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**COGNITION HOLDINGS LIMITED**  
Incorporated in the Republic of South Africa  
(Registration number 1997/010640/06)  
Share code: CGN ISIN: ZAE000197042  
 (“**Cognition**” or “**the Company**”)

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## ACQUISITION OF DIGITAL BUSINESS

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### 1. INTRODUCTION

The board of directors of Cognition (“**the Board**”) is pleased to advise shareholders that Cognition has entered into a share purchase agreement (“**Acquisition Agreement**”) in relation to Private Property South Africa Proprietary Limited (“**Private Property**”) with CTP Limited (“**CTP**”) dated 5 October 2018 (“**Signature Date**”). In terms of the Acquisition Agreement, subject to the fulfilment or waiver of the suspensive conditions set out in paragraph 2.4 below (“**Suspensive Conditions**”), Cognition will acquire the 50.01% shareholding held by CTP in Private Property, comprising 5 265 Private Property shares (“**Sale Shares**”), for a total purchase consideration of R127 million (“**Purchase Consideration**”), which consideration is to be settled through the issue of 105 833 333 Cognition shares at 120 cents per share (“**Consideration Shares**”) (“**Acquisition**”).

CTP is a wholly-owned subsidiary of Caxton and CTP Publishers and Printers Limited (“**Caxton**”), which is a material (34.70%) shareholder of Cognition. Both Caxton and Cognition are listed on the Main Board of the securities exchange operated by JSE Limited (“**the JSE**”).

Pursuant to the proposed Acquisition, CTP will, together with Caxton, become the controlling shareholder of Cognition by virtue of the issue of the Consideration Shares and accordingly, Cognition will become part of the Caxton group of companies (“**Caxton Group**”). Although Private Property will become directly controlled by Cognition, it will remain part of the Caxton Group with no ultimate change of control vis-à-vis either CTP or Caxton.

In terms of the written shareholders agreement concluded on or about 22 August 2017, as amended, between all the shareholders of Private Property (“**Shareholders Agreement**”), CTP is entitled to transfer its shares in Private Property to a company controlled by it, without observing any pre-emptive rights, provided that, in the case of the proposed Acquisition (i) the board of Private Property has approved the transfer of the Sale Shares; (ii) Cognition binds itself to the Shareholders Agreement; (iii) CTP remains bound by the provisions of the Shareholders Agreement and warrants that Cognition will perform its obligations under the Shareholders Agreement; and (iv) CTP retains control of Cognition.

### 2. THE ACQUISITION

#### 2.1 Nature of Private Property

Private Property is one of South Africa’s largest property portals. The company holds a significant market share in the South African property market and, in recent years, has grown revenues in excess of 30%.

#### 2.2 The rationale for the Acquisition

The Acquisition presents an opportunity to create a company that is better positioned to exploit the digital economy. Cognition will have further opportunities to acquire appropriate Caxton digital platforms and other owner-managed digital assets from third parties, which together with existing

operational divisions, will result in Cognition becoming a growth-focused investment holding company.

The strategy is to blend investments that offer technology platforms with digital opportunities to build models that are flexible, fast, collaborative and creative.

These innovative platforms will collectively facilitate enhanced business to business (“**B2B**”) relationships and customer engagement (“**B2C**”) to promote personalisation for relevant and meaningful experiences in line with privacy regulations and maximise data currency.

The rationale behind this strategy is thus to provide creative scope for each investment to be fully empowered and operate independently, whilst leveraging opportunities within the investment portfolio of the Cognition Group, thereby maximising shareholder value.

### **2.3 Purchase Consideration**

The Consideration Shares will be issued to CTP on the fifth business day following the date on which the last of the Suspensive Conditions is fulfilled or waived.

### **2.4 Suspensive Conditions, Effective Date and other salient terms of the Acquisition**

The Acquisition is subject to the Suspensive Conditions that:

- 2.4.1 on or before the “**Long Stop Date**”, being the date that is 150 days from the Signature Date, the approvals, if any, required by the Competition Act, 1998 (Act 89 of 1998) (“**Competition Act**”), for the implementation of the Acquisition shall have been granted, either unconditionally or subject to such conditions as have been approved in writing by Cognition;
- 2.4.2 as of 17:00 (South African time) on the date that is 14 calendar days after the Signature Date, Cognition shall not have delivered to CTP notification that it is dissatisfied with the results of its due diligence investigation and does not wish to proceed with the Acquisition;
- 2.4.3 as of 17:00 (South African time) on the “**Filing Date**”, being the date that is 30 calendar days after the Signature Date, the Seller shall have made all filings, if any, required under the Competition Act for the implementation of the Acquisition, and shall have provided Cognition with written confirmation thereof;
- 2.4.4 on or before the 50th Business Day after the Signature Date, Cognition shall have obtained a special resolution of its shareