonus pool approved by the Distell Remuneration Committee. The significant assumptions used for purposes of the calculation of the *pro forma* financial effects are as follows:

- Cash bonus pool of R1.8 million;
- Assumed tax rate of 19%; and
- Employees attributable to the In-Scope Assets have been excluded.

7. Column 7 presents the *pro forma* adjustments of cash-based retention bonuses. Retention bonuses do not give rise to any *pro forma* financial effects to the *pro forma* statement of financial position of the Capevin Group, given that the charges are spread over a period of 24 months, being the service period and as no portion of the service period elapsed at the transaction date, the bonus has not yet accrued to the qualifying employees. It does however impact the *pro forma* income statement. Refer to note 7 of the *pro forma* income statement for the assumed *pro forma* financial impact.

8. Column 8 represents the one-off tax implications as a result of the Capevin Distribution.

As a result of the Capevin Distribution, Capevin will no longer form part of the same group of companies as Distell and all Distell's remaining subsidiaries for tax purposes. The de-grouping of Capevin may potentially trigger additional CGT in respect of intra-group transactions that were concluded in the Distell Group during the last six years in terms of section 45 of the Income Tax Act. The relevant provisions of the Income Tax Act dealing with de-grouping give rise to numerous issues of interpretation in the current context.

The following estimated CGT consequences are based on the assumption that the relevant provisions of the Income Tax Act dealing with de-grouping apply and that no SARS binding ruling to the contrary is issued. However, to the extent that a binding ruling from SARS is obtained this may reduce the potential CGT consequences estimated.

The CGT has been calculated with reference to the estimated market values, on the date of the original transfer and the assumed Scheme implementation date, of assets that were transferred in terms of section 45 of the Income Tax Act during the past six years.

Tax type	Basis of calculation	Taxpayer	Estimated amount R'000
Capital gains tax	The de-grouping charge, as a consequence of the unbundling of Capevin, is calculated by applying an effective rate of 22.4% to the estimated deemed capital gain that will be realised by DGL on a capital asset (i.e., Distell International) acquired in terms of section 45 of the Income Tax Act within the last six years. The deemed capital gain is calculated with reference to the assumed market value of Distell International upon acquisition.	DGL*	236,284

* Although the taxpayer is DGL which forms part of the Distell Out-of-Scope Assets, the *pro forma* impact of the CGT has also been considered within the Newco Group *pro forma* financial information as set out in Annexure 22 of this Distell Circular and the Newco Prospectus on the basis that cash will be ringfenced from the Distell-In-Scope Assets in order to settle the liability. Accordingly, parent company investment/contribution and distributable reserves are adjusted on the assumption that the cash ringfenced from the Distell-In-Scope Assets constitute a capital contribution, leading to a neutral impact on the *pro forma* statement of financial position of Capevin Group.

9. Column 9 presents the *pro forma* adjustments in respect of the one-off costs to be incurred as a consequence of the Capevin Distribution. The Capevin Distribution will trigger STT of R8.4 million payable by Capevin, calculated at a rate of 0.25% based on the *pro forma* number of Capevin Ordinary Shares held by Scheme Participants of 222,756,677 and the assumed fair value of R15 per share based on the Capevin Cash Consideration.

PRO FORMA INCOME STATEMENT FOR THE CAPEVIN GROUP FOR THE YEAR ENDED 30 JUNE 2021

R in '000	Column 1	Column 2	Scotch whisky business	Scotch whisky carve out from Distell	Column 3	Scotch whisky impairment	Column 4	Employee incentive (Early vesting)	Column 5	Employee incentive (Deal bonus)	Column 6	Employee incentive (Retention bonus)	Column 7	De-grouping taxes	Column 8	Column 9	Pro forma after the Distell Internal Reorganisation and the Scheme
Continuing operations																	
Revenue	1,736,602	1,649,045		-	-	-	-	-	-	-	-	-	-	-	-	-	3,385,647
Operating costs	(1,426,458)	(1,496,713)	(16,574)	(16,574)	(16,574)	(16,574)	(16,574)	(86,792)	(86,792)	(1,802)	(1,802)	(30,542)	(30,542)	-	-	(44,352)	(3,103,233)
Costs of goods sold	(1,318,769)	(1,009,031)	-	-	-	-	-	-	-	-	-	-	-	-	-	(36,000)	(2,363,800)
Sales and marketing costs	(52,146)	(342,729)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(394,875)
Distribution costs	(23,153)	(41,193)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(64,346)
Administration and other costs	(26,505)	(102,254)	(16,574)	(16,574)	(16,574)	(16,574)	(16,574)	(86,792)	(86,792)	(1,802)	(1,802)	(30,542)	(30,542)	-	-	(8,352)	(272,821)
Net impairment gains and losses on financial assets	(5,885)	(1,506)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,391)
Other gains and losses	317	(6,095)	19,617	19,617	19,617	(570,282)	(570,282)	-	-	-	-	-	-	-	-	-	(556,443)
Operating profit	310,461	146,237	3,043	3,043	3,043	(570,282)	(570,282)	(86,792)	(86,792)	(1,802)	(1,802)	(30,542)	(30,542)	-	-	(44,352)	(274,029)
Finance income	173	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	173
Finance costs	-	(22,390)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,390)
Share of equity-accounted earnings	-	7,919	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,919
Profit before taxation	310,634	131,766	3,043	3,043	3,043	(570,282)	(570,282)	(86,792)	(86,792)	(1,802)	(1,802)	(30,542)	(30,542)	-	-	(44,352)	(288,327)
Taxation	(86,340)	(81,764)	3,149	3,149	3,149	-	-	16,491	16,491	342	342	5,803	5,803	(236,284)	(236,284)	10,080	(368,523)
Profit for the year from continuing operations	224,294	50,002	6,192	6,192	6,192	(570,282)	(570,282)	(70,301)	(70,301)	(1,460)	(1,460)	(24,739)	(24,739)	(236,284)	(236,284)	(34,272)	(656,850)
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	224,294	50,002	6,192	6,192	6,192	(570,282)	(570,282)	(70,301)	(70,301)	(1,460)	(1,460)	(24,739)	(24,739)	(236,284)	(236,284)	(34,272)	(656,850)
Attributable to:																	
Equity holders of the company	224,294	50,002	6,192	6,192	6,192	(570,282)	(570,282)	(70,301)	(70,301)	(1,460)	(1,460)	(24,739)	(24,739)	(236,284)	(236,284)	(34,272)	(656,850)
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	224,294	50,002	6,192	6,192	6,192	(570,282)	(570,282)	(70,301)	(70,301)	(1,460)	(1,460)	(24,739)	(24,739)	(236,284)	(236,284)	(34,272)	(656,850)

Notes and assumptions

- Column 1 presents the historical financial information relating to Capevin and the Gordon's Gin interest, which has been extracted, without adjustment, from the audited Combined Carve-out Historical Financial Information of Capevin and the Gordon's Gin interest for the year ended 30 June 2021, set out in Annexure 13. The number of issued shares are based on the Capevin Entitlement Ratio (namely 1 Capevin Ordinary Share for every 1 Distell Ordinary Share held by the Scheme Participant on the Election Record Date).
- Column 2 presents the historical financial information relating to the Scotch whisky business, which has been extracted, without adjustment, from the audited Carve-out Historical Financial Information of the Scotch whisky business for the year ended 30 June 2021, set out in Annexure 16.

The Combined Carve-Out Historical Financial Information of the Scotch whisky business has been converted from GBP, being the functional currency of the Scotch whisky business, to Rand at an average exchange rate of R20.73/GBP1, being the average exchange rate applied for purposes of preparing the published annual financial statements of Distell for the year ended 30 June 2021.

- Column 3 presents the following consolidation adjustments attributable to the Scotch whisky business recognised at a Distell Group level (these consolidation adjustments were excluded from the Carve-Out Historical Financial Information of the Scotch whisky business for the year ended 30 June 2021):

- amortisation charges;
- the reversal of impairment charges; and
- the related tax impact.

These adjustments have been extracted from a combination of the audited published annual financial statements of Distell for the year ended 30 June 2021 and audited consolidation working papers underlying the audited published results of Distell.

Amortisation charges:

Reported per notes 5 and 18.2 of the audited published results of Distell	(R'000)
Industrial property rights	184
Capitalised software	55,170
Trademarks and other intangibles	25,354
Scotch whisky business	16,574
Other	8,780
Total	80,708

Impairment reversal:

Reported per note 19 of the audited published results of Distell	(R'000)
Scotch whisky business	19,617
Other	39,130
Total	58,747

- Column 4 presents the *pro forma* adjustment in respect of the one-off impairment of a portion of the goodwill allocated to Distell International. The goodwill was originally recognised at a Distell Group level (refer note 3 above) when the Scotch whisky business was acquired in 2013 as the business was expected to provide Distell with enhanced sales capabilities, route-to-market opportunities and a platform to increase its presence in the markets where the Scotch whisky business operates, as well as to reduce costs through economies of scale. On the assumption that the brands in the Distell In-Scope Assets will not be distributed through Distell International post the implementation of the Scheme, the cash-generating capacity of Distell International will be diminished which results in an impairment of the goodwill of R570 million.

Impairment tests for goodwill and indefinite useful life trademarks and tradenames

The recoverable amounts of the Distell International cash-generating unit (CGU) was based on a value in use calculation. To calculate this, cash flow projections are based on revised financial budgets approved by management covering a 10-year period. The cash flow projections used for the Distell International impairment tests performed for the 30 June 2021 Distell Group year-end were revised to exclude revenue and direct costs relating to the distribution of In-Scope Assets. A longer than five-year period was used as these longer periods better reflect the nature of the spirits category due to the long maturation periods required for some of the products. The key assumptions used for the value in use calculations of the CGU's to which goodwill and indefinite useful life intangible assets are allocated are as follows:

- Forecast growth rate: 7.1%
- Long-term growth rate: 2%
- Discount rate: 8.2%

5. Column 5 presents the *pro forma* adjustments of the one-off acceleration and cash settlement of certain employee scheme awards. In terms of the Implementation Agreement, the Scheme Parties agree that all awards made to participants in either of Distell's two (2) long-term incentive schemes, namely the "Distell Group Holdings Limited Equity Conditional Share Plan 2017" ("**CSP Scheme**") and the "Distell Group Holdings Limited Equity Settled Share Appreciation Rights Scheme 2017" ("**SAR Scheme**"), which have not yet vested at the time of implementation of the Scheme, will be cash settled by Distell upon implementation of the Scheme in accordance with the rules applicable to the CSP Scheme and the SAR Scheme. In order to give effect to the acceleration of the vesting, equity and cash and cash equivalents are adjusted with reference to the assumed charges which would have ordinarily been expensed post the implementation of the Scheme over the vesting period calculated with reference to the fair value of the awards. The significant assumptions used for purposes of the calculation of the *pro forma* financial effects are as follows:

- Assumed fair value based on the Newco Cash Consideration and Capevin Cash Consideration totalling R180 per share;
- Number of options amounting to as follows:
 - CSP = 588,998 awards of which 458,420 will vest;
 - SAR = 155,127 awards of which 23,763 will vest;
- Assumed tax rate of 19%; and
- Employees attributable to the In-Scope Assets have been excluded.

6. Column 6 presents the *pro forma* adjustments of the one-off cash-based deal bonuses. Distributable reserves and cash and cash equivalents have been adjusted for the *pro forma* effects of cash-based deal bonuses which will benefit certain management following the successful implementation of the Scheme, awarded to employees with key roles in the success of the project based on the assumed bonus pool approved by the Distell Remuneration Committee. The significant assumptions used for purposes of the calculation of the *pro forma* financial effects are as follows:

- Cash bonus pool of R1.8 million;
- Assumed tax rate of 19%; and
- Employees attributable to the In-Scope Assets have been excluded.

7. Column 7 presents the *pro forma* adjustments of cash-based retention bonuses. Employee related expenditure has been adjusted for the *pro forma* effects of cash-based retention bonuses which will benefit certain management following the completion of certain service conditions following the successful implementation of the Scheme, based on the assumed bonus pool approved by the Distell Remuneration Committee.

The effect of the cash-based bonuses result in an assumed recurring charge to profit and loss amounting to R30.5 million per annum (the charge has been spread over a period of 24 months, being the service condition attached to the retention bonus), together with the related tax impact of R5.8 million. Employees attributable to the In-Scope Assets have been excluded.

8. Column 8 presents the one-off tax implications as a result of the Capevin Distribution. As a result of the Capevin Distribution, Capevin will no longer form part of the same group of companies as Distell and all Distell's remaining subsidiaries for tax purposes. The de-grouping of Capevin may potentially trigger additional CGT in respect of intra-group transactions that were concluded in the Distell Group during the last six years in terms of section 45 of the Income Tax Act. The relevant provisions of the Income Tax Act dealing with de-grouping give rise to numerous issues of interpretation in the current context.

The following estimated CGT consequences are based on the assumption that the relevant provisions of the Income Tax Act dealing with de-grouping apply and that no SARS binding ruling to the contrary is issued. However, to the extent that a binding ruling from SARS is obtained this may reduce the potential CGT consequences estimated.

The CGT has been calculated with reference to the estimated market values, on the date of the original transfer and the assumed Scheme implementation date, of assets that were transferred in terms of section 45 of the Income Tax Act during the past six years.

Tax type	Basis of calculation	Taxpayer	Estimated amount R'000
Capital gains tax	The de-grouping charges as a consequence of the unbundling of Capevin is calculated by applying an effective rate of 22.4% to the estimated deemed capital gain that will be realised by DGL on a capital asset (i.e., Distell International) acquired in terms of section 45 of the Income Tax Act within the last six years. The deemed capital gain is calculated with reference to the assumed market value of Distell International upon acquisition.	DGL*	236,284

9. Column 9 presents the *pro forma* adjustments in respect of:

- following the implementation of the Distell Internal Reorganisation, management expect the cost of production of Gordon's Gin to increase by approximately 11% compared to historical costs as the Capevin Group will operate as a stand-alone business independent of the Distell Newco Group. Accordingly, cost of goods sold is increased by R36 million (the impact is expected to have a continuing effect). Tax at 28%, being the corporate income tax rate has been assumed.
- the one-off costs to be incurred as a consequence of the Capevin Distribution. The Capevin Distribution will trigger STT of R8.4 million payable by Capevin, calculated at a rate of 0.25% based on the *pro forma* number of Capevin Ordinary Shares held by Scheme Participants of 222,756,677 and the assumed fair value of R15 per share based on the Capevin Cash Consideration.

10. All adjustments are recurring unless otherwise noted.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF SCHEME PARTICIPANT

“To the Board of Directors of Distell Group Holdings Limited

Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information included in the Distell Circular

Introduction

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Distell Group Holdings Limited (“Distell” or the “Company”) by the directors. The *pro forma* financial information, as set out in paragraph 15.10 of the circular (the “Distell Circular”), consists of the *pro forma* financial effects and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Limited (JSE) Listings Requirements and described in paragraph 15.10 of the Distell Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the offer to acquire the entire issued ordinary and B share capital of Distell by way of a scheme of arrangement to be proposed by the board of directors of Distell to Distell shareholders (the “Proposed Transaction”). As part of this process, information about Distell’s financial position and financial performance has been extracted by the directors from Distell’s financial statements for the year ended 30 June 2021, on which an audit report has been published.

Directors’ responsibility

The directors of Distell are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 15.10 of the Distell Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors’ (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant’s responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 15.10 of the Distell Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 15.10 of the Distell Circular.

PricewaterhouseCoopers Inc.

Director: RM Labuschaigne

Registered Auditor

Stellenbosch, South Africa

5 January 2022”

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF THE CAPEVIN GROUP

“To the Board of Directors of Distell Group Holdings Limited

Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information included in the Distell Circular

Introduction

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Capevin Holdings Proprietary Limited (“Capevin Group”) by the directors. The *pro forma* financial information, as set out in paragraph 15.10 and Annexure 19 of the circular (the “Distell Circular”), consists of the *pro forma* statement of financial position as at 30 June 2021, the *pro forma* income statement for the year then ended and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Limited (JSE) Listings Requirements and described in paragraph 15.10 and Annexure 19 of the Distell Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the implementation of the Distell Internal Reorganisation on the Capevin Group which will hold the Distell Out-of-Scope Assets following the implementation of the Scheme (the “Proposed Transaction”). As part of this process, information about Capevin and the Gordon’s Gin interest’s and the Scotch whisky business’ financial position and financial performance has been extracted by the directors from the combined carve-out historical financial information of Capevin and the Gordon’s Gin interest and the Scotch whisky business for the year ended 30 June 2021, on which an independent reporting accountant’s audit report has been published.

Directors’ responsibility

The directors of Distell are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 15.10 and Annexure 19 of the Distell Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors’ (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant’s responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 15.10 and Annexure 19 of the Distell Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 15.10 and Annexure 19 of the Distell Circular.

PricewaterhouseCoopers Inc.

Director: RM Labuschaigne

Registered Auditor

Stellenbosch, South Africa

5 January 2022”

PRO FORMA FINANCIAL INFORMATION OF THE NEWCO GROUP

The definitions and interpretations commencing on page 11 of the Newco Prospectus apply, *mutatis mutandis*, to this Annexure 22.

BASIS OF PREPARATION

The Newco Group *Pro Forma* Financial Information consists of the *pro forma* statement of profit or loss and other comprehensive income for the year ended 30 June 2021 (“**pro forma SOCI**”) and the *pro forma* statement of financial position (“**pro forma SOFP**”) as at 30 June 2021, which is based on the following:

- the reviewed Historical Financial Information of Heineken SA for the twelve months ended and as at 30 June 2021 set out in “Annexure 11 – Section A. Heineken South Africa (RF) Proprietary Limited” of the Newco Prospectus;
- the unaudited and unreviewed Historical Financial Information of HSAEC for the twelve months ended and as at 30 June 2021 set out in “Annexure 11 – Section B. Heineken South African Export Company Proprietary Limited” of the Newco Prospectus;
- the unaudited and unreviewed Historical Financial Information of TUKS for the year ended and as at 30 June 2021;
- the audited Historical Financial Information of NBL for the year ended and as at 30 June 2021 set out in “Annexure 11 – Section C. Namibia Breweries Limited” of the Newco Prospectus;
- the audited Historical Financial Information of Distell for the year ended and as at 30 June 2021 set out in “Annexure 11 – Section D. Distell Group Holdings Limited” of the Newco Prospectus;
- the audited special purpose combined Historical Financial Information of the Capevin and Gordon’s Gin operations (“**Capevin Holdings operations**”), for the year ended and as at 30 June 2021 set out in “Annexure 11 – Section E. Capevin Holdings operations” of the Newco Prospectus;
- the audited special purpose combined Historical Financial Information of the Scotch Whisky operations for the year ended and as at 30 June 2021, set out in “Annexure 11 – Section F. Historical Financial Information of Scotch Whisky operations as at 30 June 2021” of the Newco Prospectus;

and assumes that the Transaction as described in “An overview of the Transaction” on page 22 of the Newco Prospectus, were implemented and the consequential *pro forma* adjustments were processed with effect from 1 July 2020 for the Newco Group’s *pro forma* statement of profit or loss and other comprehensive income and as at 30 June 2021 for the Newco Group’s *pro forma* statement of financial position.

On completion of the Transactions the Newco Group will adopt the accounting policies of Heineken N.V.

A full set of the accounting policies of Heineken N.V. are available on the Heineken website. Refer to *heineken-nv-annual-report-2020.pdf* (www.theheinekencompany.com).

Where accounting policies are required for the Newco Group as a result of the Transactions, these have been set out in “Accounting Policies” below.

The *Pro Forma* Financial Information has been prepared using the accounting policies, which are aligned to Heineken N.V.’s accounting policies, that will be applied by the Newco Group going forward and are in accordance with IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The *Pro Forma* Financial Information has been prepared in accordance with the Guide on *Pro Forma* Financial Information issued by SAICA and the Companies Regulations.

The *Pro Forma* Financial Information has been prepared for illustrative purposes only and because of its nature may not fairly present the Newco Group’s financial position or financial performance after the implementation of the Transactions.

The *Pro Forma* Financial Information is the responsibility of the Board of Directors of Newco.

The *Pro Forma* Financial Information has been reported by the independent reporting accountant, Deloitte & Touche, whose unmodified assurance report on the *Pro forma* Financial Information is set out in Annexure 23 to this Distell Circular.

ACCOUNTING POLICIES

The following IFRS accounting policies, in addition to Heineken N.V. existing accounting policies, have been applied by the Newco Group as a consequence of the Transactions and used for the purposes of the preparation of the *Pro forma* Financial Information, and which will be utilised by the Newco Group for purposes of the preparation of the annual financial statements for the year ending 31 December 2021 are set out below:

Business combinations

When an entity obtains control over another entity, the initial accounting for its assets and liabilities is at fair value. The difference between the purchase price and the fair value of the assets and liabilities is goodwill or a bargain purchase. Goodwill is recognised on the balance sheet whereas bargain purchase is recognised directly in the income statement. Any existing investment in the acquired entity before obtaining control is revalued to fair value based on the purchase price. Changes to the initial fair value of the acquired assets and liabilities, based on new information about the circumstances at the acquisition date, can be made up to a maximum of 12 months after the acquisition date. Acquisition-related costs are directly expensed in the income statement.

Subsequent events

Strongbow Transaction

Subsequent to the implementation of the Transactions, the Strongbow business (“**Strongbow**”), which is currently consolidated in the Historical Financial Information of Heineken SA as per column 1 in the phase 3 *pro forma* SOCI and column 1 in the phase 3 *pro forma* SOFP as included in “*Annexure 11 – Section A. Heineken South Africa (RF) Proprietary Limited*” of the Newco Prospectus, may be disposed of due to Competition Commission considerations. The *pro forma* financial information for Newco has therefore not been adjusted to reflect the potential disposal of Strongbow as no formal decision has yet been made as at the date of publishing of the Newco Prospectus.

The Historical Financial Information of Strongbow for the year ended and as at 30 June 2021, has been extracted from unaudited and unreviewed management accounts and the financial effects are illustrated as follows:

Financial caption	Strongbow (R'million)	Consolidated history of Newco ¹	% Contribution	Group <i>pro forma</i> ²	% Contribution
Revenue	1,107	38,472	2.88%	38,472	2.88%
Profit for the year – attributable to owners of the parent	7	1,618	0.43%	(990)	0.71%
Shareholders (deficit)/equity	(27)	13,478	0.20%	46,862	0.06%
Loss per ordinary share (cents)	(2)			(247)	0.81%
Headline loss per ordinary share (cents)	(2)			(297)	0.67%
Net asset value per ordinary share (cents)	(7)			11,221	0.06%
Net tangible asset value per ordinary share (cents)	(7)			2,043	0.35%

¹ Represents the consolidation of the Historical Financial Information of Heineken SA, HSAEC, TUKS, NBL and the Distell In-Scope Assets and therefore excludes any *pro forma* adjustments.

² As per column 9 of the Newco Group *pro forma* SOCI or Newco Group SOFP, respectively.

The directors of Newco are satisfied with the quality and reliability of the management accounts that have been used for purposes of preparing the financial effects relating to the potential Strongbow disposal.

Distell Namibia Transaction

Distell and NBL are currently engaged in negotiations in connection with the Distell Namibia Transaction. However, the transaction is still being negotiated and once agreed is subject to various suspensive conditions as summarised in Section 1 Paragraphs 3.2 and 3.3 to the Newco Prospectus and consequently the *pro forma* financial effects of the Newco Group exclude any impact should the Distell Namibia Transaction be implemented.

However, in the event that the Distell Namibia Transaction becomes effective and is implemented prior to the Proposed Transactions as provided for in the Implementation Agreement, the *pro forma* financial effect thereof is presented below in order to provide shareholders with sufficient information for decision making purposes.

From an accounting perspective, the Distell Namibia Companies, are currently consolidated in the Historical Financial Information of Distell as per column 1 in the phase 4 *pro forma* SOCI and column 1 in the phase 4 *pro forma* SOFP. Following the Distell Namibia Transaction, the Distell Namibia Companies will continue to be consolidated by Newco Group. However, the Distell Namibia Transaction is expected to result in the following *pro forma* impact on Newco Group:

- adjustments to non-controlling interest of 40.6%, given the effective shareholding held by Newco Group of 59.4% after the implementation of the Proposed Transaction.
- *pro forma* adjustments to reflect the outcome of the fair value allocation exercise required in term so IFRS 3, Business Combinations and the impact of funding the Distell Namibia Transaction.

Any proceeds received by Distell as a consequence of the Distell Namibia Transaction will be contributed to Newco Group.

The illustrative impact on the *pro forma* income statement and statement of financial position of Newco Group is summarised below:

Financial caption	Distell Namibia Companies (R'million)	Consolidated history of Newco ¹	% Contribution	Group <i>pro forma</i> ²	% Contribution
Illustrative impact on the <i>pro forma</i> income statement of Newco Group for the year ended 30 June 2021					
¹ Profit/(loss) for the year	51				
² Supply and licensing agreement					
³ Amortisation charges as a consequence of fair value allocation exercise					
⁴ Finance expense					
Subtotal	51				
⁵ Non-controlling interest	21				
<i>Pro forma</i> impact on Profit/(loss) for the year attributable to:					
– Equity holders of NewCo	(39)	1,618	2.41%	(990)	3.94%
– Non-controlling interest	39	219	17.81%	177	21.98%
⁵ Non controlling interest	21				
² Non controlling interest as a consequence of entering into Supply and licensing agreement	18				
Impact on the <i>pro forma</i> statement of financial position of Newco Group as at 30 June 2021					
⁶ Purchase consideration	1,639				
<i>Pro forma</i> impact on 'Non-controlling interest NCI proportionate share					
Impact on financial metrics	665			1,818	36.60%
Loss per ordinary share (cents)	(10)			(247)	3.94%
Headline loss per ordinary share (cents)	(10)			(297)	3.27%
Net asset value per ordinary share (cents)	(58)			11,221	0.52%
Net tangible asset value per ordinary share (cents)	(58)			2,043	2.85%

¹ Represents the historical financial information of the Distell Namibia Companies, extracted from its underlying audited statutory financial statements for the year ended 30 June 2021.

² In terms of the Distell Namibia Transaction, the parties intend to enter into a supply and licensing agreement in respect of the continued supply of products from Distell's In-Scope Assets to the Distell Namibia Companies post the Distell Namibia Transaction. The revised commercial arrangement will not impact Newco Group's profit/(loss) on a consolidated level. However, following the implementation of the Distell Namibia Transaction and the supply and licensing agreement, outside shareholders will participate in the additional earnings generated by NBL as a result. Consequently, non-controlling interest is adjusted with reference to additional revenue generated from product sales in Namibia for the year ended 30 June 2021 as envisaged under terms and conditions of the supply and licensing agreement.

³ Represents the amortisation charges which are assumed to be negligible for the purposes of illustrating the financial impact of the potential transaction on the attribution of the non-controlling interest. The amortisation of the intangible assets attributed to the Distell group inclusive of the Distell Namibia Companies has been incorporated in total per column 7 of the Group *pro forma* SOCI.

⁴ Represents the potential additional finance expense which could be incurred due to the acquisition of the Distell Namibia Companies by NBL and the settlement of the purchase consideration through a combination of cash and new debt/borrowings raised. This adjustment will have a continuing effect on the Group *Pro forma* SOCI.

⁵ Calculated by applying the non-controlling interest of 40.6%.

⁶ Assumed purchase consideration of Distell Namibia Companies by NBL based on outcome of current negotiations.

Newco Capital Raise

The Newco Capital Raise will be implemented after the implementation of the Scheme if the Newco Offer Cash Requirement, being the aggregate amount of cash required to settle the cash component of the consideration due to the Scheme Participants who elect (or are deemed to have elected) the Newco Cash Only Option and who elect the Newco Fixed Ratio Option, exceeds ZAR13,571,793,762.

In terms of the Newco Offer, if the cash component of the consideration due to the Scheme Participants under the Scheme exceeds R13,571,793,762, Newco will raise the Bridge Loan to settle the Excess Amount. The Bridge Loan could amount to a maximum of R4,857,679,020, which will be refinanced by a combination of the Newco Capital Raise (up to 25% of the Excess Amount or R1.2 billion resulting in an additional 7,272,727 ordinary no par value shares being issued) and the raising of long-term financing by Newco (c.75%). The actual amount of this loan will be determined by the election of the Newco Cash Only Option and the Newco Fixed Ratio Option by the Distell Shareholders in terms of the Scheme, with the Bridge Loan to be refinanced in the proportions as outlined above (c. 25% Newco Capital Raise c. 75% new Newco financing).

The terms and conditions of this financing have not yet been determined, but will be on market-related terms.

Financial caption	Group <i>pro forma</i> ¹	Newco Capital Raise impact	Adjusted Group <i>pro forma</i> ³
Illustrative impact on the <i>pro forma</i> income statement of Newco Group for the year ended 30 June 2021			
Profit/(loss) for the year	(813)		(813)
² Finance expense		(257)	(257)
Subtotal	(813)	(257)	(1,070)
<i>Pro forma</i> impact on Profit/(loss) for the year attributable to:			
– Equity holders of Newco	(990)	(257)	(1,247)
– Non-controlling interest	177		177
Subtotal	(813)	(257)	(1,070)
Illustrative impact on the <i>pro forma</i> statement of financial position of Newco Group as at 30 June 2021			
Current assets			
⁴ Cash and cash equivalents	1,164	1,200	2,364
Capital and reserves			
⁵ Equity attributable to equity holders of Newco	45,045	(2,458)	42,587
Non-current liabilities			
⁶ Borrowings	5,440	3,657	9,097
Number of ordinary shares in issue	401,438,254	22,167,861	379,270,393
Impact on financial metrics			
Loss per ordinary share (cents)	(247)		(329)
Headline loss per ordinary share (cents)	(297)		(382)
Net asset value per ordinary share (cents)	11,221		11,229
Net tangible asset value per ordinary share (cents)	2,043		1,514

¹ As per column 9 of the NewCo Group *pro forma* SOCI or Group *pro forma* SOFP respectively.

² Represents the notional finance cost of R257 million which has been calculated on the maximum long term financing of R3 657 million to be entered into by Newco to settle the additional Newco capital raise of R4 857 million, where the interest rate has been assumed to be 6m JIBAR plus 3%. No taxation adjustment has been processed as this is not deemed to be tax deductible. This adjustment will have a continuing effect on the Group *Pro forma* SOCI.

³ Represents the maximum impact of the Newco capital raise on the Group *pro forma* SOCI or Group *pro forma* SOFP respectively.

⁴ Represents the cashflow impact of the maximum Newco capital raise through the issuance of 7,272,727 Newco shares at a fair value subscription price of R165 per share.

⁵ Represents the maximum potential dilutionary impact on the equity attributable to equity holders of Newco which has been calculated as follows:

	R'million
Equity attributable to equity holders of NewCo	45,045
Maximum long term financing	(3,657)
Maximum Newco shares	1,200
Equity attributable to equity holders of Newco subsequent to the Newco capital raise	42,587

⁶ Represents the maximum new long term financing/debt of R3 657 million raised by Newco in order to settle the additional Newco capital raise. The terms and conditions have not yet been determined however is assumed to be on market related terms.

PRO FORMA STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF NEWCO GROUP FOR THE 12 MONTHS ENDED 30 JUNE 2021

	Pro forma subsequent to the implementation of phase 1 Total Column 1	Phase 2 acquisition of NBL's 25% interest in Heineken SA Pro forma Column 2	Pro forma subsequent to the implementation of phase 3 Total Column 3	Pro forma subsequent to the implementation of phase 4 Total Column 4	Pro forma subsequent to the implementation of phase 5 Total Column 5	Accounting policy adjustments Pro forma Column 6	Provisional Distill purchase price allocation Pro forma Column 7	Transaction costs implementation of phase 1-4 Pro forma Column 8	Group pro forma subsequent to the implementation of phase 1-4 Group Column 9
Rand million									
Revenue	-	-	13,603 (3,497)	-	24,869	-	-	-	38,472 (10,558)
Excise tax expense	-	-	-	-	-	(7,061)	-	-	-
Net revenue	-	-	10,106 (3,805)	-	24,869 (17,649)	(7,061) 7,061	-	-	27,914 (17,193)
Cost of sales	-	-	-	(51)	(17,649)	7,061	(2,749)	-	-
Gross profit	-	-	6,301 (870)	(51)	7,220 (749)	-	(2,749) (435)	-	10,721 (2,220)
Depreciation and amortisation	-	-	(870)	(166)	(749)	-	(435)	-	(2,220)
Operating expenses	-	-	(4,663)	-	(4,224)	165	-	(144)	(8,866)
Profit/(loss) from operations	-	-	768	(217)	2,247	165	(3,184)	(144)	(365)
Dividend income	-	-	-	-	7	-	-	-	7
Finance income	-	-	(32)	-	66	-	-	-	34
Finance expense	-	-	(388)	(71)	(335)	(165)	-	-	(959)
Share of loss of joint ventures and impairments thereof	-	-	(37)	-	-	-	-	-	(37)
Other gains and losses	-	-	-	-	-	-	-	-	-
Equity gain/(loss) from associate	-	-	-	-	106	-	-	-	106
Profit/(loss) before taxation	-	-	311 (139)	(288) 115	2,091 (467)	-	(3,184) 892	(144) -	(1,214) 401
Taxation income/(expense)	-	-	(139)	115	(467)	-	892	-	401
Profit/(loss) for the year	-	-	172	(173)	1,624	-	(2,292)	(144)	(813)
Profit/(loss) for the year attributable to:									
- Equity holders of Newco	-	-	(8)	(103)	1,558	-	(2,292)	(144)	(989)
- Non-controlling interest	-	-	180	(70)	66	-	-	-	176
Other comprehensive income (net of taxation):									
<i>Items that may be reclassified subsequently to profit or loss:</i>									
Currency translation differences	-	-	(1)	-	(331)	-	-	-	(332)
Fair value adjustments of cash flow hedges	-	-	25	-	54	-	-	-	79
<i>Items that will not be reclassified to profit or loss:</i>									
Remeasurements of post-employment benefits	-	-	-	-	50	-	-	-	50

	<i>Pro forma</i> subsequent implementation of phase 1 Total Column 1	Phase 2 acquisition of NBL's 25% interest in Heineken SA <i>Pro forma</i> Column 2	<i>Pro forma</i> subsequent to the implementation of phase 3 Total Column 3	Provisional NBL purchase price allocation <i>Pro forma</i> Column 4	<i>Pro forma</i> subsequent to the implementation of phase 4 Total Column 5	Accounting policy adjustments <i>Pro forma</i> Column 6	Provisional Distell purchase price allocation <i>Pro forma</i> Column 7	Transaction costs <i>Pro forma</i> Column 8	Group <i>pro forma</i> subsequent to the implementation of phase 1-4 Group Column 9
Rand million									
Fair value adjustments									
– Financial assets through other comprehensive income	–	–	–	–	(11)	–	–	–	(11)
Share of other comprehensive income of associates	–	–	–	–	(2)	–	–	–	(2)
Other comprehensive income gains/ (losses)	–	–	24	–	(240)	–	–	–	(216)
Total comprehensive income for the year	–	–	196	(173)	1,384	–	(2,292)	(144)	(1,029)
Total comprehensive income attributable to:									
– Equity holders of Newco	–	–	14	(103)	1,317	–	(2,292)	(144)	(1,208)
– Non-controlling interest	–	–	182	(70)	67	–	–	–	179
Headline earnings/(loss) ¹									
Net loss attributable to equity holders of Newco	–	–	(8)	(103)	1,558	–	(2,292)	(144)	(989)
Adjusted for:									
(Reversal of impairment)/Impairment of equity-accounted investments	–	–	32	–	(39)	–	–	–	(7)
Profit on disposal of assets classified as held for sale	–	–	–	–	(168)	–	–	–	(168)
Gain on previously held equity interest and on sale of investments and subsidiaries	–	–	–	–	(11)	–	–	–	(11)
Profit on sale of PPE	–	–	(5)	–	(12)	–	–	–	(17)
Headline loss	–	–	19	(103)	1,328	–	(2,292)	(144)	(1,192)
Per share performance:									
Issued number of ordinary shares									401,438,254
Weighted number of ordinary shares									401,438,254
Loss per ordinary share (cents) ²									(247)
Headline loss per ordinary share (cents) ³									(297)
EBITDA (R'million)									1,924

¹ Headline earnings has been calculated in accordance with Circular 01/2021 issued by the South African Institute of Chartered Accountants.

² Loss per ordinary share has been calculated by dividing the net loss attributable to equity holders of Newco by the weighted average number of ordinary shares in issue in terms of IAS33 Earnings per share.

³ Headline loss per ordinary share has been calculated by dividing headline loss attributable to equity holders of Newco by the weighted average number of ordinary shares in issue.

1. Column 1 represents the total of the phase 1 implementation on the *pro forma* SOCI per *Annexure 18 – “Phase 1: Pro forma statement of profit or loss and other comprehensive income of Newco Group for the 12 months ended 30 June 2021”* of the Newco Prospectus.
2. Column 2 represents the acquisition by Newco of NBL's 25% shareholding in Heineken SA for an aggregate cash consideration of R5,515,625,000 (NAD 5,515,625,000) and a loan claim against Heineken SA for R73,625,000 (NAD 73,625,000), in terms of the Newco/NBL Share Purchase Agreement, which has no *pro forma* financial effects given that the finance expense are with a related party that eliminates on a Newco Group level. Refer to the phase 3 *pro forma* SOFP for the *pro forma* financial effects of the elimination of the related party loan.

The foreign exchange conversation rate applied is 1 Rand: 1 NAD which represents the exchange rate effective as at and for the 12 month rolling period to 30 June 2021.

The loan payable to Heineken SA, that is included in the loans from related parties caption per the Group *pro forma* SOFP per *Annexure 18 – “Pro forma statement of financial position of Newco Group as at 30 June 2021”* of the Newco Prospectus, is unsecured and bears interest at the South African prime rate. The loan is repayable in September 2022.

3. Column 3 represents the total of the phase 3 implementation on the *pro forma* SOCI per *Annexure 18 – “Phase 3: Pro forma statement of profit or loss and other comprehensive income of Newco Group for the 12 months ended 30 June 2021”* of the Newco Prospectus.
4. Column 4 represents the provisional purchase price allocation (“PPA”) made in respect of the acquisition of the business operations of NBL in accordance with IFRS 3: Business Combinations. The business combination has been accounted for using the acquisition method. Goodwill represents the difference between the fair value of the net assets acquired and the aggregate of the purchase consideration of the acquisition and NCI. The non-controlling interest (“NCI”) of 40.6% has been measured at the proportionate share of NBL's identifiable net assets.

Amortisation and depreciation of R166 million have been calculated to write off the fair value PPA adjustments in respect of property, plant and equipment and intangible assets using the straight line method over the estimated useful lives. The estimated useful lives of property, plant and equipment and intangible assets are as follows:

Category	Useful life
Property, plant and equipment	5 – 17 years
Customer relationships	20 years
Brands	25 – 40 years

Deferred taxation has been calculated at 32%, in accordance with the corporate tax rate in Namibia, on the amortisation and depreciation charges. These adjustments will have a continuing effect on the Group *Pro forma* SOCI.

The increased cost of inventories being the fair value PPA adjustment of R51 million (above cost) results in a higher cost of sales in the year after acquisition. The fair value of the inventories on acquisition represents the estimated selling price of the inventory on hand as at 30 June 2021 less to costs to sell and a reasonable profit margin. This adjustment will not have a continuing effect on the Newco Group *Pro forma* SOCI.

Deferred taxation related to the cost of inventories has been calculated at 32%, in accordance with the corporate tax rate in Namibia. These adjustments will not have a continuing effect on the Group *Pro forma* SOCI.

Notional finance cost of R71 million has been calculated on the new debt/borrowings raised for R1,020 million, where the interest rate has been assumed to be 6m JIBAR plus 3%. This adjustment will have a continuing effect on the Group *Pro forma* SOCI.

5. Column 5 represents the total of the phase 4 implementation on the *pro forma* SOCI per *Annexure 18 – “Phase 4: Pro forma statement of profit or loss and other comprehensive income of Newco Group for the 12 months ended 30 June 2021”* of the Newco Prospectus.
6. Column 6 represents the accounting policy adjustments between the current Distell accounting policies and the newly adopted accounting policies for Newco group for the following:
 - Distell presented excise duty as part of cost of goods sold, whereas Newco presents excise duty as a deduction against gross revenue; and
 - Net foreign exchange gains/losses have been transferred from operating expenses to finance expense.

7. Column 7 represents the provisional PPA made in respect of the acquisition of the business operations of Distell in accordance with IFRS 3: Business Combinations. The business combination has been accounted for using the acquisition method. Goodwill represents the difference between the fair value of the net assets acquired and the aggregate of the purchase consideration of the acquisition.

Amortisation and depreciation of R435 million have been calculated to write off the fair value PPA adjustments in respect of property, plant and equipment and intangible assets using the straight line method over the estimated useful lives. The estimated useful lives of property, plant and equipment and intangible assets are as follows:

Category	Useful life
Property, plant and equipment	4 – 23 years
Customer relationships	20 years
Brands	20 – 50 years

Deferred taxation has been calculated at 28%, in accordance with the corporate tax rate in South Africa, on the amortisation and depreciation charges. These adjustments will have a continuing effect on the Group *Pro forma* SOCI.

The increased cost of inventories being the fair value PPA adjustment of R2 749 million (above cost) results in a higher cost of sales in the year after acquisition. The fair value of the inventories on acquisition represents the estimated selling price of the inventory on hand as at 30 June 2021 less to costs to sell and a reasonable profit margin. This adjustment will not have a continuing effect on the Newco Group *Pro forma* SOCI.

Deferred taxation related to the cost of inventories has been calculated at 28%, in accordance with the corporate tax rate in South Africa. These adjustments will not have a continuing effect on the Group *Pro forma* SOCI.

8. Column 8 represents the total transaction costs relating to the Transactions which have been expensed. Taxation has not been calculated as no tax deduction will be eligible to be claimed on the transaction costs incurred by Newco Group. This adjustment will not have a continuing effect on the Newco Group *Pro forma* SOCI.
9. Column 9 represents the *pro forma* statement of profit or loss and other comprehensive income of Newco Group after the adjustments detailed above.

PHASE 1: PRO FORMA STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF NEWCO GROUP FOR THE 12 MONTHS ENDED 30 JUNE 2021

Rand million	Newco from date of incorporation to 30 June 2021 Audited/ Reviewed Column 1	Funding provided to Newco Pro forma Column 2	Pro forma subsequent to the implementation of phase 1 Total Column 3
Revenue	–	–	–
Excise tax expense	–	–	–
Net revenue	–	–	–
Cost of sales	–	–	–
Gross profit	–	–	–
Operating expenses	–	–	–
Profit/(loss) from operations	–	–	–
Finance income	–	–	–
Finance expense	–	–	–
Share of loss of joint ventures and impairments thereof	–	–	–
Other gains and losses	–	–	–
Profit/(loss) before taxation	–	–	–
Taxation income/(expense)	–	–	–
Profit/(loss) for the year	–	–	–
Attributable to:			
– Equity holders of Newco	–	–	–
– Non-controlling interest	–	–	–
Other comprehensive income (net of taxation):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences	–	–	–
Fair value adjustments of cash flow hedges	–	–	–
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of post-employment benefits	–	–	–
Fair value adjustments			
– Financial assets through other comprehensive income	–	–	–
Share of other comprehensive income of associates	–	–	–
Other comprehensive income gains/(losses)	–	–	–
Total comprehensive income/(loss) for the year	–	–	–
Attributable to:			
– Equity holders of Newco	–	–	–
– Non-controlling interest	–	–	–

- Column 1 represents the Historical Financial Information of Newco (dormant since incorporation) from date of incorporation of 20 October 2020 (“**date of incorporation**”) to 30 June 2021 (“**Historical Financial Information of Newco**”), which has been extracted, without adjustment, as follows:
 - from the audited Historical Financial Information from date of incorporation to 31 December 2020 set out in “Annexure 10 – Historical Financial Information of Newco” of the Newco Prospectus; and
 - from the reviewed Historical Financial Information for the six month period ended 30 June 2021 set out in “Annexure 10 – Historical Financial Information of Newco as at 30 June 2021” of the Newco Prospectus.

2. Column 2 represents R20,969 million funding provided by Finco to Newco for the subscription of 127,085,554 ordinary no par value shares in terms of the Subscription Agreement (“**Finco/Newco Subscription Agreement**”) at a fair value subscription price of R165 per share to enable Newco to acquire NBL’s 25% shareholding in Heineken SA, as set out in column 2 (“**Phase 2 acquisition of NBL’s 25% interest in HSA**”) of the Group *Pro forma* SOCI per Annexure 18 – “*Pro forma statement of profit or loss and other comprehensive income of Newco Group for the 12 months ended 30 June 2021*” of the Newco Prospectus, to acquire the controlling interest of NBL through the investment in NIH as set out in column 4 (“**Provisional NBL purchase price allocation**”) of the Group *Pro forma* SOCI per “Annexure 17 – “*Pro forma statement of profit or loss and other comprehensive income of Newco Group for the 12 months ended 30 June 2021*” of the Newco Prospectus, and to settle the aggregate cash consideration for the Distell acquisition in respect of Distell shareholders that do not elect to re-invest in Newco Group as set out in column 7 (“**Provisional Distell purchase price allocation**”) of the Newco Group *pro forma* SOCI per “Annexure 18 – “*Pro forma statement of profit or loss and other comprehensive income of Newco Group for the 12 months ended 30 June 2021*” of the Newco Prospectus.
No finance income on this funding amount provided has been calculated for the purposes of the *pro forma* statement of profit or loss and other comprehensive income.
3. Column 3 represents the total of the phase 1 implementation detailed above and the total of phase 1 is incorporated in Column 1 in the Group *Pro forma* SOCI per “Annexure 18 – *Pro forma statement of profit or loss and other comprehensive income of Newco Group for the 12 months ended 30 June 2021*” of the Newco Prospectus.

PHASE 3: *PRO FORMA* STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF NEWCO GROUP FOR THE 12 MONTHS ENDED 30 JUNE 2021

[illegible]

	Heineken SA Audited/ reviewed Column 1	Acquisition of HIBV's 75% interest in Heineken SA for shares Pro forma Column 2	Acquisition of Heineken SA at book value Pro forma Column 3	HSAEC Audited/ unreviewed Column 4	TUKS Unaudited/ unreviewed Column 5	Acquisition of HIBV's 100% interest in HSAEC Pro forma Column 6	Acquisition of HSAEC at book value Pro forma Column 7	NBL eliminations Pro forma Column 8	Inter- company eliminations Pro forma Column 9	Accounting for the disposal of NBL's 25% interest in Heineken SA Pro forma Column 10	Distribution of specie by NBL Pro forma Column 11	De- recognition of equity accounted earnings and attribution of minority interest Pro forma Column 12	Pro forma subsequent implemen- tation of phase 3 Column 13
Rand million													
Other comprehensive income (net of taxation):													
<i>Items that may be reclassified subsequently to profit or loss:</i>													
Fair value adjustments of cash flow hedges	20	-	-	-	-	-	-	5	-	-	-	-	25
Currency translation differences	-	-	-	(1)	-	-	-	-	-	-	-	-	(1)
<i>Items that will not be reclassified to profit or loss:</i>													
Remeasurements of post-employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value adjustments													
- Financial assets through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income gains/(losses)	20	-	-	(1)	-	-	-	5	-	-	-	-	24
Total comprehensive (loss)/profit for the year	(321)	-	-	6	74	-	-	378	(15)	-	-	74	196
Attributable to:													
- Equity holders of Newco	(321)	-	-	6	74	-	-	378	(15)	-	-	(108)	14
- Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	182	182

	Heineken SA Audited/ reviewed Column 1	Acquisition of HIBV's 75% interest in Heineken SA for shares Column 2	Acquisition of Heineken SA at book value Column 3	HSAEC Audited/ unreviewed Column 4	TUKS Unaudited/ unreviewed Column 5	Acquisition of HIBV's 100% interest in HSAEC Column 6	Acquisition of HSAEC at book value Column 7	Audited Column 8	Pro forma Column 9	Accounting for the disposal of NBL's 25% interest in Heineken SA Column 10	Distribution of specie by NBL Column 11	Pro forma Column 12	De- recognition of equity accounted earnings and attribution of minority interest Column 13
Rand million													
Headline earnings													
Net profit attributable to equity holders of the Company	(341)	-	-	7	74	-	-	373	(15)	-	-	(106)	(8)
(Reversal of impairment/ impairment of equity-accounted investments	32	-	-	-	-	-	-	-	-	-	-	-	32
Profit on disposal of assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on previously held equity interest and on sale of investments and subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) on sale of PPE	-	-	-	-	-	-	-	(5)	-	-	-	-	(5)
	(309)	-	-	7	74	-	-	368	(15)	-	-	(106)	19

1. Column 1 represents the Historical Financial Information of Heineken SA for the 12 month rolling period* to 30 June 2021 which has been extracted, without adjustment, as follows:

- from the reviewed interim Historical Financial Information for the six month periods ended 30 June 2021 ("Reviewed 2021 HFI of HSA") and 30 June 2020 ("Reviewed 2020 HFI of HSA") (collectively the "Reviewed HFI of HSA") set out in "Annexure 11 – Section A. Heineken South Africa (RF) Proprietary Limited" of the Newco Prospectus;
- from the audited Historical Financial Information for the year ended 31 December 2020 ("Audited HFI of HSA") set out in "Annexure 11 – Section A. Heineken South Africa (RF) Proprietary Limited" of the Newco Prospectus.

*The 12 month rolling period to 30 June 2021 has been calculated by aggregating the Audited HFI of HSA and the Reviewed 2021 HFI of HSA and subtracting the Reviewed 2020 HFI of HSA.

2. Column 2 represents the acquisition of HIBV's 75% interest in Heineken SA, which has no *pro forma* financial effects on the phase 3 *pro forma* SOFI. Refer to column 2 in the phase 3 *pro forma* SOFP for the *pro forma* financial effects.

3. Column 3 represents the accounting for the acquisition of HSA by applying the predecessor accounting approach for the accounting of the business combination under common control in accordance with the accounting policy adopted by Newco, which has no *pro forma* financial effects on the phase 3 *pro forma* SOFI. Refer to column 3 in the phase 3 *pro forma* SOFP for the *pro forma* financial effects.

4. Column 4 represents the Historical Financial Information of HSAEC for the 12 month rolling period* to 30 June 2021 which has been extracted, without adjustment, as follows:

- from the unreviewed and unaudited interim Historical Financial Information for the six month periods ended 30 June 2021 ("2021 HFI of HSAEC") and 30 June 2020 ("2020 HFI of HSAEC") (collectively the "Interim HFI of HSAEC") set out in "Annexure 11 – Section B. Heineken South African Export Company Proprietary Limited" of the Newco Prospectus;
- from the audited Historical Financial Information for the year ended 31 December 2020 ("Audited HFI of HSAEC") set out in "Annexure 11 – Section B. Heineken South African Export Company Proprietary Limited" of the Newco Prospectus.

*The 12 month rolling period to 30 June 2021 has been calculated by aggregating the Audited HFI of HSAEC and the 2021 HFI of HSAEC and subtracting the 2020 HFI of HSAEC.

5. Column 5 represents the Historical Financial Information of TUKS, which has been extracted, without adjustment, from the unaudited and unreviewed Historical Financial Information for the year ended 30 June 2021.

6. Column 6 represents the acquisition of HIBV's 100% interest in HSAEC, which has no *pro forma* financial effects on the phase 3 *pro forma* SOCI. Refer to column 6 in the phase 3 *pro forma* SOFP for the *pro forma* financial effects.
7. Column 7 represents the accounting for the acquisition of HSAEC by applying the predecessor accounting approach for the accounting of the business combination under common control in accordance with the accounting policy adopted by Newco, which has no *pro forma* financial effects on the phase 3 *pro forma* SOCI. Refer to column 7 in the phase 3 *pro forma* SOFP for the *pro forma* financial effects.
8. Column 8 represents the Historical Financial Information of NBL, which has been extracted, without adjustment, from the audited Historical Financial Information for the year ended 30 June 2021 set out in "Annexure 11 – Section C: Namibia Breweries Limited" of the Newco Prospectus.
9. Column 9 represents the elimination of intercompany transactions between Heineken SA, HSAEC and NBL. The eliminations will have a continuing effect on the Newco Group *Pro Forma* SOCI.
10. Column 10 represents the impact of the disposal of NBL's 25% interest in Heineken SA, which has no *pro forma* financial effects on the phase 3 *pro forma* SOCI as this profit realised by NBL on the disposal, as set out in Column 10 of the phase 3 *pro forma* SOFP for the *pro forma* financial effects, will not be realised by Newco Group.
11. Column 11 represents the distribution of a dividend in specie by NBL to its shareholders based on the proceeds received from the disposal of NBL's 25% interest in terms of the Heineken SA Newco/NBL Share Purchase Agreement, which has no *pro forma* financial effects on the phase 3 *pro forma* SOCI given that the distribution in specie is recognised directly in reserves. Refer to column 11 in the phase 3 *pro forma* SOFP for the *pro forma* financial effects.
12. Column 12 represents the following:
 - the de-recognition of NBL's equity loss from associate of R73 million from Heineken SA per column 8 above due to the disposal of NBL's 25% interest in Heineken SA per column 10 above given that Newco now owns 100% of Heineken SA;
 - the attribution of the minority interest 40,6% in the total comprehensive income for the year of NBL per column 12 above and after the de-recognition of NBL's equity loss from Heineken SA per column 8 above given that Newco effectively owns 59,37% in NBL and accordingly the NCI shares in 40,60%.
13. Column 13 represents the total of the phase 3 implementation as detailed above and the total of phase 3 is incorporated in Column 3 in the Group *Pro forma* SOCI per Annexure 18 – "Pro forma statement of profit or loss and other comprehensive income of Newco Group for the 12 months ended 30 June 2021" of the Newco Prospectus.

PHASE 4: PRO FORMA STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF NEWCO GROUP FOR THE 12 MONTHS ENDED 30 JUNE 2021

R'millions	Phase 4 Distell Internal reorganisation											Pro forma subsequent to the implementation of phase 4 Total Column 12
	Precursory Steps					Scotch Whisky business carve out from Distell						
	Distell for the year ended 30 June 2021 Audited Column 1	Treasury shares Pro forma Column 2	Distell Employee Incentive (early vest) Pro forma Column 3	Distell Employee Incentive (deal bonus) Pro forma Column 4	Distell Employee Incentive (retention bonus) Pro forma Column 5	Capevin and the Gordon's Gin interest Audited Column 6	Scotch Whisky business Audited Column 7	Transaction costs Pro forma Column 9	De-grouping and dividend withholding taxes Pro forma Column 10	Reclassification to conform to Newco classifications Pro forma Column 11		
Revenue	28,255	-	-	-	-	(1,737)	(1,649)	-	-	-	24,869	
Cost of sales	(25,671)	-	-	-	(138)	1,427	1,499	17	-	(17,649)	(17,649)	
Operating costs										22,866	-	
Costs of goods sold	(20,431)	-	-	-	-	1,319	1,009	-	-	18,103	-	
Sales and marketing costs	(2,542)	-	-	-	-	52	345	-	-	2,145	-	
Distribution costs	(1,363)	-	-	-	-	23	41	-	-	1,299	-	
Administration and other costs	(1,273)	-	-	-	(138)	27	102	17	-	1,265	-	
Net impairment gains and losses on financial assets	(62)	-	-	-	-	6	2	-	-	54	-	
Other gains and losses	259	-	-	-	-	-	6	(20)	-	(245)	-	
Depreciation and amortisation										(749)	(749)	
Operating expenses										(4,224)	(4,224)	
Operating profit	2,842	-	-	-	(138)	(310)	(144)	(3)	-	-	2,247	
Dividend income	7	-	-	-	-	-	-	-	-	-	7	
Finance income	66	-	-	-	-	-	-	-	-	-	66	
Finance costs	(357)	-	-	-	-	-	22	-	-	-	(335)	
Share of equity-accounted earnings	114	-	-	-	-	-	(8)	-	-	-	106	
Profit before taxation	2,672	-	-	-	(138)	(310)	(130)	(3)	-	-	2,091	
Taxation	(670)	-	-	-	39	86	81	(3)	-	-	(467)	
Profit for the year from continuing operations	2,002	-	-	-	(99)	(225)	(48)	(6)	-	-	1,624	
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-	
Profit for the year	2,002	-	-	-	(99)	(225)	(48)	(6)	-	-	1,624	

R'millions	Distall for the year ended 30 June 2021	Phase 4 Distell Internal reorganisation										Pro forma subsequent to the implementation of phase 4 Total
		Precursory Steps					Reclassification to the implementation of phase 4					
		Treasury shares	Distall Employee Incentive (early vest)	Distall Employee Incentive (deal bonus)	Distall Employee Incentive (retention bonus)	Capevin and the Gordon's Gin interest	Scotch Whisky business Audited	Scotch Whisky business adjustments from Distall	Transaction costs	De-grouping and dividend withholding taxes	Reclassification to the implementation of phase 4	
	Audited	Pro forma	Pro forma	Pro forma	Pro forma	Audited	Pro forma	Pro forma	Pro forma	Pro forma	Pro forma	Pro forma
	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Attributable to:												
Equity holders of the company	1,936	-	-	-	(99)	(225)	(48)	(6)	-	-	-	1,558
Non-controlling interest	66	-	-	-	-	-	-	-	-	-	-	66
	2,002	-	-	-	(99)	(225)	(48)	(6)	-	-	-	1,624
Other comprehensive income (net of taxation)												-
Items that may be reclassified subsequently to profit or loss:												-
Currency translation differences	(624)	-	-	-	-	-	153	140	-	-	-	(331)
Fair value adjustments of cash flow hedges	54	-	-	-	-	-	-	-	-	-	-	54
Items that will not be reclassified to profit or loss:												
Remeasurements of post-employment benefits	50	-	-	-	-	-	-	-	-	-	-	50
Fair value adjustments												
- Financial assets through other comprehensive income	(11)	-	-	-	-	-	-	-	-	-	-	(11)
Share of other comprehensive income of associates	(1)	-	-	-	-	-	(1)	-	-	-	-	(2)
Other comprehensive (losses)/income	(532)	-	-	-	-	-	152	140	-	-	-	(240)
Total comprehensive income for the year	1,470	-	-	-	(99)	(225)	104	134	-	-	-	1,384
Attributable to:												
Equity holders of the Company	1,403	-	-	-	(99)	(225)	104	134	-	-	-	1,317
Non-controlling interest	67	-	-	-	-	-	-	-	-	-	-	67
	1,470	-	-	-	(99)	(225)	104	134	-	-	-	1,384

R'millions	Distell for the year ended 30 June 2021	Phase 4 Distell Internal reorganisation										Pro forma subsequent to the implementation of phase 4 Total
		Precursory Steps					Reclassification to conform to Newco classifications					
		Treasury shares	Distell Employee Incentive (early vest)	Distell Employee Incentive (deal bonus)	Distell Employee Incentive (retention bonus)	Capevin and the Gordon's Gin interest	Scotch Whisky business adjustments from Distell	Transaction costs	De-grouping and dividend withholding taxes	Pro forma		
Audited	Pro forma	Pro forma	Pro forma	Pro forma	Audited	Audited	Pro forma	Pro forma	Pro forma	Pro forma	Pro forma	
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12	
Headline earnings												
Net profit attributable to equity holders of the Company	1,936	-	-	(99)	(225)	(48)	(6)	-	-	-	1,558	
Impairment of equity-accounted investments	(59)	-	-	-	-	-	20	-	-	-	(39)	
Impairment of intangible assets	-	-	-	-	-	-	-	-	-	-	-	
Impairment of PPE	-	-	-	-	-	-	-	-	-	-	-	
Profit on disposal of assets classified as held for sale	(168)	-	-	-	-	-	-	-	-	-	(168)	
Gain on previously held equity interest and on sale of investments and subsidiaries	(11)	-	-	-	-	-	-	-	-	-	(11)	
Profit on sale of PPE	(7)	-	-	-	-	(5)	-	-	-	-	(12)	
	1,692	-	-	(99)	(225)	(53)	13	-	-	-	1,328	
Per share performance:												
Issued number of ordinary shares ('000)	223,102											
Weighted number of ordinary shares ('000)	219,840											
Weighted number of ordinary shares for diluted earnings ('000)	220,543											
Earnings per ordinary share (cents)												
- basic earnings basis	881											
- diluted earnings basis	878											
- headline basis	770											
- diluted headline basis	767											

- Column 1 represents the Historical Financial Information of Distell, which has been extracted, without adjustment, from the audited historical financial information for the year ended 30 June 2021 set out in "Annexure 11 – Section D. Distell Group Holdings Limited" of the Newco Prospectus.
- Column 2 represents the repurchase and cancellation of treasury shares held by Distell subsidiaries before the Scheme Implementation Date, which has no *pro forma* financial effects on the phase 4 *pro forma* SOCI (for purposes of the *pro forma* financial effects of the Newco Group it impacts the at acquisition reserves of Distell). Refer to column 2 in the phase 4 *pro forma* SOFP for the *pro forma* financial effects.
- Column 3 represents the once-off impact of the accelerated vesting and cash settlement of the awards made to participants in respect of employees of the Distell In-Scope Assets upon implementation of the Scheme in respect of the "Distell Group Holdings Limited Equity Conditional Share Plan 2017" ("CSP Scheme") and the "Distell Group Holdings Limited Equity Settled Share Appreciation Rights Scheme 2017" ("SAR Scheme"), which has no *pro forma* financial effects on the phase 4 *pro forma* SOCI (for purposes of the *pro forma* financial effects of the Newco Group it impacts the at acquisition reserves of Distell). Refer to column 3 in the phase 4 *pro forma* SOFP for the *pro forma* financial effects.

4. Column 4 represents the once-off impact of the cash-based deal bonuses ("**deal bonus**"), which will benefit certain management/employees of the Distell In-Scope Assets, following the successful implementation of the Scheme, which has no *pro forma* financial effects on the phase 4 *pro forma* SOCI (for purposes of the *pro forma* financial effects of the Newco Group it impacts the at acquisition reserves of Distell). Refer to column 4 in the phase 4 *pro forma* SOFP for the *pro forma* financial effects.
5. Column 5 represents the adjustments made to employee related expenditure for the cash-based retention bonuses ("**Retention bonus**") which will benefit certain management/employees of the Distell In-Scope Assets. The payment of the retention bonus is subject to the completion of certain service conditions following the successful implementation of the Scheme. The retention bonus is based on an assumed bonus pool, approved by the Distell Remuneration Committee and is subject to employment of 24 months post implementation of the Scheme. Taxation has been calculated at 28%, in accordance with the corporate tax rate in South Africa, on the retention bonus. This adjustment will have a continuing effect on the Group *Pro forma* SOCI.
6. Column 6 represents the special purpose combined historical financial information of the Capevin and Gordon's Gin interest ("**Capevin Holdings operations**"), which has been extracted, without adjustment, from the audited historical financial information for the year ended 30 June 2021 set out in "Annexure 11 – Section E. Capevin Holdings operations" of the Newco Prospectus. Based on the internal re-organisation of Distell into the Distell In-Scope Assets and Distell Out-of-Scope assets prior to the implementation of the Scheme, the financial results of the Distell Out-of-Scope Assets are reversed.
7. Column 7 represents the special purpose combined historical financial information of the Scotch Whisky business¹, which has been extracted, without adjustment, from the audited historical financial information for the year ended 30 June 2021 set out in "Annexure 11 – Section F. Scotch operations" of the Newco Prospectus. Based on the internal re-organisation of Distell into the Distell In-Scope Assets and Distell Out-of-Scope assets prior to the implementation of the Scheme, the financial results of the Distell Out-of-Scope Assets are reversed.
1. The special purpose combined historical financial information of the Scotch Whisky business has been converted from GBP, being the functional currency of the Scotch Whisky business, to Rand at an exchange rate of R20,73/GBP1, being the spot exchange rate applied for purposes of preparing the audited historical financial information of Distell for the year ended 30 June 2021.
8. Column 8 represents the following consolidation adjustments attributable to the Scotch Whisky business recognised at a consolidation (Distell) level (these consolidation adjustments were excluded from the Carve-Out Historical Financial Information of the Scotch Whisky business for the year ended 30 June 2021):
- amortisation charges;
 - the reversal of impairment charges; and
 - the related tax impact.
- These adjustments have been extracted from a combination of the audited historical financial information of Distell for the year ended 30 June 2021 and consolidation working papers underlying the published audited historical financial information of Distell as follows:

Amortisation charges:

Reported per notes 5 and 18.2 of the audited published audited results of Distell	R'million
Capitalised software	55
Trademarks and other intangibles	25
Scotch Whisky business	17
Other	8
Total	80

Impairment

Reported per note 19 of the audited published audited results of Distell	R'million
Reversal of impairment	59
Scotch Whisky business	20
Other	39

9. Column 9 represents the total transaction costs relating to the implementation of phase 4, which has no *pro forma* financial effects on the phase 4 *pro forma* SOCI (for purposes of the *pro forma* financial effects of the Newco Group it impacts the at acquisition reserves of Distell). Refer to column 9 in the phase 4 *pro forma* SOFP for the *pro forma* financial effects.
10. Column 10 represents the various de-grouping and dividend withholding tax implications as a result of the Distell Internal Reorganisation, which has no *pro forma* financial effects on the phase 4 *pro forma* SOCI (for purposes of the *pro forma* financial effects of the Newco Group it impacts the at acquisition reserves of Distell). Refer to column 10 in the phase 4 *pro forma* SOFP for the *pro forma* financial effects.
11. Column 11 represents the reclassification adjustments required to conform to the Newco mappings and account classifications.
12. Column 12 represents the total of the precursory steps and phase 4 implementation of the Distell Internal Reorganisation as detailed above and the total of phase 4 is incorporated in Column 5 in the Group *Pro forma* SOCI per Annexure 18 – "Pro forma statement of profit or loss and other comprehensive income of Newco Group for the 12 months ended 30 June 2021" of the Newco Prospectus.

Pro forma statement of financial position of Newco Group as at 30 June 2021

Rand million	Pro forma subsequent implementation of phase 1 Total Column 1	Phase 2 acquisition of NBL's 25% interest in Heineken SA Pro forma Column 2	Pro forma subsequent implementation of phase 3 Total Column 3	Provisional NBL purchase price allocation Pro forma Column 4	Pro forma subsequent implementation of phase 4 Total Column 5	Accounting policy adjustments Pro forma Column 6	Provisional Distell purchase price allocation Pro forma Column 7	Transaction costs Pro forma Column 8	Group pro forma subsequent implementation of phase 1 to 4 Group Column 9
Assets									
Non-current assets									
Property, plant and equipment	-	-	6,848	886	6,850	-	2,317	-	16,901
Intangible assets	-	-	138	3,891	550	-	11,282	-	15,861
Right-of-use -assets	-	-	65	-	-	-	-	-	65
Goodwill	-	-	67	4,359	-	-	16,557	-	20,983
Deferred tax asset	-	-	1,366	-	58	-	-	-	1,424
Investment in associate	-	5,516	(5,590)	-	409	-	-	-	335
Investments in subsidiaries	-	-	-	-	-	-	-	-	-
Investments in joint ventures	-	-	69	-	67	-	-	-	136
Loans to related parties	-	-	102	-	-	-	-	-	102
Financial assets	-	-	-	-	120	-	-	-	120
Retirement benefit assets	-	-	-	-	385	-	-	-	385
Total non-current assets	-	5,516	3,065	9,136	8,439	-	30,156	-	56,312
Current assets									
Inventories	-	-	1,567	51	6,102	-	2,749	-	10,469
Trade and other receivables	-	-	2,362	-	2,875	-	-	-	5,237
Trade Creditors within group	-	-	-	-	-	-	-	-	-
Current tax receivable	-	-	10	-	173	-	-	-	183
Cash and cash equivalents	20,969	(5,442)	680	1,955	628	-	(13,572)	(144)	1,164
Total current assets	20,969	(5,442)	4,619	1,904	9,778	-	(10,823)	(144)	17,053
Non current assets held for sale	-	-	4	-	-	-	-	-	4
Total assets	20,969	74	7,688	7,232	18,217	-	19,333	(144)	73,369
Equity									
Capital and reserves									
Stated capital	20,969	-	18,044	4,041	17,616	-	5,561	-	66,231
Other reserves	-	-	-	-	(21,495)	-	21,495	-	-
Accumulated loss/(gain)	-	-	1,198	(1,198)	11,870	-	(11,870)	(144)	(144)
Merger reserve	-	-	(21,042)	-	-	-	-	-	(21,042)
Equity attributable to equity holders of Newco	20,969	-	(1,800)	2,843	7,991	-	15,186	(144)	45,045
Non-controlling interest	-	-	-	1,817	454	-	(454)	-	1,817
Total shareholders' equity	20,969	-	(1,800)	4,660	8,445	-	14,732	(144)	46,862

Rand million	Pro forma subsequent implementation of phase 1 Total Column 1	Phase 2 acquisition of NBL's 25% interest in Heineken SA Pro forma Column 2	Pro forma subsequent implementation of phase 3 Total Column 3	Provisional NBL purchase price allocation Pro forma Column 4	Pro forma subsequent implementation of phase 4 Total Column 5	Accounting policy adjustments Pro forma Column 6	Provisional Distell purchase price allocation Pro forma Column 7	Transaction costs of phase 1 to 4 Pro forma Column 8	Group pro forma subsequent implementation of phase 1 to 4 Group Column 9
Liabilities									
Non-current liabilities									
Borrowings	-	-	2,348	1,020	2,071	-	-	-	5,439
Loans from related parties long term	-	62	832	-	-	-	-	-	894
Lease liability long term	-	-	25	-	-	-	-	-	25
Long term incentive plan accrual	-	-	10	-	-	-	-	-	10
Post-employment medical aid, severance pay benefit plan and pension benefits	-	-	22	-	25	-	-	-	47
Deferred taxation liability	-	-	178	1,550	969	-	4,601	-	7,398
Total non-current liabilities	-	62	3,415	2,570	3,065	-	4,601	-	13,713
Current liabilities									
Trade and other payables	-	-	2,843	2	4,972	-	-	-	7,817
Income tax payable	-	-	46	-	-	-	-	-	46
Dividends payable	-	-	7	-	-	-	-	-	7
Derivative financial instruments	-	-	3	-	-	-	-	-	3
Bank overdraft	-	-	2,915	-	-	-	-	-	2,915
Loans from related parties	-	12	-	-	-	-	-	-	12
Current portion of lease liability	-	-	16	-	-	-	-	-	16
Returnable packaging deposits	-	-	114	-	-	-	-	-	114
Borrowings	-	-	129	-	1,295	-	-	-	1,424
Provisions	-	-	-	-	345	-	-	-	345
Derivative financial instruments	-	-	-	-	86	-	-	-	86
Current income tax liabilities	-	-	-	-	9	-	-	-	9
Total current liabilities	-	12	6,073	2	6,707	-	-	-	12,794
Total liabilities	-	74	9,488	2,572	9,772	-	4,601	-	26,507
Total equity and liabilities	20,969	74	7,688	7,232	18,217	-	19,333	(144)	73,369
Number of ordinary shares in issue	127,085,554	-	109,352,025	24,497,286	-	-	140,503,389	-	401,438,254
Fair value subscription price (R165 per ordinary no par value share)	20,969,116,410	-	18,043,084,125	4,042,052,190	-	-	23,183,059,185	-	66,237,311,910
Net asset value per ordinary share (cents) ¹									11,221
Net tangible asset value per ordinary share (cents) ²									2,043

¹ Net asset value per ordinary share has been calculated as the equity attributable to the equity holders of Newco divided by the total number of ordinary shares in issue at 30 June 2021.

² Net tangible asset value per ordinary share has been calculated as the equity attributable to the equity holders of Newco excluding goodwill and intangible assets divided by the total number of ordinary shares in issue at 30 June 2021.

1. Column 1 represents the total of the phase 1 implementation on the *pro forma* SOFP per “Annexure 18 – “Phase 1: Pro forma statement of financial position of Newco Group as at 30 June 2021” of the Newco Prospectus.
2. Column 2 represents the acquisition by Newco of NBL's 25% shareholding in Heineken SA for an aggregate cash consideration of R5,515,625,000 (NAD 5,515,625,000) and a loan claim against HSA for R73,625,000 (NAD 73,625,000), in terms of the Newco/NBL Share Purchase Agreement.

The foreign exchange conversation rate applied is 1 ZAR: 1 NAD which represents the exchange rate effective as at 30 June 2021.

The investment in Heineken SA has been recognised at cost, as this is linked to the acquisition of the remaining 75% shareholding in Heineken SA that is subsequently acquired by Newco. The acquisition of Heineken SA, by Newco, is a business combination under common control, which is set out in the phase 3 *pro forma* SOFP per “Annexure 18 – Phase 3: Pro forma statement of financial position of Newco Group as at 30 June 2021” of the Newco Prospectus.

3. Column 3 represents the total per the phase 3 *pro forma* SOFP per “Annexure 18 – “Phase 3: Pro forma statement of financial position of Newco Group as at 30 June 2021” of the Newco Prospectus.
4. Column 4 represents the provisional PPA made in respect of the acquisition of the business operations of NBL in accordance with IFRS 3: Business Combinations. The business combination has been accounted for using the acquisition method. Goodwill represents the difference between the fair value of the net assets acquired and the purchase consideration of the acquisition. The NCI of 40,6% has been measured at the proportionate share of NBL's identifiable net assets (“**proportionate share**”).

The following table summarises the PPA:

	R'million
NAV attributable to NBL prior to the PPA	1,199 ¹
Purchase price fair value adjustments:	3,276
Property, plant and equipment	886
Intangibles	3,891
Inventories	51
Current income tax	2
Deferred taxation	1,550 ²
Fair value of the net assets acquired	4,475
NCI proportionate share	1,818
Purchase consideration	7,017 ³
Goodwill	4,356

- ¹ Represents the historical NAV of NBL as at 30 June 2021 as per column 8 of the phase 3 *pro forma* SOFP excluding the historical carrying amount of the investment in associate of R710 million.
- ² Represents the deferred taxation on the fair value adjustments calculated at an effective rate of 32% based on the Namibian taxation regulations.
- ³ Represents the purchase consideration settled through an aggregate cash consideration of R1,955 million, the issuance of shares for R4,042 million representing 24 497 286 ordinary no par value shares at a fair value subscription price of R165 per share and new debt/borrowings raised for R1 020 million, where the interest rate on the borrowings is assumed to be JIBAR plus 3%.
1. Column 5 represents the total of the phase 4 implementation on the *pro forma* SOFP per “Annexure 18 – “Phase 4: Pro forma statement of financial position of Newco Group as at 30 June 2021” of the Newco Prospectus.
2. Column 6 represents the accounting policy adjustments between the current Distell accounting policies and the newly adopted accounting policies for Newco group, which have no *pro forma* financial effects on the Newco Group *pro forma* SOFP. Refer to column 6 in the Newco Group *pro forma* SOCI for the *pro forma* financial effects.
3. Column 7 represents the provisional PPA made in respect of the acquisition of the business operations of Distell in accordance with IFRS 3: Business Combinations. The business combination has been accounted for using the acquisition method. Goodwill represents the difference between the fair value of the net assets acquired and the purchase consideration of the acquisition.

The following table summarises the PPA:

	R'million
NAV attributable to Distell prior to the PPA	8,445 ¹
Purchase price fair value adjustments:	11,747
Property, plant and equipment	2,317
Intangibles	11,282
Inventories	2,749
Deferred taxation	4,601 ²
Fair value of the net assets acquired	20,192
Purchase consideration	36,749 ³
Goodwill	16,557

- ¹ Represents the at acquisition NAV of Distell as at 30 June 2021 as per column 12 of the phase 4 *pro forma* SOFP.
- ² Represents the deferred taxation on the fair value adjustments calculated at an effective rate of 28% based on the South African Taxation regulations.
- ³ Represents the purchase consideration settled through an aggregate cash consideration of R13,566 million and the issuance of shares for R23,183 million representing 140,503,389 ordinary no par value shares at a fair value subscription price of R165.00 per share. The issuance of shares represents an assumed 35% re-investment by existing Distell shareholders in the total issued stated capital of Newco Group.
4. Column 8 represents the total transaction costs relating to the Transactions which have been expensed and will be settled in cash by Newco. Cash and cash equivalents and accumulated (loss)/gain are adjusted accordingly.
5. Column 9 represents the *pro forma* statement of financial position of Newco Group after the adjustments detailed above.

PHASE 1: PRO FORMA STATEMENT OF FINANCIAL POSITION OF NEWCO GROUP AS AT 30 JUNE 2021

Rand million	Newco as at 30 June 2021 Reviewed Column 1	Funding provided to Newco Pro forma Column 2	Pro forma subsequent to the implementation of phase 1 Total Column 3
Assets			
Non-current assets			
Property, plant and equipment	–	–	–
Intangible assets	–	–	–
Right-of-use -assets	–	–	–
Goodwill	–	–	–
Deferred tax asset	–	–	–
Investments in subsidiaries	–	–	–
Investments in joint ventures	–	–	–
Loans to related parties	–	–	–
Total non-current assets	–	–	–
Current assets			
Inventories	–	–	–
Trade and other receivables	–	–	–
Cash and cash equivalents	–	20,969	20,969
Total current assets	–	20,969	20,969
Total assets	–	20,969	20,969
Equity			
Capital and reserves			–
Stated capital	*	20,969	20,969
Other reserves	–	–	–
Accumulated loss/(gain)	–	–	–
Total shareholders' equity	–	20,969	20,969
Liabilities			
Non-current liabilities			
Borrowings	–	–	–
Loans from related parties long term	–	–	–
Lease liability long term	–	–	–
Long term incentive plan accrual	–	–	–
Total non-current liabilities	–	–	–
Current liabilities			
Trade and other payables	–	–	–
Bank overdraft	–	–	–
Loans from related parties	–	–	–
Current portion of lease liability	–	–	–
Returnable packaging deposits	–	–	–
Provisions	–	–	–
Total current liabilities	–	–	–
Total liabilities	–	–	–
Total equity and liabilities	–	20,969	20,969
Number of ordinary shares in issue		127,085,554	127,085,554
Fair value subscription price (R165 per ordinary no par value share)		20,969,116,410	20,969,116,410

1. Column 1 represents the Historical Financial Information of Newco as at 30 June 2021, which has been extracted, without adjustment, from the reviewed Historical Financial Information as at 30 June 2021 set out in “Annexure 10 – Historical Financial Information of Newco” of the Newco Prospectus.
2. Column 2 represents the following R20,969 million funding provided by Finco to Newco for the subscription of 127,085,554 ordinary no par value shares (“**Issued shares**”) in terms of the Finco/Newco Subscription Agreement at a fair value subscription price of R165.00 per share to enable Newco to acquire NBL’s 25% shareholding in Heineken SA, as set out in column 2 (“**Phase 2 acquisition of NBL’s 25% interest** in HSA”) of the Group *Pro forma* SOCI per “Annexure 18 – *Pro forma statement of financial position of Newco Group as at 30 June 2021*” of the Newco Prospectus, to acquire the controlling interest of NBL through the investment in NIH as set out in column 4 (Provisional NBL purchase price allocation) of the Group *Pro forma* SOCI per “Annexure 18 – *Pro forma statement of financial position of Newco Group as at 30 June 2021*” of the Newco Prospectus and to settle the Newco cash consideration in respect of the Distell scheme shares as set out in column 7 (Provisional Distell purchase price allocation) of the Group *Pro forma* SOCI per “Annexure 18 – *Pro forma statement of financial position of Newco Group as at 30 June 2021*” of the Newco Prospectus.

The following table summarises the funding:

	R'million
Acquisition of NBL’s 25% interest in Heineken SA	5,442
Acquisition of NBL	1,955
Acquisition of Distell	13,572
Total funding provided by FinCo	20,969

3. Column 3 represents the total of the phase 1 implementation detailed above and the total of phase 1 is incorporated in Column 1 in the Group *Pro forma* SOFP per “Annexure 18 – *Pro forma statement of financial position of Newco Group as at 30 June 2021*” of the Newco Prospectus.

PHASE 3: PRO FORMA STATEMENT OF FINANCIAL POSITION OF NEWCO GROUP AS AT 30 JUNE 2021

	Heineken SA	Reviewed	Acquisition of HIBV's 75% interest in Heineken SA for shares	Heineken SA	Acquisition of HIBV's 100% interest in HSAEC	TUKS	HSAEC	Unaudited/ unreviewed	Unaudited/ unreviewed	Pro forma	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Audited	Intercompany eliminations	Accounting for the disposal of 25% interest in Heineken SA	Distribution of specie by NBL	De-recognition of equity accounted earnings and attribution of minority interest	Pro forma subsequent to the implementation of phase 3
	Heineken SA	Reviewed	Heineken SA for shares	Heineken SA at book value	Pro forma	Column 2	Column 3	Unaudited/ unreviewed	Unaudited/ unreviewed	Pro forma	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12	Column 13				
Assets																						
Non-current assets																						
Property, plant and equipment	5,910	-	-	-	-	-	-	1	-	-	-	-	937	-	-	-	-	-	-	-	6,848	
Intangible assets	86	-	-	-	-	-	-	-	-	-	-	-	52	-	-	-	-	-	-	-	138	
Right-of-use -assets	34	-	-	-	-	-	-	-	-	-	-	-	31	-	-	-	-	-	-	-	65	
Goodwill	67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67	
Deferred tax asset	1,366	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,366	
Investment in associate	-	-	-	(5,516)	-	-	-	-	-	-	-	-	710	(74)	(710)	-	-	-	-	-	(5,590)	
Investments in subsidiaries	-	16,326	(16,326)	-	-	1,717	(1,717)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investments in joint ventures	69	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69	
Loans to related parties	102	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	102	
Total non-current assets	7,634	16,326	(21,842)	1	-	1,717	(1,717)	1,730	(74)	(710)	-	-	-	-	-	-	-	-	-	-	3,065	
Current assets																						
Inventories	1,249	-	-	-	-	5	-	-	-	-	-	-	313	-	-	-	-	-	-	-	1,567	
Trade and other receivables	1,454	-	-	-	-	39	475	-	-	-	-	-	508	(114)	-	-	-	-	-	-	2,362	
Current tax receivable	-	-	-	-	-	10	-	-	-	-	-	-	*	-	-	-	-	-	-	-	10	
Cash and cash equivalents	33	-	-	-	-	45	-	-	-	-	-	-	602	-	5,442	(5,442)	-	-	-	-	680	
Total current assets	2,736	-	-	-	-	99	475	-	-	-	-	-	1,423	(188)	5,442	(5,442)	-	-	-	-	4,619	
Non current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	4	-	-	-	-	-	-	-	4	
Total assets	10,370	16,326	(21,842)	100	475	1,717	(1,717)	3,157	(188)	4,732	(5,442)	(5,442)	-	7,688								
Equity																						
Capital and reserves																						
Stated capital	6,754	16,326	(6,754)	1	-	1,717	(1)	1	-	-	-	-	18,044	-	-	-	-	-	-	-	18,044	
Other reserves	17	-	(17)	(1)	-	-	1	*	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accumulated (loss)/gain	(4,388)	-	4,388	60	74	-	(134)	1,908	-	4,732	(5,442)	-	1,198	-	-	-	-	-	-	-	1,198	
Merger reserve	-	-	(19,459)	-	-	-	(1,583)	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,042)	
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total shareholders' equity	2,383	16,326	(21,842)	60	74	1,717	(1,717)	1,909	-	4,732	(5,442)	(5,442)	-	(1,800)								

	Acquisition of HIBV's 75% interest in Heineken SA for shares			Acquisition of HIBV's 100% interest in HSAEC			Accounting for the disposal of 25% interest in Heineken SA			De-recognition of equity accounted earnings and attribution of minority interest			Pro forma subsequent to the implementation of phase 3	
Heineken SA	Reviewed	Heineken SA	Acquisition of Heineken SA at book value	HSAEC unaudited/unreviewed	TUKS unaudited/unreviewed	Pro forma	Acquisition of HSAEC at book value	NBL	Intercompany eliminations	Pro forma	Distribution of specie by NBL	Pro forma	Pro forma	Total
Rand million	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12	Column 13	
Liabilities														
Non-current liabilities														
Borrowings	1,858	-	-	-	-	-	-	490	-	-	-	-	-	2,348
Loans from related parties long term	895	-	-	-	-	-	-	-	(63)	-	-	-	-	832
Lease liability long term	25	-	-	-	-	-	-	-	-	-	-	-	-	25
Long term incentive plan accrual	10	-	-	-	-	-	-	-	-	-	-	-	-	10
Post-employment medical aid and severance pay benefit plan	-	-	-	-	-	-	-	22	-	-	-	-	-	22
Deferred taxation liability	-	-	-	-	-	-	-	178	-	-	-	-	-	178
Total non-current liabilities														
	2,788	-	-	-	-	-	-	690	(63)	-	-	-	-	3,415
Current liabilities														
Trade and other payables	2,142	-	-	40	369	-	-	405	(113)	-	-	-	-	2,843
Income tax payable	-	-	-	-	32	-	-	14	-	-	-	-	-	46
Dividends payable	-	-	-	-	-	-	-	7	-	-	-	-	-	7
Derivative financial instruments	-	-	-	-	-	-	-	3	-	-	-	-	-	3
Bank overdraft	2,915	-	-	-	-	-	-	-	-	-	-	-	-	2,915
Loans from related parties	12	-	-	-	-	-	-	-	(12)	-	-	-	-	-
Current portion of lease liability	16	-	-	-	-	-	-	-	-	-	-	-	-	16
Returnable packaging deposits	114	-	-	-	-	-	-	-	-	-	-	-	-	114
Borrowings	-	-	-	-	-	-	-	129	-	-	-	-	-	129
Total current liabilities														
	5,199	-	-	40	401	-	-	558	(124)	-	-	-	-	6,073
Total liabilities														
	7,987	-	-	40	401	-	-	1,248	(188)	-	-	-	-	9,489
Total equity and liabilities														
	10,370	16,326	(21,842)	100	475	1,717	(1,717)	3,157	(188)	4,732	(5,442)	-	-	7,688
Number of ordinary shares in issue														
	-	98,945,455	-	-	-	10,406,570	-	-	-	-	-	-	-	109,352,025
Fair value subscription price (R165 per ordinary no par value share)														
	-	16,326,000,075	-	-	-	1,717,084,050	-	-	-	-	-	-	-	18,043,084,125

* Nominal values

1. Column 1 represents the Historical Financial Information of Heineken SA as at 30 June 2021, which has been extracted, without adjustment, from the reviewed Historical Financial Information as at 30 June 2021 set out in “Annexure 11 – Section A. Heineken South Africa (RF) Proprietary Limited” of the Newco Prospectus.

2. Column 2 represents the acquisition of HIBV's 75% interest in Heineken SA in terms of the Newco/HINT Exchange Agreements, for the consideration of R16 326 million in exchange for 98,945,455 ordinary no par value shares at a fair value subscription price of R165 per share.

3. Column 3 represents the accounting for the acquisition of Heineken SA by applying the predecessor accounting approach for the accounting of the business combination under common control in accordance with the accounting policy adopted by Newco.

This means that the assets and liabilities of the economic activities included in the Newco consolidated financial information correspond to the historically reported amounts in the consolidated financial statements of Heineken SA as set out in Column 1 above.

The merger reserve is represented by the excess of the consideration over the net asset value of Heineken SA which has been calculated as follows:

Interest acquired	R' million
NBL's 25% interest in Heineken SA	5,516
HIBV's 75% interest in Heineken SA	16,326
Consideration	21,842
Net asset value of Heineken SA	2,383
Merger reserve	19,459

¹ The investment in associate recognised in column 2 of the phase 2 of the Group *pro forma* SOFP has been reversed as part of the accounting for the common control transaction.

² The investment in subsidiary recognised in column 2 above has been reversed as part of the accounting for the common control transaction.

³ The net asset value of Heineken SA at date of acquisition is de-recognised, according to the recognised stated capital, other reserves and accumulated loss as at 30 June 2021 per column 1 above, as part of the accounting for the common control transaction pre-acquisition.

4. Column 4 represents the Historical Financial Information of HSAEC as at 30 June 2021, which has been extracted, without adjustment, from the unaudited and unreviewed Historical Financial Information as at 30 June 2021 set out in “Annexure 11 – Section B. Heineken South African Export Company Proprietary Limited” of the Newco Prospectus.

5. Column 5 represents the Historical Financial Information of TUKS as at 30 June 2021, which has been extracted, without adjustment, from the unaudited and unreviewed Historical Financial Information as at 30 June 2021.

6. Column 6 represents the acquisition of HIBV's 100% interest in HSAEC for shares in terms of the Newco/HINT Exchange Agreements, for the consideration of R1,717 million in exchange for 10 406 570 ordinary no par value shares at a fair value subscription price of R165 per share.

7. Column 7 represents the accounting for the acquisition of HSAEC by applying the predecessor accounting approach for the accounting of the business combination under common control in accordance with the accounting policy adopted by Newco. This means that the assets and liabilities of the economic activities included in the Newco consolidated financial information correspond to the historically reported amounts in the consolidated financial statements of HSAEC as set out in Column 4 above.

The merger reserve is represented by the excess of the consideration over the net asset value of HSAEC which has been calculated as follows:

Interest acquired	R' million
HIBV's 100% interest in HSAEC	1,717
Net asset value of HSAEC	64
Merger reserve	1,653

¹ The net asset value of HSAEC at date of acquisition is reversed, according to the recognised stated capital and accumulated gain as at 30 June 2021 per column 4 and 5 above, as part of the accounting for the common control transaction pre-acquisition reserves.

8. Column 8 represents the elimination of intercompany balances between Newco and Heineken SA which has been described in column 2 of the Group *pro forma* SOFP in respect of the of the acquisition of NBL's 25% interest in Heineken SA and the elimination of intercompany balances between NBL and Heineken SA.

9. Column 9 represents the Historical Financial Information of NBL as at 30 June 2021, which has been extracted, without adjustment, from the audited Historical Financial Information as at 30 June 2021 set out in “Annexure 11 – Section C. Namibia Breweries Limited” of the Newco Prospectus.

10. Column 10 represents the impact of the disposal of NBL's 25% interest in Heineken SA which has been calculated as follows:

	R'million
Consideration	
Carrying value of NBL's 25% interest in HAS (investment in associate)	5,442
	710
Gain on disposal	4,732

[settled in cash as per column 2 of the Group pro forma SOFP as per "Annexure 18 – "Pro forma statement of financial position of Newco Group as at 30 June 2021" of the Newco Prospectus]

[historical carrying value of the investment in associate as at 30 June 2021 is de-recognised]

Cash and cash equivalents and accumulated (loss)/gain has been adjusted accordingly.

11. Column 11 represents the distribution of a dividend in specie by NBL to its shareholders based on the proceeds received from the disposal of NBL's 25% interest in terms of the Heineken SA Newco/NBL Share Purchase Agreement. Cash and cash equivalents and accumulated (loss)/gain has been adjusted accordingly.

12. Column 12 represents the following:

- the de-recognition of NBL's equity loss from associate from Heineken SA due to the disposal of NBL's 25% interest in Heineken SA given that Newco now owns 100% of Heineken SA; and
- the attribution of the minority interest 40,6% in the total comprehensive income for the year of NBL and after the de-recognition of NBL's equity loss from Heineken SA given that Newco effectively owns 59,37% in NBL and accordingly the NCI shares in 40,37%, which has no pro forma financial effects on the phase 3 pro forma SOFP. Refer to column 12 in the phase 3 pro forma SOCI for the pro forma financial effects.

13. Column 13 represents the total of the phase 3 implementation as detailed above and the total of phase 3 is incorporated in Column 3 in the Group Pro forma SOFP per "Annexure 18 – "Pro forma statement of financial position of Newco Group as at 30 June 2021" of the Newco Prospectus.

PHASE 4: PRO FORMA STATEMENT OF FINANCIAL POSITION OF NEWCO GROUP AS AT 30 JUNE 2021

	Preliminary Steps				Phase 4 Distell Internal reorganisation				Pro forma subsequent implementation of phase 4 Total		
	Distell as at 30 June 2021 Audited	Treasury shares	Distell Employee Incentive (early vest)	Distell Employee Incentive (deal bonus)	Distell Employee Incentive (retention bonus)	Capevin and the Gordon's Gin operations	Scotch Whisky operations	Scotch Whisky operations			
										Carve out adjustments from Distell	Transaction costs
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	
ASSETS											
Non-current assets											
Property, plant and equipment	8,103	-	-	-	(92)	(1,161)	-	-	-	-	6,850
Financial assets	-	-	-	-	-	-	-	-	-	120	120
Financial assets at amortised cost	72	-	-	-	-	-	-	-	-	(72)	-
Financial assets at fair value through other comprehensive income	48	-	-	-	-	-	-	-	-	(48)	-
(FVOCI)	409	-	-	-	-	-	-	-	-	-	409
Investments in joint ventures	67	-	-	-	-	-	-	-	-	-	67
Intangible assets	2,083	-	-	-	-	147	(1,386)	-	-	-	550
Retirement benefit assets	385	-	-	-	-	-	-	-	-	-	385
Deferred income tax assets	62	-	-	-	-	(4)	-	-	-	-	58
Loans to subsidiaries/from holding company	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	11,229	-	-	-	-	(96)	1,308	(1,386)	-	-	8,439
Current assets											
Inventories	8,588	-	-	-	-	(138)	(2,348)	-	-	-	-
Financial assets at amortised cost	-	-	-	-	-	(141)	141	-	-	-	-
Trade and other receivables	3,290	-	-	-	-	(112)	(303)	-	-	-	2,875
Trade Creditors within group	-	-	-	-	-	-	-	-	-	-	-
Investment in money market funds	-	-	-	-	-	-	-	-	-	-	-
Current income tax assets	173	-	-	-	-	-	-	-	-	-	173
Cash and cash equivalents	2,471	(15)	(607)	(131)	-	(15)	(324)	(135)	(616)	-	628
Total current assets	14,522	(15)	(607)	(131)	-	(406)	(2,834)	(135)	(616)	-	9,778
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-
Total assets	14,522	(15)	(607)	(131)	-	(406)	(2,834)	(135)	(616)	-	9,778
Total assets	25,751	(15)	(607)	(131)	-	(502)	(4,141)	(1,386)	(135)	(616)	18,218

R'millions	Phase 4 Distell Internal reorganisation										
	Precursory Steps						Scotch Whisky operations				
	Distell as at 30 June 2021 Audited Column 1	Treasury shares Pro forma Column 2	Distill Employee Incentive (early vest) Pro forma Column 3	Distill Employee Incentive (deal bonus) Pro forma Column 4	Distill Employee Incentive (retention bonus) Pro forma Column 5	Capevin and the Gordon's Gin operations Audited Column 6	Scotch Whisky operations Audited Column 7	Transaction costs Pro forma Column 8	De-grouping and dividend withholding taxes Pro forma Column 9	Reclassification to Newco classifications Pro forma Column 10	Pro forma subsequent implementation of phase 4 Total Column 11
EQUITY AND LIABILITIES											
Capital and reserves											
Stated capital	-	-	-	-	-	-	-	-	-	-	17,616
Other reserves	-	-	-	-	-	-	-	-	-	-	(21,495)
Share capital	27,845	-	-	-	-	(10,229)	(89)	89	-	-	(17,616)
Non-Distributable reserves	(25,315)	-	(333)	-	-	7,762	(675)	562	-	-	17,999
Distributable reserves	10,557	(15)	(274)	(131)	-	2,484	(46)	46	(135)	(616)	-
Parent company investment/contribution	-	-	-	-	-	(82)	(1,433)	(1,981)	-	-	-
Non-controlling interest	454	-	-	-	-	-	-	-	-	-	454
Total equity	13,541	(15)	(607)	(131)	-	(65)	(2,243)	(1,284)	(135)	(616)	8,445
Non-current liabilities											
Interest-bearing borrowings	2,077	-	-	-	-	-	(6)	-	-	-	2,071
Retirement benefit obligations	25	-	-	-	-	-	-	-	-	-	25
Deferred income tax liabilities	1,275	-	-	-	-	(12)	(191)	(102)	-	-	970
Total non-current liabilities	3,377	-	-	-	-	(12)	(197)	(102)	-	-	3,066
Current liabilities											
Trade and other payables	5,767	-	-	-	-	(411)	(384)	-	-	-	4,972
Interest-bearing borrowings	2,612	-	-	-	-	-	(1,317)	-	-	-	1,295
Provisions	345	-	-	-	-	-	-	-	-	-	345
Derivative financial instruments	86	-	-	-	-	-	-	-	-	-	86
Current income tax liabilities	23	-	-	-	-	(14)	-	-	-	-	9
Total current liabilities	8,833	-	-	-	-	(425)	(1,701)	-	-	-	6,707
Total equity and liabilities	25,751	(15)	(607)	(131)	-	(502)	(4,141)	(1,386)	(135)	(616)	18,218

1. Column 1 represents the Historical Financial Information of Distell as at 30 June 2021, which has been extracted, without adjustment, from the audited historical financial information as at 30 June 2021 set out in "Annexure 11 – Section D. Distell Group Holdings Limited" of the Newco Prospectus.

2. Column 2 represents the repurchase and cancellation of treasury shares held by subsidiaries of Distell before the Scheme Implementation Date. The repurchase will be effected at a price equal to the nominal value at which the shares were issued and will attract a non-recurring capital gains tax ("CGT") charge of R14.5 million (calculated at a rate of 22.4% of the assumed market value of the shares of R180 per Distell share) and Securities Transfer Tax ("STT") of R0.2 million (calculated at a rate of 0.25%). Cash and cash equivalents and distributable reserves are adjusted accordingly.
3. Column 3 represents the once-off impact of the accelerated vesting and cash settlement of the awards made to participants in respect of employees of the Distell In-Scope Assets upon Implementation of the Scheme in respect of the CSP Scheme and the SAR Scheme.
- In order to give effect to the accelerated vesting, equity and cash and cash equivalents have been adjusted with reference to the assumed charges which would have ordinarily been expensed post the implementation of the Scheme over the vesting period calculated with reference to the fair value of the awards.
- The significant assumptions used for purposes of the calculation of the *pro forma* financial effects are as follows:
- Assumed fair value based on Newco Cash Consideration and Capevin Cash Consideration of R180 per share;
 - Number of options amounting to as follows:
 - CSP = 5,755,522 awards of which 4,794,476 will vest; and
 - SAR = 2,290,604 awards of which 2,210,925 will vest;
 - Assumed tax rate of 28%.
4. Column 4 represents the adjustments to distributable reserves and cash and cash equivalents for the *pro forma* effects of the once-off impact of the deal bonus which will benefit certain management/employees of the Distell In-Scope Assets following the successful implementation of the Scheme. The deal bonus is awarded to employees with key roles and responsible for the successful execution of the project. The deal bonus is based on an assumed bonus pool which has been approved by the Distell Remuneration Committee.
- The significant assumptions used for purposes of the calculation of the *pro forma* financial effects are as follows:
- Cash bonus pool of R181.5 million; and
 - Assumed tax rate of 28%.
5. Column 5 represents the adjustments made to employee related expenditure for the cash-based retention bonuses payable to management/employees of the Distell In-Scope Assets subject to certain service conditions, which has no *pro forma* financial effects on the phase 4 *pro forma* SOFP (on the basis that the *pro forma* SOFP has been prepared assuming the implementation of the Scheme on 30 June 2021). Refer to column 5 in the phase 4 *pro forma* SOFI for the *pro forma* financial effects.
6. Column 6 represents the special purpose combined historical financial information of the Capevin Holdings operations as at 30 June 2021, which has been extracted, without adjustment, from the audited historical financial information as at 30 June 2021 set out in "Annexure 11 – Section E: Capevin Holdings operations" of the Newco Prospectus.
- Based on the internal re-organisation of Distell into the Distell In-Scope Assets and Distell Out-of-Scope assets prior to the implementation of the Scheme, the financial results of the Distell Out-of-Scope assets are reversed.
7. Column 7 represents the special purpose combined historical financial information of the Scotch Whisky business' as at 30 June 2021, which has been extracted, without adjustment, from the audited historical financial information as at 30 June 2021 set out in "Annexure 11 – Section F of Scotch Whisky operations" of the Newco Prospectus.
- Based on the internal re-organisation of Distell into the Distell In-Scope Assets and Distell Out-of-Scope assets prior to the implementation of the Scheme, the financial results of the Distell Out-of-Scope are reversed.
8. Column 8 represents the following consolidation adjustments attributable to the Scotch Whisky business recognised at a consolidation (Distell) level (these consolidation adjustments were excluded from the Carve-Out Historical Financial Information of the Scotch Whisky business for the year ended 30 June 2021):
- intangible assets are adjusted by R1,385.5 million and deferred tax is adjusted by R101.4 million (as detailed below), with the net impact thereof being adjusted against equity;
 - the elimination of the share capital recognised by the Scotch Whisky business of R89.4 million (based on the Carve-Out Historical Financial Information of the Scotch Whisky business for the year ended 30 June 2021) against parent company investment/contribution; and
 - at acquisition consolidation adjustments against distributable and non-distributable reserves are reversed.
- These adjustments have been extracted from a combination of the audited historical financial information of Distell as at 30 June 2021 and consolidation working papers underlying the published audited historical financial information of Distell.

Intangible assets:

Reported per note 5 of the published audited results of Distell

	R'million
Goodwill – Distell International Limited	1,038
Trademarks and other intangibles – Distell International Limited	493
Total	1,532
Less: Reported per the Carve-out Historical Financial Information of the Scotch Whisky business	(146)
<i>Pro forma</i> adjustment	1,386

Deferred taxation:

Reported per note 14 of the published audited results of Distell
Deferred income tax liabilities relating to intangible assets

R'million
191

Relating to the Scotch Whisky business	
Other	
	102
	89

9. Column 9 represents the assumed total transaction costs relating to the implementation of Phase 4 which have been expensed and will be settled in cash by Newco. Cash and cash equivalents and accumulated (loss)/gain are adjusted accordingly.

10. Column 10 represents the tax implications as a result of the Capevin Distribution.

Capevin Distribution:

The Capevin Distribution (i.e. declaration by Distell of a distribution in specie and transfer of all the Capevin Ordinary Shares) will not qualify for rollover relief in terms of the Income Tax Act and will attract CGT and Dividend withholding tax.

Tax type	Basis of calculation	Taxpayer	Estimated amount R'millions
CGT	The CGT is calculated by applying an effective tax rate of 22.4% to the estimated capital gain realised by Distell calculated with reference to the estimated market value based on the Capevin Cash Consideration and the estimated base cost.	Distell	254
Dividend withholding tax	The calculation is based on an estimate of the dividend withholding tax status assumed for shareholders (i.e. exempt or not) and the assumed tax residency of shareholders on 30 June 2021. The majority of the exempt shareholders are companies and pension funds that are South-African tax residents. It was further assumed that South-African tax resident mutual funds will on-distribute the Capevin Ordinary Shares to mainly dividend exempt investors.	Distell	113

De-grouping taxes:

As a result of the Capevin Distribution, Capevin will no longer form part of the same group of companies as Distell and all Distell's remaining subsidiaries for tax purposes. The de-grouping of Capevin may potentially trigger additional CGT in respect of intra-group transactions that were concluded in the Distell Group during the last six years in terms of section 45 of the Income Tax Act. The relevant provisions of the Income Tax Act dealing with de-grouping give rise to numerous issues of interpretation in the current context.

The following estimated CGT consequences are based on the assumption that the relevant provisions of the Income Tax Act dealing with de-grouping applies and that no SARS binding ruling to the contrary is issued. However, to the extent that a binding ruling from SARS is obtained this may reduce the potential CGT consequences estimated.

The CGT has been calculated with reference to the estimated market values, on the date of the original transfer and the assumed Scheme implementation date, of assets that were transferred in terms of section 45 of the Income Tax Act during the past six years.

Tax type	Basis of calculation	Taxpayer	Estimated amount R'million
CGT	The de-grouping charges as a consequence of the unbundling of Capevin is calculated by applying an effective rate of 22.4% to the estimated deemed capital gain that will be realised by DGL on a capital asset (i.e. Distell International) acquired in terms of section 45 of the Income Tax Act within the last six years. The deemed capital gain is calculated with reference to the assumed market value of Distell International upon acquisition.	DGL*	236
CGT	The de-grouping charges are calculated by applying an effective rate of 22.4% to the estimated deemed capital gain that will be realised by Distell on capital assets acquired in terms of section 45 of the Income Tax Act within the last six years calculated with reference to the assumed market value of the assets/entities upon acquisition.	Distell	13

* Although the tax payer is DGL which forms part of the Distell Out-of-Scope Assets, the *pro forma* impact of the Capital Gains Tax has been considered within the *pro forma* effects of the Newco Group on the basis that cash will be ringfenced from the Distell In-Scope Assets in order to settle the liability.

Other tax considerations:

Distell Development Trust, via Distell Beverages currently hold an effective 1.2% equity interest in Distell (Distell Development Trust and Distell Beverages are consolidated by Distell for accounting purposes). Following the implementation of the Scheme, the parties intend to simplify the ownership structure of the Distell Development Trust's equity interest in the In Scope Assets and the Out of Scope Assets, as well as the impact of elections made by them as a Scheme Participant in respect of its 1.2% equity interest in Distell. However, this will only be implemented subsequent to the implementation of the Scheme and consequently the *pro forma* financial effects of Newco Group exclude any such impact.

11. Column 11 represents the reclassification adjustments required to conform to the Newco mappings and account classifications.

12. Column 12 represents the total of the precursory steps and phase 4 implementation of the Distell Internal Reorganisation as detailed above and the total of phase 4 is incorporated in Column 5 in the Group *Pro forma* SOFP per Annexure 18 – “*Pro forma statement of financial position of Newco Group as at 30 June 2021*” of the Newco Prospectus.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF THE NEWCO GROUP

"The Directors
Distell Group Holdings Limited
Aan-de-Wagenweg
Stellenbosch
7600

Dear Sirs/Madam

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Sunside Acquisitions Limited ("**the company**") by the directors. The *pro forma* financial information, as set out in paragraph 15 as it relates to the company and Annexure 22 of the circular to Distell Group Holdings Limited shareholders ("**the circular**"), to be dated on or about 17 January 2022, consists of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria described in paragraph 15 as it relates to the company and Annexure 22 of the circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event described in the "Overview and Terms of the Transaction" paragraph of the circular, on the company's consolidated financial position as at 30 June 2021, and the company's consolidated financial performance for the period then ended, as if the corporate action or event had taken place at 01 July 2020 and for the period then ended. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's financial statements for the period ended 30 June 2021, on which an auditor's review report was issued on 5 January 2022 and contained an unmodified review conclusion.

Directors' Responsibility for the *Pro Forma* Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria described in paragraph 15 as it relates to the company and Annexure 22 of the circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("**IRBA Code**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis described in paragraph 15 as it relates to the company and Annexure 22 of the circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis described in paragraph 15 as it relates to the company and Annexure 22 of the circular.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria described in paragraph 15 as it relates to the company and Annexure 22 of the circular.

Deloitte & Touche
Registered Auditors
Per: Johan van der Walt
Partner

5 January 2022

5 Magwa Crescent
Waterfall City
Waterfall
2090"

NOTICE OF SCHEME MEETING

The definitions commencing on page 19 of the Distell Circular, dated Monday, 17 January 2022, to which this Notice of the Scheme Meeting is attached and forms part ("**Distell Circular**"), apply unless the context indicates otherwise.

If you are in any doubt as to what action you should take in respect of the Scheme Meeting and/or the following resolutions, please consult your CSDP, Broker, banker, legal adviser, accountant or other professional adviser immediately.

Notice is hereby given of the Scheme Meeting, to be held entirely by electronic communication at 11h00 on Tuesday, 15 February 2022, subject to any cancellation, postponement or adjournment. Distell Shareholders (or their representatives or proxies) will have reasonable access through electronic facilities to a virtual meeting platform to participate in the Scheme Meeting by electronic communication accordance with section 63(2) of the Companies Act and the Distell MOI. Accordingly, any reference in this Notice of Scheme Meeting to "*present in person*" or "*represented by proxy*" shall include a reference to a person who is (i) present in person (or is able to participate in the Scheme Meeting) by electronic communication/participation, or (ii) represented by proxy who is present in person (or able to participate in the Scheme Meeting) by electronic communication.

Distell Shareholders are reminded that:

- a Distell Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint one or more proxies to attend, participate in and vote at the Scheme Meeting in the place of that Distell Shareholder;
- a proxy need not also be a Distell Shareholder; and
- in terms of section 63(1) of the Companies Act, before any person may attend, participate in or vote at the Scheme Meeting, that person must present reasonably satisfactory identification to the chairperson of the Scheme Meeting, who must be reasonably satisfied that the right of that person to attend, participate in and vote at (whether as a Distell Shareholder or as a proxy for a Distell Shareholder) has been reasonably verified.

Please see the section below, under the heading "*Electronic Participation in the Scheme Meeting*", for further detail.

Important dates and times to note

Record date for receipt of Notice of the Scheme Meeting	Friday, 7 January 2022
Last day to trade in order to be eligible to attend, participate in and vote at the Scheme Meeting	Tuesday, 1 February 2022
Record date for Distell Shareholders to be recorded in the Register in order to be eligible to attend, participate in and vote at the Scheme Meeting (" Voting Record Date ")	Friday, 4 February 2022
For administrative purposes, date by which forms of proxy for the Scheme Meeting are to be lodged, by 12h00	Friday, 11 February 2022
Date of Scheme Meeting (11h00)	Tuesday, 15 February 2022
Results of Scheme Meeting released on SENS on or about	Tuesday, 15 February 2022

If the Distell Board in its sole discretion considers it appropriate also to afford Distell Shareholders the opportunity to attend, participate in and vote at the Scheme Meeting in person, a SENS announcement will be released no less than 10 Business Days before the date of the Scheme Meeting, setting out full detail regarding in person attendance, participating and voting at the Scheme Meeting, including the venue at which the Scheme Meeting can be attended in person. This will not in any way impact the notice hereby given by Distell to convene the Scheme Meeting in terms of this Notice of Scheme Meeting and the ability of Distell Shareholders to access the Scheme Meeting by electronic communication, and those Distell Shareholders who wish to attend the Scheme Meeting by means of electronic communication and not in person will still be able to do so.

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is for the Distell Shareholders to consider and, if deemed fit, adopt, with or without modification, the Transaction Resolutions set out hereunder in the manner required, as applicable, by the Companies Act, the Distell MOI, and the JSE Listings Requirements.

SPECIAL RESOLUTION NUMBER 1: APPROVAL OF THE SCHEME OF ARRANGEMENT

“RESOLVED AS A SPECIAL RESOLUTION THAT the Scheme proposed by the Distell Board, between Distell and the Distell Shareholders and to which Heineken and Newco are parties, as more fully described in the Distell Circular and in terms of which, subject to the Scheme becoming Operative and on the terms and conditions set out in the Distell Circular:

- (i) Distell will declare a distribution *in specie* of Capevin Ordinary Shares to the Distell Shareholders;
- (ii) Heineken will acquire Capevin Ordinary Shares from those Distell Shareholders who accept the Capevin Offer; and
- (iii) Newco will acquire all the Scheme Shares from the Scheme Participants,

be and is hereby approved in terms of sections 114 and 115(2)(a) of the Companies Act.”

Voting requirement

For Special Resolution Number 1 to be adopted, it must be supported by at least 75% of the voting rights exercised on Special Resolution Number 1 by Distell Shareholders entitled to exercise voting rights at a quorate meeting. In this regard, at least 25% of all the voting rights that are entitled to be exercised on Special Resolution Number 1 must be present in person or represented by proxy at the Scheme Meeting. Any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person Acting In Concert with either of them, as envisaged in section 115(4) of the Companies Act, may not be exercised on Special Resolution Number 1. As at the Last Practicable Date, there are no voting rights in Distell that are controlled by a person which is an acquiring party, nor a person related to an acquiring party nor a person Acting In Concert with either of them.

No voting rights attached to Treasury Shares may be exercised on Special Resolution Number 1.

Explanatory Note

The reason for Special Resolution Number 1 is to obtain the approval of Distell Shareholders, in terms of section 114 read with section 115(2) of the Companies Act, for the Scheme. The effect of Special Resolution Number 1, if adopted by the requisite majority of Distell Shareholders, is that the Scheme will be approved and the Transaction (including *inter alia* the Capevin Distribution, the Capevin Offer and the Newco Offer) and the Distell Delisting will be implemented if the Scheme becomes Operative on the terms and conditions set out in the Distell Circular.

SPECIAL RESOLUTION NUMBER 2 – REVOCATION OF SPECIAL RESOLUTION NUMBER 1 IF THE SCHEME IS TERMINATED

“RESOLVED AS A SPECIAL RESOLUTION THAT, subject to and in the event of –

- (i) Special Resolution Number 1 being adopted by the requisite majority of Distell Shareholders; and
- (ii) the Scheme terminating if it does not become unconditional in accordance with its terms and conditions, as set out in the Distell Circular,

Special Resolution Number 1 be and is hereby revoked with effect from the date on which the Scheme terminates, as contemplated in section 164(9)(c) of the Companies Act.”

Voting requirement

For Special Resolution Number 2 to be adopted, it must be supported by at least 75% of the voting rights exercised on Special Resolution Number 2 by Distell Shareholders entitled to exercise voting rights at a quorate meeting. In this regard, at least 25% of all the voting rights that are entitled to be exercised on Special Resolution Number 2 must be present in person or represented by proxy at the Scheme Meeting.

No voting rights attached to Treasury Shares may be exercised on Special Resolution Number 2.

Explanatory Note

The reason for Special Resolution Number 2 is to ensure that if the Scheme terminates, Distell is not obliged to pay any Dissenting Shareholder the fair value of their Distell Shares pursuant to the exercise of any Appraisal Rights in relation to the Scheme. Special Resolution Number 2 will only become effective if: (i) Special Resolution Number 1 is adopted by the requisite majority of Distell Shareholders at the Scheme Meeting; and (ii) the Scheme terminates. The effect of Special Resolution Number 2 is that Distell will not be obliged to pay any Dissenting Shareholder the fair value of their Distell Shares pursuant to the exercise of any Appraisal Rights in relation to the Scheme, if the Scheme terminates.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF CAPEVIN DISTRIBUTION

“RESOLVED AS AN ORDINARY RESOLUTION THAT, subject to the adoption of Special Resolution Number 1 by the requisite majority of Distell Shareholders at the Scheme Meeting, the Capevin Distribution, being a distribution in specie by Distell of underlying unlisted shares to the Distell Shareholders on the terms and conditions set out in the Distell Circular, be and is hereby approved in terms of paragraph 5.85(c) of the JSE Listings Requirements.”

Voting requirement

For Ordinary Resolution Number 1 to be adopted, it must be supported by more than 50% of the voting rights exercised on Ordinary Resolution Number 1 at a quorate meeting. In this regard, at least 25% of all the voting rights that are entitled to be exercised on Ordinary Resolution Number 1 must be present in person or represented by proxy at the Scheme Meeting.

No voting rights attached to Treasury Shares may be exercised on Ordinary Resolution Number 1.

Explanatory Note

The reason for Ordinary Resolution Number 1 is that the Capevin Distribution is regarded as a specific payment to Distell Shareholders in terms of paragraph 5.85(c) of the JSE Listings Requirements and, accordingly, requires approval of the Distell Shareholders by way of an ordinary resolution. The effect of Ordinary Resolution Number 1, if adopted by the requisite majority of Distell Shareholders, is that the Capevin Distribution will be approved and can be implemented as part of the Scheme, having regard to the provisions of paragraph 5.85(c) of the JSE Listings Requirements.

ORDINARY RESOLUTION NUMBER 2 – APPROVAL OF DISTELL NAMIBIA TRANSACTION

“RESOLVED AS AN ORDINARY RESOLUTION THAT, subject to all the Scheme Conditions except the PST Conditions being fulfilled or, if applicable waived, the disposal by two Subsidiaries of Distell of the shares in the Distell Namibia Companies to NBL on the terms and conditions detailed in paragraph 39 of the Distell Circular be and is hereby approved in terms of section 126(1) of the Companies Act.”

Voting requirement

For Ordinary Resolution Number 2 to be adopted, it must be supported by more than 50% of the voting rights exercised on Ordinary Resolution Number 2 at a quorate meeting. In this regard, at least 25% of all the voting rights that are entitled to be exercised on Ordinary Resolution Number 2 must be present in person or represented by proxy at the Scheme Meeting.

No voting rights attached to Treasury Shares may be exercised on Ordinary Resolution Number 2.

Explanatory Note

The reason for Ordinary Resolution Number 2 is that in terms of section 126(1) of the Companies Act, if the Distell Board has received a bona fide offer, Distell must not dispose of any assets of a material amount without the prior written approval of the TRP and the approval of Distell Shareholders. The Distell Board has received a bona fide offer from Heineken and Newco and, further, the shares in the Distell Namibia Companies are considered by the Distell Board to be assets of a material amount. The effect of Ordinary Resolution Number 2, if adopted by the requisite majority of Distell Shareholders, is that the Distell Namibia Transaction will be approved and can be implemented immediately prior to the Scheme, if all Scheme Conditions except the PST Conditions are fulfilled or, if applicable, waived.

ORDINARY RESOLUTION NUMBER 3 – AUTHORISATION OF DIRECTORS

“RESOLVED AS AN ORDINARY RESOLUTION THAT any of the members of the Distell Board and/or the Company Secretary be and are hereby authorised to do all things, sign all documents and take all such actions required and generally do anything necessary or desirable to give effect to and implement Special Resolution Number 1, Special Resolution Number 2, Ordinary Resolution Number 1 and Ordinary Resolution Number 2 set out above and all such actions taken prior hereto be and are hereby ratified and approved to the extent permissible by law.”

Voting requirement

For Ordinary Resolution Number 2 to be adopted, it must be supported by more than 50% of the voting rights exercised on Ordinary Resolution Number 3 by Distell Shareholders entitled to exercise voting rights at a quorate meeting. In this regard, at least 25% of all the voting rights that are entitled to be exercised on Ordinary Resolution Number 3 must be present in person or represented by proxy at the Scheme Meeting.

No voting rights attached to Treasury Shares may be exercised on Ordinary Resolution Number 3.

Explanatory Note

The reason and effect for Ordinary Resolution Number 3 is to authorise and empower the Distell Directors and/or Company Secretary to take all action as may be required, necessary or desirable to give effect to the Transaction and the Distell Delisting.

ELECTRONIC PARTICIPATION IN THE SCHEME MEETING

A Distell Shareholder (or its representative or proxy) will, if such Distell Shareholder requests that access be granted to it (or its representative or proxy), be able to:

- listen to, and speak during, the Scheme Meeting through electronic facilities; and
- vote at the Scheme Meeting through a virtual meeting platform.

Distell Shareholders (or their representatives or proxies) who wish to participate in and/or vote at the Scheme Meeting by way of electronic participation are invited to request access to the Scheme Meeting by either:

- registering online using the online registration portal at www.smartagm.co.za, prior to the commencement of the Scheme Meeting; or
- making a written application in the Form of Application (*grey*) to so participate, by delivering the completed Form of Application (*grey*) to the Transfer Secretaries either by physical delivery at First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or by posting it to Private Bag x9000, Saxonwold, 2132 (at the risk of the Distell Shareholder), or by sending it by email to proxy@computershare.co.za, so as to be received by the Transfer Secretaries by no later than 12h00 on Friday, 11 February 2022, for administrative purposes, in order for the Transfer Secretaries to arrange such participation for the Distell Shareholder (or its representative or proxy) and for the Transfer Secretaries to provide the Distell Shareholder (or its representative or proxy) with details as to how to access the Scheme Meeting by means of electronic participation.

Distell Shareholders (or their representatives or proxies) may still register/apply to participate in and/or vote at the Scheme Meeting by electronic participation after this date up until the commencement of the Scheme Meeting, provided however that those Distell Shareholders (or their representatives or proxies) are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the Scheme Meeting.

Distell Shareholders who wish to participate in the Scheme Meeting by electronic participation are reminded to provide satisfactory identification when registering online or making written application to so participate in accordance with the instructions set out in the Form of Application (*grey*).

QUORUM AND RECORD DATE

A quorum for the purposes of considering the resolutions above consists of 3 Distell Shareholders personally present (or represented by proxy) and entitled to vote at the Scheme Meeting. In addition, a quorum comprises at least 25% of all voting rights entitled to be exercised by Distell Shareholders in respect of the resolutions above.

The date on which Distell Shareholders must be recorded as such in the Register maintained by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, for the purposes of being entitled to attend, participate in and vote at the Scheme Meeting is Friday, 4 February 2022. Accordingly, the last day to trade Distell Shares in order to be recorded in the Register of Distell Shareholders to vote at the Scheme Meeting is Tuesday, 1 February 2022.

VOTING AND PROXIES

Voting at the Scheme Meeting shall be by way of a poll and every Distell Shareholder present in person or represented by proxy at the Scheme Meeting shall have 1 vote for every Distell Ordinary Share held and 1 vote for every Distell B Share held by such Distell Shareholder.

Although voting will be permitted by way of electronic communication at the Scheme Meeting, Distell Shareholders are encouraged to make use of proxies for purposes of voting at the Scheme Meeting.

Each Distell Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint 1 or more proxies (who need not be a Shareholder) to attend, vote and speak in his/her stead. In compliance with section 58(8)(b)(i) of the Companies Act, a summary of the rights of a Distell Shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out in the Form of Proxy (*yellow*).

A Form of Proxy (*yellow*) is attached for the convenience of any Distell Shareholder holding Certificated Distell Shares or Dematerialised Distell Shareholders who have elected Own-name Registration, who cannot attend the Scheme Meeting but who wish to be represented thereat. Forms of Proxy may also be obtained on request from Distell's registered office. The completed Form of Proxy (*yellow*) must, for administrative purposes, be deposited at or posted to the office of the Transfer Secretaries, Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa, 2196 (Private Bag x9000, Saxonwold, 2132) or emailed to proxy@computershare.co.za or the registered office of Distell, to be received by no later than 12h00 on Friday, 11 February 2022.

Any Distell Shareholder who completes and lodges a Form of Proxy (*yellow*) will nevertheless be entitled to attend and vote in person at the Scheme Meeting, should the Distell Shareholder subsequently decide to do so.

Dematerialised Distell Shareholders other than with Own-name Registration who wish to attend the Scheme Meeting must instruct their CSDP or Broker to issue them with the necessary letter of representation to attend. Such Distell Shareholders must provide the CSDP or Broker with their voting instructions in terms of their Custody Agreement should they wish to vote at the Scheme Meeting and must **NOT** complete the attached Form of Proxy (*yellow*).

Dematerialised Distell Shareholders who have elected Own-name Registration in the sub-register through a CSDP and who are unable to attend but who wish to vote at the Scheme Meeting must complete and, for administrative purposes, return the attached Form of Proxy (*yellow*) and lodge it with the Transfer Secretaries, Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa, 2196 (Private Bag x9000, Saxonwold, 2132) or emailed to proxy@computershare.co.za or at the registered office of Distell, by no later than 12h00 on Friday, 11 February 2022.

Distell, Heineken and Newco do not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including without limitation any failure on the part of the CSDP or Broker of any beneficial owner of Distell Shares to notify such beneficial owner of the details set out in the Circular, including, for the avoidance of doubt, this Notice of Scheme Meeting.

APPRAISAL RIGHTS

In accordance with section 164 of the Companies Act, at any time before Special Resolution Number 1 as set out in this Notice of Scheme Meeting is voted on, a Distell Shareholder may give Distell a written notice objecting to the special resolution.

Within 10 Business Days after Special Resolution Number 1 has been adopted, Distell must send a notice that the special resolution has been adopted to each Distell Shareholder who:

- gave Distell a written Notice of Objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of Special Resolution Number 1.

A Distell Shareholder may demand that Distell pay the Distell Shareholder the fair value for all of the Distell Shares held by that person if the Distell Shareholder has complied with the requirements of section 164 of the Companies Act.

Distell Shareholders are reminded that, if the Scheme becomes Operative, a Dissenting Shareholder whose rights are reinstated without interruption in terms of section 164(10) of the Companies Act shall become, or be deemed to have become, a Scheme Participant on the terms and conditions in paragraph 23 of the Distell Circular.

A copy of sections 115 and 164 of the Companies Act is set out in Annexure 11 to the Distell Circular. Further detail regarding the process and consequences of a Distell Shareholder exercising its Appraisal Rights are set out in paragraph 23 of the Distell Circular.

By order of the Board

Distell Group Holdings Limited

Registered office

Distell Group Limited
Aan-de-Wagenweg
Stellenbosch, 7600
(PO Box 184, Stellenbosch, 7599)

Transfer secretaries to Distell

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
Rosebank Towers
15 Biermann Street, Rosebank,
Johannesburg;
(Private Bag x9000, Saxonwold, 2132)
Telephone: +27 11 370 5000
Facsimile: +27 11 688 5210



FORM OF PROXY

The definitions commencing on page 19 of the Distell Circular, dated 17 January 2022, to which this Form of Proxy is attached and forms part (“**Distell Circular**”), apply unless the context indicates otherwise.

This Form of Proxy is for use only by Certificated Distell Shareholders and Dematerialised Distell Shareholders with Own-name Registration, registered as such at the close of business on Friday, 4 February 2022 (the “**Voting Record Date**”), in respect of the Scheme Meeting to be held entirely by electronic communication at 11h00 on Tuesday, 15 February 2022 (the “**Scheme Meeting**”) or any postponement or adjournment thereof.

Although voting will be permitted by way of electronic communication at the Scheme Meeting, Distell Shareholders are encouraged to make use of proxies for purposes of voting at the Scheme Meeting.

If you are a Dematerialised Distell Shareholder other than with Own-name Registration, do not use this form. Dematerialised Distell Shareholders other than with Own-name Registration should provide their voting instructions to their appointed CSDP or Broker in the form as stipulated in their Custody Agreement.

Companies and other corporate bodies who are Distell Shareholders having Distell Shares registered in their own names may, instead of completing this Form of Proxy, appoint a duly authorised representative to represent them and exercise all of their rights at the Scheme Meeting by giving written notice to Distell of the appointment of that representative.

Each Distell Shareholder is entitled to appoint 1 or more proxies (who need not be Distell Shareholders) to attend, speak and vote in place of that Distell Shareholder at the Scheme Meeting.

Please read the notes on the reverse hereof carefully which, amongst other things, set out the rights of Distell Shareholders in terms of section 58 of the Companies Act with regard to the appointment of proxies.

I/We

(Insert full name in block letters)

of

(Insert address in block letters)

Telephone number

Mobile number

Email address

being the holder/s of Distell Ordinary Shares and Distell B Shares

hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. The Chairman of the Scheme Meeting, as my/our proxy, to attend and speak and to vote for me/us and on my/our behalf at the Scheme Meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the Scheme Meeting, and to vote on the resolutions in respect of the Distell Shares registered in my/our name(s), in the following manner (see note 1).

	“FOR”		“AGAINST”		“ABSTAIN”	
	Number of votes		Number of votes		Number of votes	
	Distell Ordinary Shares	Distell B Shares	Distell Ordinary Shares	Distell B Shares	Distell Ordinary Shares	Distell B Shares
Special Resolution No. 1 – Approval of the Scheme						
Special Resolution No. 2 – Revocation of Special Resolution No. 1 if the Scheme terminates						
Ordinary Resolution No. 1 – Approval of Capevin Distribution						
Ordinary Resolution No. 2 – Approval of Distell Namibia Transaction						
Ordinary Resolution No. 3 – Directors’ Authority						

Notes:

- 1 vote per Distell Ordinary Share and 1 vote per Distell B Share held by Distell Shareholders recorded in the Register on the Voting Record Date;
- Mark “for”, “against” or “abstain” as required. If no options are marked, the proxy will be entitled to vote as he/she thinks fit;
- If you wish to cast your votes in respect of a lesser number of voting rights in Distell than which is equal to the number of Distell Ordinary Shares and Distell B Shares which you own, insert the number of voting rights in respect of which you desire to vote.

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed this _____ day of _____ 2022

Signature _____

Assisted by me (where applicable) _____

State full name and capacity _____

Please read the following notes.**Notes:**

- This Form of Proxy is only to be completed by:
 - Certificated Distell Shareholders; and
 - Dematerialised Distell Shareholders with Own-name Registration, registered as such on the Voting Record Date in order to vote at the Scheme Meeting to be held on Tuesday, 15 February 2022, and who wish to appoint another person to represent them at the Scheme Meeting.
- This Form of Proxy will apply to all the Distell Shares registered in the name of the Distell Shareholder who signs this Form of Proxy on the Voting Record Date (and all the votes associated with those shares) unless a lesser number of shares is inserted.
- Certificated Distell Shareholders wishing to attend the Scheme Meeting must, before the meeting, verify with the Transfer Secretaries (being Computershare Investor Services Proprietary Limited) that their Distell Shares are registered in their name.
- Beneficial Shareholders whose Distell Shares are not registered in their “own-name” but in the name of another, for example a nominee, may not complete a proxy form unless a Form of Proxy is issued to them by a registered Distell Shareholder. They should contact the registered Distell Shareholder for assistance in issuing instructions on voting their Distell Shares, or obtaining a proxy to attend, speak and vote at the Scheme Meeting.
- A Distell Shareholder may insert the name of a proxy or the names of 2 alternative proxies of the Distell Shareholder’s choice in the space provided, with or without deleting “the Chairman of the Scheme Meeting”. The person whose name stands first on this Form of Proxy and who is present at the Scheme Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
- The proxy appointed in this Form of Proxy may delegate the authority given to him or her in this Form of Proxy by delivering to Distell, in the manner required by these instructions, a further Form of Proxy which has been completed in a manner consistent with the authority given to the proxy in this Form of Proxy.
- Unless revoked in the manner contemplated in note 9 below, the appointment of proxy in terms of this Form of Proxy shall remain valid until the end of the Scheme Meeting, even if the Scheme Meeting or a part thereof is postponed or adjourned. This Form of Proxy shall not be used at the resumption of the Scheme Meeting (if adjourned) if it could not have been used at the Scheme Meeting from which the adjournment took place for any reason other than that it was not lodged timeously for the Scheme Meeting from which the adjournment took place.
- A Distell Shareholder’s instructions to the proxy must be indicated by means of a tick or a cross in the appropriate box provided. However, if you wish to cast your votes in respect of a lesser number of Distell Shares than you own in Distell, insert the number of Distell Shares in respect of which you desire to vote in the space provided. If: (i) a Distell Shareholder fails to comply with the above; or (ii) gives contrary instructions in relation to any matter or any additional resolution(s) which are properly put before the meeting; or (iii) the resolutions listed in the Form of Proxy are modified or amended, the Distell Shareholder will be deemed to authorise the Chairman of the Scheme Meeting, if the Chairman is the authorised proxy, to vote in favour of the resolutions at the Scheme Meeting, or any other proxy to vote or to abstain from voting at the Scheme Meeting as he/she deems fit, in respect of all the Distell Shareholder’s votes exercisable thereat. If, however, the Distell Shareholder has provided further written instructions which accompany this Form of Proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in (i) to (iii) above, then the proxy shall comply with those instructions.
- The completion and lodgement of this Form of Proxy will not preclude the relevant Distell Shareholder from attending the Scheme Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Distell Shareholder wish to do so. Accordingly, the appointment of a proxy in terms hereof is suspended at any time and to the extent that the Distell Shareholder chooses to act directly and in person in the exercise of any rights as a Distell Shareholder. In addition to the foregoing, a shareholder may revoke the proxy appointment by (i) cancelling it in writing or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to Distell. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the Distell Shareholder as at the later of the date stated in the revocation instrument, if any, and the date on which the revocation instrument was delivered in the required manner.
- The Chairman of the Scheme Meeting may reject or accept any Form of Proxy which is completed and/or received other than in compliance with these notes provided that, in respect of acceptances, he is satisfied as to the manner in which the Distell Shareholder(s) concerned wish(es) to vote.
- Any alteration to this Form of Proxy, other than a deletion of alternatives, must be initialed by the signatory/ies.
- Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this Form of Proxy, unless such authority has previously been recorded by Distell or the Transfer Secretaries, Computershare Investor Services Proprietary Limited, or is waived by the Chairman of the Scheme Meeting.
- A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, or Distell.
- Where there are joint holders of Distell Shares:
 - any one holder may sign this Form of Proxy; and
 - the vote of the senior who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of Distell Shares. For this purpose, seniority will be determined by the order in which the names of such Distell Shareholders appear in the Register.
- If duly authorised, companies and other corporate bodies who are Distell Shareholders having Distell Shares registered in their own name may, instead of completing this Form of Proxy, appoint a representative to represent them and exercise all of their rights at the Scheme Meeting by giving written notice of the appointment of that representative. This notice will not be effective at the Scheme Meeting unless it is accompanied by a duly certified copy of the resolution or other authority in terms of which that representative is appointed and is received at Computershare Investor Services Proprietary Limited or at the registered office of Distell, to reach Distell by no later than 12h00 on Friday, 11 February 2022.
- This Form of Proxy may be used at any adjournment or postponement of the Scheme Meeting, unless withdrawn by the Distell Shareholder.
- Forms of Proxy must, for administrative purposes, be lodged with or mailed to the Transfer Secretaries – to be received by no later than 12h00 on Friday, 11 February 2022 (or 48 hours (on Business Days only) before the resumption of an adjourned Scheme Meeting which date, if necessary, will be released on SENS). Alternatively, this form of proxy may be delivered to the Transfer Secretaries, on behalf of the Chairperson of the Scheme Meeting, before the Scheme Meeting commences.
- If this Form of Proxy has been delivered to Distell, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Distell MOI to be delivered by Distell to the Distell Shareholder must be delivered by Distell to (i) the Distell Shareholder or (ii) the proxy or proxies, if the Distell Shareholder has directed Distell in writing to do so and paid any reasonable fee charged by Distell for doing so.

FORM OF ACCEPTANCE AND TRANSFER IN RESPECT OF THE CAPEVIN OFFER

The definitions commencing on page 19 of the Distell Circular, dated 17 January 2022, to which this Form of Acceptance and Transfer is attached and forms part (“Distell Circular”) apply, unless the context indicates otherwise.

Important notes regarding this Form of Acceptance and Transfer:

- This Form of Acceptance and Transfer must be read in conjunction with the Distell Circular.
- Only Dematerialised Distell Shareholders with Own-name Registration or Certificated Distell Shareholders should complete and return this Form of Acceptance and Transfer to the Transfer Secretaries.
- **This Form of Acceptance and Transfer is only for use in respect of the Capevin Offer proposed by Heineken in terms of the Scheme.**
- Full details of the Capevin Offer are contained in the Distell Circular.

If you are a Dematerialised Distell Shareholder other than with Own-name Registration, you must NOT complete this Form of Election, Surrender and Transfer. Your CSDP or Broker should contact you in relation to your election in respect of the Capevin Offer. If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker and furnish them with your instructions.

INSTRUCTIONS:

1. A separate Form of Acceptance and Transfer is required for each Distell Shareholder.
2. This Form of Acceptance and Transfer should be completed clearly and legibly in BLOCK CAPITALS.
3. PART A must be completed by all Distell Shareholders who return this form, which relates to the election by Distell Shareholders to reject or accept the Capevin Offer.
4. PART B must be completed by Distell Shareholders who return this form and accept the Capevin Offer for the purpose of receiving the Capevin Cash Consideration by way of electronic funds transfer (“EFT”).
5. PART C must be completed by Distell Shareholders who return this form and who reject the Capevin Offer, which relates to the postal address to which the share certificates in respect of the Capevin Ordinary Shares will be posted.
6. PART D must be completed by Distell Shareholders who return this form and who are emigrants from, or non-residents of, the Common Monetary Area (see notes 3 to 5 below).
7. The completed Form of Acceptance and Transfer in respect of the Capevin Offer must be returned to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa, 2196 (Private Bag X9000, Saxonwold, 2132) or emailed to corporate.events@computershare.co.za so as to be received by not later than 12h00 on the Election Record Date. Distell Shareholders should take note of postal delivery times so as to ensure that the Forms of Acceptance and Transfer are received by the Transfer Secretaries timeously. No late postal deliveries of Forms of Acceptance and Transfer will be accepted. Forms of Acceptance and Transfer sent by registered post are sent at the risk of the Distell Shareholder concerned.
8. Once this Form of Acceptance and Transfer is received by the Transfer Secretaries, your response to the Capevin Offer will be final. In this regard, if you wish to reject the Capevin Offer you must complete this Form of Acceptance and Transfer and return it to the Transfer Secretaries timeously. **If you fail to return this Form of Acceptance and Transfer timeously or at all, or if you do not complete this Form of Acceptance and Transfer validly and in full, you will be deemed to have accepted the Capevin Offer and will therefore sell your Capevin Ordinary Shares to Heineken.**
9. Persons who have acquired Distell Shares after the date of the issue of the Distell Circular but before the Election Record Date may still participate in the Capevin Offer and only such persons who have Distell Shares in Certificated form may obtain copies of the Form of Acceptance and Transfer and the Distell Circular from the Transfer Secretaries. Persons who acquired Dematerialised Distell Shares after the date of the issue of the Distell Circular but before the Election Record Date must contact their CSDP or Broker immediately concerning their election in respect of the Capevin Offer.
10. Please also see the notes at the end of this Form of Acceptance and Transfer.

To: The Transfer Secretaries – Computershare Investor Services Proprietary Limited

Hand deliveries to:
Rosebank Towers
15 Bierman Avenue
Rosebank
Johannesburg, 2196

Postal deliveries to:
Private Bag X9000
Saxonwold
South Africa
2132

Email deliveries to:
corporate.events@computershare.co.za

Dear Sirs

PART A: ELECTION IN RESPECT OF CAPEVIN OFFER

ALL DISTELL SHAREHOLDERS WHO RETURN THIS FORM MUST COMPLETE PART A.

I/We, the undersigned Distell Shareholder, hereby elect to

ACCEPT

REJECT

 the Capevin Offer.
Please insert an "X" as appropriate

Signature of Distell Shareholder
(who warrants he/she is duly authorised)

**Number of Distell
Ordinary Shares held:**

--

Name of Distell Shareholder

**Number of Distell
B Shares held:**

--

Date

*Please complete
as appropriate*

Signatories may be called upon for evidence of their authority or capacity to sign this form.

	Stamp and address of agent lodging this Form (if any)
Assisted by (if applicable):	
(State full name and capacity):	
Telephone number (Home): ()	
Telephone number (Work): ()	
Cellphone number:	

In respect of Distell Shareholders who accept the Capevin Offer: I/we hereby surrender my/our Capevin Ordinary Shares, to be registered in the name of the Distell Shareholder mentioned above, and authorise the Transfer Secretaries, conditional upon the Scheme becoming Operative, to register the transfer of all of my/our Capevin Ordinary Shares into the name of Heineken or its nominee(s).

Note:

In order to comply with the Financial Intelligence Centre Act, 2001 (Act 38 of 2001) ("**FICA**"), the Transfer Secretaries will be unable to record any change of address unless the following documentation is received:

- an original certified copy of your identity document (not older than three months);
- an original certified copy of a document issued by the South African Revenue Services to verify your tax number. If you do not have one, please submit this in writing and have the letter signed by a Commissioner of Oaths; and
- an original or certified copy of a service bill to verify your residential address.

PART B: RECEIPT OF CAPEVIN CASH CONSIDERATION BY EFT

ALL DISTELL SHAREHOLDERS WHO RETURN THIS FORM AND WHO ACCEPT THE CAPEVIN OFFER MUST COMPLETE PART B

Bank details for payment of the Capevin Cash Consideration:

Name of Account holder	
Bank name	
Branch code	
Account number	

In terms of FICA, the Transfer Secretaries will only be able to record the bank details if the relevant FICA documentation (as advised by the Transfer Secretaries) is received from the Distell Shareholder. Distell Shareholders are required to contact the Transfer Secretaries directly on 086 1100 634 (or +27 11 370 5000) in order for the Transfer Secretaries to advise them of the specific FICA documentation required.

PART C: POSTAL ADDRESS FOR RECEIPT OF SHARE CERTIFICATES IN RESPECT OF CAPEVIN ORDINARY SHARES

ALL DISTELL SHAREHOLDERS WHO RETURN THIS FORM AND WHO REJECT THE CAPEVIN OFFER MUST COMPLETE PART C

Postal address for posting of original share certificates in respect of Capevin Ordinary Shares:

Name of Distell Shareholder	
Postal address	

All share certificates will be posted at the risk of the Distell Shareholder.

PART D: EMIGRANTS FROM, OR NON-RESIDENT OF, THE COMMON MONETARY AREA

ALL DISTELL SHAREHOLDERS WHO RETURN THIS FORM AND WHO ARE AN EMIGRANT FROM, OR NON-RESIDENT OF, THE COMMON MONETARY AREA MUST COMPLETE PART D (see notes 3 to 5 below)

In the case of Distell Shareholders who are emigrants of the Common Monetary Area: The Capevin Ordinary Shares (if the Distell Shareholder rejects the Capevin Offer) or the Capevin Offer Consideration (if the Distell Shareholder accepts or is deemed to accept the Capevin Offer) will be transferred (at the risk of the Distell Shareholders) to the Authorised Dealer nominated by the Distell Shareholders below, which controls such emigrant's remaining assets. Accordingly, non-residents who are emigrants of the Common Monetary Area must provide the following information:

	Stamp and address of agent lodging this Form (if any)
Name of authorised dealer:	
Address:	
Name of bank:	
Account number:	
Branch code:	
Telephone:	
Contact person:	

If emigrants of the Common Monetary Area do not make a nomination above, the Transfer Secretaries will hold the Capevin Cash Consideration in trust for the benefit of the emigrants concerned until lawfully claimed by such emigrant, but subject to a maximum period of five years, after which such funds shall be paid to the Guardian's Fund.

NB: Please ensure that you also complete PART A

In the case of all other Foreign Distell Shareholders: The Capevin Cash Consideration will, in the case of Dematerialised Distell Shareholders, be credited to their banking account at the CSDP controlling their portfolios or, in the case of Certificated Distell Shareholders whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, be deposited with an Authorised Dealer under whose administration the Distell Shareholders' remaining assets are held, unless written instructions to the contrary are received and a substitute address is provided below (in each case at the risk of the Distell Shareholder):

Substitute address:	Stamp and address of agent lodging this Form (if any)
Signature of Shareholder:	
Name of authorised dealer:	
Signature of authorised dealer:	

Notes and instructions:

1. Responses to the Capevin Offer in terms of this Form of Acceptance and Transfer are irrevocable and may not be withdrawn once submitted, and must be received by the Transfer Secretaries by no later than 12h00 on the Election Record Date.
2. Distell Shareholders should consult their professional advisers in case of doubt as to the correct completion of this Form of Acceptance and Transfer.
3. Emigrants of the Common Monetary Area must, in addition to Part A and Part B or C, as applicable, also complete Part D. If Part D is not properly completed, the Capevin Offer Consideration will be held in trust by the Transfer Secretaries for a maximum period of five years until claimed by the Distell Shareholder, after which period such funds shall be paid to the Guardians Fund.
4. All other non-residents of the Common Monetary Area must complete Part D if they wish the Capevin Cash Consideration to be transferred to an Authorised Dealer in South Africa.
5. Persons who are emigrants from the Common Monetary Area should nominate the Authorised Dealer in foreign exchange in South Africa which has control of their remaining assets in this Form of Acceptance and Transfer. Failing such nomination, the Capevin Offer Consideration due to such Distell Shareholders in terms of the Capevin Offer will be held by the Transfer Secretaries, pending instructions from the Distell Shareholder concerned.
6. **If this Form of Acceptance and Transfer is not validly completed and/or signed by the Distell Shareholder, the Distell Shareholder will be deemed to have accepted the Capevin Offer and to have irrevocably appointed the Transfer Secretaries to implement that Distell Shareholders' obligations under the Capevin Offer, as the case may be, on his/her behalf.**
7. Any alteration to this Form of Acceptance and Transfer must be signed in full and should not be merely initialed.
8. If this Form of Acceptance and Transfer is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this Form of Acceptance and Transfer to the Transfer Secretaries for noting (unless it has already been noted by the Transfer Secretaries).
9. Where the Distell Shareholder is a company or a close corporation, unless it has already been registered with Distell or the Transfer Secretaries, a certified copy of the directors' or members' resolution, authorising the signing of this Form of Acceptance and Transfer, must be submitted to the Transfer Secretaries together with the duly completed Form of Acceptance and Transfer.
10. Notes 8 and 9 above do not apply in the event that this Form of Acceptance and Transfer bears the stamp of a broking member of the JSE.
11. A minor must be assisted by his parent or guardian, unless the relevant documents establishing his legal capacity are produced or have been registered by Distell or the Transfer Secretaries.
12. Where Distell Shares are held jointly, only the holder whose name stands first in the Register must sign this Form of Acceptance and Transfer.

FORM OF ELECTION, SURRENDER AND TRANSFER IN RESPECT OF THE NEWCO OFFER

The definitions commencing on page 19 of the Distell Circular, dated 17 January 2022, to which this Form of Election, Surrender and Transfer is attached and forms part (“**Distell Circular**”) apply, unless the context indicates otherwise.

Important notes regarding this Form of Election, Surrender and Transfer:

- This Form of Election, Surrender and Transfer must be read in conjunction with the Distell Circular.
- Only Dematerialised Distell Shareholders with Own-name Registration or Certificated Distell Shareholders should complete and return this Form of Election, Surrender and Transfer to the Transfer Secretaries.
- **This Form of Election, Surrender and Transfer is only for use in respect of the Newco Offer proposed by Newco in terms of the Scheme.**
- Full details of the Newco Offer are contained in the Distell Circular.

If you are a Dematerialised Distell Shareholder other than with Own-name Registration, you must NOT complete this Form of Election, Surrender and Transfer. Your CSDP or Broker should contact you in relation to your election in respect of the Newco Offer. If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker and furnish them with your election instructions.

INSTRUCTIONS:

1. A separate Form of Election, Surrender and Transfer is required for each Distell Shareholder.
2. This Form of Election, Surrender and Transfer should be completed clearly and legibly in BLOCK CAPITALS.
3. PART A must be completed by all Distell Shareholders who return this form, which relates to the election by Distell Shareholders regarding the Newco Offer.
4. PART B must be completed by Distell Shareholders who return this form for the purpose of receiving the Newco Cash Consideration and the cash amount due in respect of the Scheme B Shares in terms of the Newco Share Consideration by way of electronic funds transfer (“**EFT**”).
5. PART C must be completed by all Distell Shareholders who return this form and who elect either the Newco Share Only Consideration or the Newco Fixed Ratio Consideration, which relates to the postal address to which the share certificates in respect of the Newco Shares will be posted.
6. PART D must be completed by all Distell Shareholders who return this form, which relates to the surrender of Documents of Title in respect of their Scheme Shares.
7. PART E must be completed by Distell Shareholders who return this form and who are emigrants from, or non-residents of, the Common Monetary Area (see notes 4, 5 and 6 below).
8. Distell Shareholders are reminded that Distell reserves the right, in its sole and absolute discretion, to treat as invalid any Form of Election, Surrender and Transfer which has not been fully completed or which has been incorrectly completed.
9. Distell Shareholders wishing to elect to receive Newco Shares are reminded that the Newco Shares: (i) will be issued and delivered in Certificated form, (ii) will not be listed on the JSE or any other stock exchange, and (iii) their transferability will be subject to various restrictions as set out in the Newco Shareholders’ Agreement (as read with the Newco MOI). Please refer to the Newco Prospectus for further detail.
10. The completed Form of Election, Surrender and Transfer in respect of the Newco Offer must be returned to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa, 2196 (Private Bag X9000, Saxonwold, 2132) or emailed to corporate.events@computershare.co.za so as to be received by not later than 12h00 on the Election Record Date. Distell Shareholders should take note of postal delivery times so as to ensure that the Forms of Election, Surrender and Transfer are received by the Transfer Secretaries timeously. No late postal deliveries of Forms of Election, Surrender and Transfer will be accepted. Forms of Election, Surrender and Transfer sent by registered post are sent at the risk of the Distell Shareholder concerned.
11. Once this Form of Election, Surrender and Transfer is received by the Transfer Secretaries, your election with regard to the Newco Offer will be final. In this regard, if you wish to elect the Newco Share Only Option or the Newco Fixed Ratio Option you must complete this Form of Election, Surrender and Transfer and return it to the Transfer Secretaries timeously. **If you fail to return this Form of Election, Surrender and Transfer timeously or at all, or if you do not complete this Form of Election, Surrender and Transfer validly and in full, you will be deemed to have elected the Newco Cash Only Option in respect of the Newco Offer and will therefore receive the Newco Cash Consideration in respect of your Scheme Shares.**
12. Persons who have acquired Distell Shares after the date of the issue of the Distell Circular but before the Election Record Date may still participate in the Newco Offer and, only such persons who have Distell Shares in Certificated form may obtain copies of the Form of Election, Surrender and Transfer and the Distell Circular from the Transfer Secretaries. Persons who acquired Dematerialised Distell Shares after the date of the issue of the Distell Circular but before the Election Record Date must contact their CSDP or Broker immediately concerning their election in respect of the Newco Offer.
13. Please also see the notes at the end of this Form of Election, Surrender and Transfer.

To: The Transfer Secretaries – Computershare Investor Services Proprietary Limited

Hand deliveries to:

Rosebank Towers
15 Bierman Avenue
Rosebank
Johannesburg, 2196

Postal deliveries to:

Private Bag X9000
Saxonwold
South Africa
2132

Email deliveries to:

corporate.events@computershare.co.za

Dear Sirs

PART A: ELECTION IN RESPECT OF NEWCO OFFER

ALL DISTELL SHAREHOLDERS WHO RETURN THIS FORM MUST COMPLETE PART A.

I/We, the undersigned Distell Shareholder, hereby make the following election in respect of the Newco Offer, namely I/we elect:

<input type="checkbox"/>	the Newco Cash Only Option
<input type="checkbox"/>	the Newco Share Only Option
<input type="checkbox"/>	the Newco Fixed Ratio Option

Please insert an "X" as appropriate

I/we, the undersigned Distell Shareholder, further agree that, if we elect the Newco Share Only Option or the Newco Fixed Ratio Option, our signature of this Form of Election, Surrender and Transfer constitutes my/our agreement to be bound by, and accession to, the Newco Shareholders' Agreement and I/we warrant that I/we have familiarized my/ourselves with the content of the Newco Shareholders' Agreement and are fully acquainted with the content thereof.

Signature of Distell Shareholder <i>(who warrants he/she is duly authorised)</i>	Number of Distell Ordinary Shares held:	<input type="text"/>
Name of Distell Shareholder	Number of Distell B Shares held:	<input type="text"/>
Date	<i>Please complete as appropriate</i>	

Signatories may be called upon for evidence of their authority or capacity to sign this form.

	Stamp and address of agent lodging this Form (if any)
Surname or name of corporate body:	
First names (in full):	
Title:	
Assisted by (if applicable):	
(State full name and capacity):	
Telephone number (Home): ()	
Telephone number (Work): ()	
Cellphone number:	
Email address:	

I/we hereby surrender my/our Scheme Shares and authorise the Transfer Secretaries, conditional upon the Scheme becoming Operative, to register the transfer of all of my/our Scheme Shares into the name of Newco or its nominee(s).

Note:

In order to comply with the Financial Intelligence Centre Act, 2001 (Act 38 of 2001) ("**FICA**"), the Transfer Secretaries will be unable to record any change of address unless the following documentation is received:

- an original certified copy of your identity document (not older than three months);
- an original certified copy of a document issued by the South African Revenue Services to verify your tax number. If you do not have one, please submit this in writing and have the letter signed by a Commissioner of Oaths; and
- an original or certified copy of a service bill to verify your residential address.

PART B: RECEIPT OF NEWCO CASH CONSIDERATION AND CASH AMOUNT DUE IN RESPECT OF SCHEME B SHARES IN TERMS OF THE NEWCO SHARE CONSIDERATION BY EFT

ALL DISTELL SHAREHOLDERS WHO RETURN THIS FORM MUST COMPLETE PART B

Bank details for payment of the Newco Cash Consideration and the cash amount due in respect of Scheme B Shares in terms of the Newco Share Consideration:

Name of Account holder	
Bank name	
Branch code	
Account number	

In terms of FICA, the Transfer Secretaries will only be able to record the bank details if the relevant FICA documentation (as advised by the Transfer Secretaries) is received from the Distell Shareholder. Distell Shareholders are required to contact the Transfer Secretaries directly on 086 1100 634 (or +27 11 370 5000) in order for the Transfer Secretaries to advise them of the specific FICA documentation required.

PART C: POSTAL ADDRESS FOR RECEIPT OF SHARE CERTIFICATES IN RESPECT OF NEWCO SHARE CONSIDERATION

ALL DISTELL SHAREHOLDERS WHO RETURN THIS FORM AND WHO ELECT EITHER THE NEWCO SHARE ONLY OPTION OR THE NEWCO FIXED RATIO OPTION MUST COMPLETE PART C

Postal address for posting of original share certificates in respect of Newco Shares:

Name of Distell Shareholder	
Postal address	

All share certificates will be posted at the risk of the Distell Shareholder.

PART D: SURRENDER OF DOCUMENTS OF TITLE IN RESPECT OF SCHEME SHARES

ALL DISTELL SHAREHOLDERS WHO RETURN THIS FORM MUST COMPLETE PART B

Certificated Distell Shareholders and holders of Distell B Shares should complete Part A, B and, if applicable, C and return this Form of Election, Surrender and Transfer to the Transfer Secretaries together with their Document(s) of Title, by no later than 12h00 on the Election Record Date.

Should the Scheme not become Operative, the relevant Documents of Title surrendered to and held by the Transfer Secretaries will be returned to such Distell Shareholders by the Transfer Secretaries, at such Distell Shareholders' own risk, by registered post within 5 Business Days from the later of the date of receipt of the Documents of Title and the date that the Scheme terminates.

Surname or name of corporate body	
First names (in full)	
Title:	
Assisted by (if applicable):	
(State full name and capacity):	
Telephone number (Home): ()	
Telephone number (Work): ()	
Cellphone number:	
Email address:	
Postal address:	

In terms of FICA, the Transfer Secretaries will only be able to record the bank details if the relevant FICA documentation (as advised by the Transfer Secretaries) is received from the Distell Shareholder. Distell Shareholders are required to contact the Transfer Secretaries directly on 086 1100 634 (or +27 11 370 5000) in order for the Transfer Secretaries to advise them of the specific FICA documentation required.

I/WE HEREBY SURRENDER THE ENCLOSED SHARE CERTIFICATE/S, CERTIFIED TRANSFER DEED/S AND/OR OTHER DOCUMENTS OF TITLE AND, SUBJECT TO THE SCHEME BECOMING OPERATIVE, AUTHORISE THE TRANSFER SECRETARIES TO REGISTER THE TRANSFER OF THE RELEVANT SCHEME SHARES TO NEWCO, THE DETAILS OF WHICH HAVE BEEN COMPLETED BELOW.

Share certificate/s and/or other Document(s) of Title to be surrendered (as enclosed)

Name of registered holder (separate form for each holder)	Certificate number(s) (in numerical order)	Number of Scheme Ordinary Shares covered by each certificate	Number of Scheme B Shares covered by each certificate
	Total		

PART E: TO BE COMPLETED BY DISTELL SHAREHOLDERS WHO ARE AN EMIGRANT FROM, OR NON-RESIDENT OF, THE COMMON MONETARY AREA (see notes 3 to 5 below)

In the case of Distell Shareholders who are emigrants of the Common Monetary Area: The Newco Shares and, if applicable, the cash amount payable in respect of the Scheme B Shares in terms of the Newco Share Consideration (if the Distell Shareholder elects the Newco Share Only Option or the Newco Fixed Ratio Option) or the Newco Cash Consideration and, if applicable, the cash amount payable in respect of the Scheme B Shares in terms of the Newco Share Consideration (if the Distell Shareholder elects the Newco Cash Only Option or the Newco Fixed Ratio Option) will be transferred (at the risk of the Distell Shareholders) to the Authorised Dealer nominated by the Distell Shareholders below which controls such emigrant's remaining assets. Accordingly, non-residents who are emigrants of the Common Monetary Area must provide the following information:

	Stamp and address of agent lodging this Form (if any)
Name of authorised dealer:	
Address:	
Name of bank:	
Account number:	
Branch code:	
Telephone:	
Contact person:	

If emigrants of the Common Monetary Area do not make a nomination above, the Transfer Secretaries will hold the Newco Cash Consideration in trust for the benefit of the emigrants concerned until lawfully claimed by such emigrant, but subject to a maximum period of five years, after which such funds shall be paid to the Guardian's Fund.

NB: Please ensure that you also complete PART A

In the case of all other Foreign Distell Shareholders: The Newco Cash Consideration will, in the case of Dematerialised Distell Shareholders, be credited to their banking account at the CSDP controlling their portfolios or, in the case of Certificated Distell Shareholders whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, be deposited with an Authorised Dealer under whose administration the Distell Shareholder's remaining assets are held, unless written instructions to the contrary are received and a substitute address is provided below (in each case at the risk of the Distell Shareholder):

Substitute address:	Stamp and address of agent lodging this Form (if any)
Signature of Shareholder:	
Name of authorised dealer:	
Signature of authorised dealer:	

Notes and instructions:

- Responses to the Newco Offer in terms of this Form of Election, Surrender and Transfer are irrevocable and may not be withdrawn once submitted, and must be received by the Transfer Secretaries by no later than 12h00 on the Election Record Date.
- Once this Form of Election, Surrender and Transfer is received by the Transfer Secretaries, each Distell Shareholder by whom, or on whose behalf, a Form of Election, Surrender and Transfer is executed and lodged with the Transfer Secretaries irrevocably undertakes, represents, warrants and agrees to and with Distell and the Transfer Secretaries (so as to bind them or their representatives or successors) that they have good title to, and is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the Scheme Shares comprised or deemed to be comprised in their Form of Election, Surrender and Transfer and that such Scheme Shares are sold fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after the date of the Distell Circular including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made, on or after that date. Distell Shareholders should consult their professional advisers in case of doubt as to the correct completion of this Form of Election, Surrender and Transfer.
- Emigrants of the Common Monetary Area must, in addition to Parts A, B and D, also complete Part E. If Part E is not properly completed, the Newco Offer Consideration will be held in trust by the Transfer Secretaries for a maximum period of five years until claimed by the Distell Shareholder, after which period such funds shall be paid to the Guardians Fund.
- All other non-residents of the Common Monetary Area must complete Part E if they wish the Newco Cash Consideration to be transferred to an Authorised Dealer in South Africa.
- Persons who are emigrants from the Common Monetary Area should nominate the Authorised Dealer in foreign exchange in South Africa which has control of their remaining assets in this Form of Election, Surrender and Transfer. Failing such nomination, the Newco Offer Consideration due to such Distell Shareholders in terms of the Newco Offer will be held by the Transfer Secretaries, pending instructions from the Distell Shareholder concerned.
- If this Form of Election, Surrender and Transfer is not validly completed and/or signed by the Distell Shareholder, the Distell Shareholder will be deemed to have elected the Newco Cash Only Option and to have irrevocably appointed the Transfer Secretaries to implement that Distell Shareholders' obligations under the Newco Offer, as the case may be, on his/her behalf.**
- Any alteration to this Form of Election, Surrender and Transfer must be signed in full and should not be merely initialed.
- If this Form of Election, Surrender and Transfer is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this Form of Election, Surrender and Transfer to the Transfer Secretaries for noting (unless it has already been noted by the Transfer Secretaries).
- Where the Distell Shareholder is a company or a close corporation, unless it has already been registered with Distell or the Transfer Secretaries, a certified copy of the directors' or members' resolution, authorising the signing of this Form of Election, Surrender and Transfer, must be submitted to the Transfer Secretaries together with the duly completed Form of Election, Surrender and Transfer.
- Notes 9 and 10 above do not apply in the event that this Form of Election, Surrender and Transfer bears the stamp of a broking member of the JSE.
- A minor must be assisted by his parent or guardian, unless the relevant documents establishing his legal capacity are produced or have been registered by Distell or the Transfer Secretaries.
- Where Distell Shares are held jointly, only the holder whose name stands first in the Register must sign this Form of Election, Surrender and Transfer.

FORM OF SUBSCRIPTION IN RESPECT OF NEWCO CAPITAL RAISE

The definitions commencing on page 19 of the Distell Circular, dated 17 January 2022, to which this Form of Subscription is attached and forms part (“Distell Circular”) apply, unless the context indicates otherwise.

Important notes regarding this Form of Subscription:

- This Form of Subscription must be read in conjunction with the Distell Circular.
- Only Dematerialised Distell Shareholders with Own-name Registration or Certificated Distell Shareholders should complete and return this Form of Subscription to the Transfer Secretaries.
- **This Form of Subscription is only for use by Distell Shareholders who elect the Newco Share Only Option in respect of the Newco Offer proposed by Newco in terms of the Scheme and who wish to participate in the Newco Capital Raise.**
- Full details of the Newco Offer are contained in the Distell Circular.

If you are a Dematerialised Distell Shareholder other than with Own-name Registration, your CSDP or Broker should contact you to ascertain whether you wish to participate in the Newco Capital Raise. Your CSDP or Broker should contact you in relation to your election in respect of the Newco Offer. If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker and furnish them with your instructions.

INSTRUCTIONS:

1. A separate Form of Subscription is required for each Distell Shareholder.
2. This Form of Subscription should be completed clearly and legibly in BLOCK CAPITALS.
3. PART A must be completed by all Distell Shareholders who return this form, which relates to the election by Distell Shareholders to participate in the Newco Capital Raise.
4. PART B must be completed by Distell Shareholders who return this form, which relates to the maximum aggregate subscription consideration which the Distell Shareholder is willing to pay to Newco in terms of the Newco Capital Raise.
5. Distell Full Reinvestment Shareholders that wish to participate in the Newco Capital Raise are reminded that, under certain circumstances, they may not receive their desired number of Newco Shares consistent with their election if the Newco Capital Raise is implemented, or at all if the Newco Capital Raise is not implemented. Further detail regarding the Newco Capital Raise is set out in the Newco Prospectus and paragraph 13 of the Distell Circular.
6. Distell Shareholders wishing to participate in the Newco Capital Raise are reminded that the Newco Shares: (i) will be issued and delivered in Certificated form, (ii) will not be listed on the JSE or any other stock exchange, and (iii) their transferability will be subject to various restrictions as set out in the Newco Shareholders’ Agreement (as read with the Newco MOI). Please refer to the Newco Prospectus for further detail.
7. The completed Form of Subscription in respect of the Newco Capital Raise must be returned to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa, 2196 (Private Bag X9000, Saxonwold, 2132) or email to corporate.events@computershare.co.za so as to be received by not later than 12h00 on the Election Record Date. Distell Shareholders should take note of postal delivery times so as to ensure that the Forms of Subscription are received by the Transfer Secretaries timeously. No late postal deliveries of Forms of Subscription will be accepted. Forms of Subscription sent by registered post are sent at the risk of the Distell Shareholder concerned.
8. **Once this Form of Subscription is received by the Transfer Secretaries, your agreement to participate in the Newco Capital Raise will be final. In this regard, if you do not wish to participate in the Newco Capital Raise, you must not complete or return this Form of Subscription.**
9. Distell Full Reinvestment Shareholders who elect to participate in the Newco Capital Raise will receive written notice from Newco prior to the Scheme Implementation Date, detailing (i) the amount which such Distell Full Reinvestment Shareholder is required to pay to Newco in respect of such Distell Full Reinvestment Shareholder’s participation in the Newco Capital Raise (which will be subject to the maximum amount specified by such Distell Full Reinvestment Shareholder), (ii) the detail of the bank account into which the relevant amount must be paid for Newco’s benefit and (iii) the date upon which such payment is to be made.
10. Persons who have acquired Distell Shares after the date of the issue of the Distell Circular may obtain copies of the Form of Subscription and the Distell Circular from the Transfer Secretaries.
11. Please also see the notes at the end of this Form of Subscription.

To: The Transfer Secretaries – Computershare Investor Services Proprietary Limited

Hand deliveries to:

Rosebank Towers
15 Bierman Avenue
Rosebank
Johannesburg, 2196

Postal deliveries to:

Private Bag X9000
Saxonwold
South Africa
2132

Email deliveries to:

corporate.events@computershare.co.za

Dear Sirs

PART A: AGREEMENT TO PARTICIPATE IN NEWCO CAPITAL RAISE

ALL DISTELL SHAREHOLDERS WHO RETURN THIS FORM MUST COMPLETE PART A.

I/We, the undersigned Distell Shareholder, hereby (i) confirm that I/we have elected the Newco Share Only Option and (ii) agree and apply to subscribe for Newco Shares, at a subscription price of R165.00 per Newco Share, pursuant to the Newco Capital Raise as detailed in the Distell Circular, the Newco Prospectus and set out in this Form of Subscription, and (iii) **further agree that, if I/we elect to subscribe for Newco Shares under the Newco Capital Raise, my/our signature of this Form of Subscription constitutes my/our agreement to be bound by, and accession to, the Newco Shareholders' Agreement in respect of such Newco Shares and I/we warrant that I/we have familiarized my/ourselves with the Newco Shareholders' Agreement and are fully acquainted with the content thereof.**

Signature of Distell Shareholder (who warrants he/she is duly authorised)	Number of Distell Ordinary Shares held:	
Name of Distell Shareholder	Number of Distell B Shares held:	
Date		<i>Please complete as appropriate</i>

Signatories may be called upon for evidence of their authority or capacity to sign this form.

	Stamp and address of agent lodging this Form (if any)
Assisted by (if applicable):	
(State full name and capacity):	
Telephone number (Home): ()	
Telephone number (Work): ()	
Cellphone number:	
Email address:	

Note:

In order to comply with the Financial Intelligence Centre Act, 2001 (Act 38 of 2001) ("FICA"), the Transfer Secretaries will be unable to record any change of address unless the following documentation is received:

- an original certified copy of your identity document (not older than three months);
- an original certified copy of a document issued by the South African Revenue Services to verify your tax number. If you do not have one, please submit this in writing and have the letter signed by a Commissioner of Oaths; and
- an original or certified copy of a service bill to verify your residential address.

PART B: MAXIMUM AGGREGATE SUBSCRIPTION PRICE PAYABLE

ALL DISTELL SHAREHOLDERS WHO RETURN THIS FORM MUST COMPLETE PART B

I/we, the Distell Shareholder above, confirm that the maximum aggregate subscription consideration which I/we are willing to pay in respect of Newco Shares issued to me/us in terms of the Newco Capital Raise, at a subscription price of R165.00 per Newco Share, is an amount of:

		<i>Insert maximum aggregate subscription amount in ZAR, in words and numbers</i>
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I/we, the Distell Shareholder above, confirm and agree that:

- I/we have read and are familiar with the Distell Circular, in particular the detail relating to the Newco Capital Raise as contained in paragraph 13 thereof;
- I/we are bound by the aforesaid provisions of the Newco Capital Raise as contained in the Distell Circular;
- I/we will pay, or cause to be paid, the amount which Newco calls on me, by written notice, to pay in respect of the Newco Capital Raise, subject to the maximum aggregate subscription price detailed in Part B above, and will make such payment without deduction or set off into the bank account and on the date designated by Newco in the aforesaid written notice.

Notes and instructions:

1. **The agreement to subscribe for Newco Shares pursuant to the Newco Capital Raise in terms of this Form of Subscription is irrevocable and may not be withdrawn once submitted, and must be received by the Transfer Secretaries by no later than 12h00 on the Election Record Date.**
2. Distell Shareholders should consult their professional advisers in case of doubt as to the correct completion of this Form of Subscription.
3. If this Form of Subscription is not validly completed and/or signed by the Distell Shareholder, the Distell Shareholder will be deemed to have elected not to participate in the Newco Capital Raise.
4. Any alteration to this Form of Subscription must be signed in full and should not be merely initialed.
5. If this Form of Subscription is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this Form of Subscription to the Transfer Secretaries for noting (unless it has already been noted by the Transfer Secretaries).
6. Where the Distell Shareholder is a company or a close corporation, unless it has already been registered with Distell or the Transfer Secretaries, a certified copy of the directors' or members' resolution, authorising the signing of this Form of Subscription, must be submitted to the Transfer Secretaries together with the duly completed Form of Subscription.
7. Notes 5 and 6 above do not apply in the event that this Form of Subscription bears the stamp of a broking member of the JSE.
8. A minor must be assisted by his parent or guardian, unless the relevant documents establishing his legal capacity are produced or have been registered by Distell or the Transfer Secretaries.
9. Where Distell Shares are held jointly, only the holder whose name stands first in the Register must sign this Form of Subscription.

FORM OF APPLICATION

The definitions commencing on page 19 of the Distell Circular, dated 17 January 2022, to which this Form of Application is attached and forms part ("**Distell Circular**") apply, unless the context indicates otherwise.

The Scheme Meeting is scheduled to be held at 11h00 on Tuesday, 15 February 2022 entirely through electronic communication, as permitted by the Companies Act and the Distell MOI, to consider and, if deemed fit, to pass, with or without modification, the resolutions required to approve *inter alia* the Scheme.

Impact of the COVID-19 pandemic on the Scheme Meeting

Due to the COVID-19 ("**Coronavirus**") pandemic and the risks associated with public gatherings, the Scheme Meeting will be held virtually and will only be accessible through electronic communication, unless the Distell Board in its sole discretion considers it appropriate also to afford Distell Shareholders the opportunity to attend, participate in and vote at the Scheme Meeting in person. In such event, a SENS announcement will be released no less than 10 Business Days before the date of the Scheme Meeting, setting out full detail regarding in person attendance, participating and voting at the Scheme Meeting, including the venue at which the Scheme Meeting can be attended in person. This will not in any way impact the notice hereby given by Distell to convene the Scheme Meeting in terms of this Notice of Scheme Meeting and the ability of Distell Shareholders to access the Scheme Meeting by electronic communication, and those Distell Shareholders who wish to attend the Scheme Meeting by means of electronic communication and not in person will still be able to do so..

Distell will offer Distell Shareholders (or their representatives or proxies) reasonable access, through electronic facilities to a virtual meeting platform, to participate in the Scheme Meeting. A Distell Shareholder (or its representative or proxy) will, if such Distell Shareholder requests that access be granted to it (or its representative or proxy), be able to:

- listen to, and speak during, the Scheme Meeting through electronic facilities; and
- vote at the Scheme Meeting through a virtual meeting platform.

Distell Shareholders (or their representatives or proxies) who wish to participate in and/or vote at the Scheme Meeting by way of electronic communication are invited to requested access to the Scheme Meeting by either:

- registering online using the online registration portal at <http://www.smartagm.co.za/> prior to the commencement of the Scheme Meeting; or
- making a written application to so participate by completing this Form of Application and delivering it to the Transfer Secretaries either by physical delivery at First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or by posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the Distell Shareholder), or by sending it by email to proxy@computershare.co.za (at the risk of the Distell Shareholder) or by sending it by fax to +27 11 688 5238 (at the risk of the Distell Shareholder), so as to be received by the Transfer Secretaries by no later than 12h00 on Friday, 11 February 2022, in order for the Transfer Secretaries to arrange such participation for the Distell Shareholder (or its representative or proxy) and for the Transfer Secretaries to provide the Distell Shareholder (or its representative or proxy) with the details as to how access to the Scheme Meeting by means of electronic communication.

Distell Shareholders (or their representatives or proxies) may still register/apply to participate in and/or vote at the Scheme Meeting by electronic communication after this date provided, however, that those Distell Shareholders (or their representatives or proxies) are verified (as required in terms of Section 63(1) of the Companies Act) and are registered at the commencement of the Scheme Meeting.

For the avoidance of doubt, Dematerialised Ordinary Shareholders without Own-name Registration still need to (i) submit their voting instructions via their CSDP or Broker, or (ii) obtain a letter of representation from their CSDP or Broker to participate in and/or vote at the Scheme Meeting by electronic communication.

To: The Transfer Secretaries – Computershare Investor Services Proprietary Limited

Hand deliveries to:
Rosebank Towers
15 Bierman Avenue
Rosebank
Johannesburg, 2196

Postal deliveries to:
Private Bag x9000
Saxonwold
South Africa
2132

Email deliveries to:
proxy@computershare.co.za

Application Form: Electronic communication in the General Meeting

Full name of Distell Shareholder: _____

Identity/registration number: _____

Email address: _____

Cell number: _____

Telephone number: (code): (number): _____

Number of Distell Ordinary Shares: _____

Number of Distell B Shares: _____

Name of CSDP or Broker (if shares are held in Dematerialised form): _____

Contact number of CSDP/Broker: _____

Contact person of CSDP/Broker: _____

Number of share certificate (if applicable): _____

Signed at _____

on _____

2022

Signature of Shareholder: _____

(who warrants he/she is duly authorised)

Terms and conditions for participation in the Scheme Meeting via electronic communication:

1. Distell Shareholders (or their representatives or proxies) will be liable for their own network charges in relation to their participation in and/or voting at the Scheme Meeting by electronic communication and it will not be for the expense of Distell, the Transfer Secretaries or the JSE.
2. Neither Distell, the Transfer Secretaries nor the JSE will be held accountable in the case of loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages which would prevent a Distell Shareholder (or its representative or proxy) from participating in and/or voting at the Scheme Meeting by electronic communication.
3. The Distell Shareholder (or its representative or proxy) acknowledges that the electronic platform through which the Scheme Meeting will be facilitated is provided by third parties, and indemnifies Distell against any loss, injury, damage, penalty or claim arising in any way from the use of the electronic platform, whether or not the problem is caused by any act or omission on the part of the Distell Shareholder or anyone else.
4. By signing this Form of Application, a Distell Shareholder (or its representative or proxy) acknowledges that he/she will have no claim against Distell, the Transfer Secretaries or the JSE, whether for consequential damages or otherwise, arising from the use of the electronic platform or any defect in it or from total or partial failure of the electronic platform and connections linking the Distell Shareholder (or its representative or proxy) via the electronic platform to the Scheme Meeting.
5. An application to participate in the Scheme Meeting by electronic communication, utilising this Form of Application, will only be successful if this Form of Application, along with any necessary letters of representation (if applicable), has been completed fully, signed by the Distell Shareholder (or its representative or proxy) and submitted to the Transfer Secretaries as detailed above, prior to the commencement of the Scheme Meeting and such Distell Shareholder (or its representative or proxy) is verified (as required in terms of Section 63(1) of the Companies Act).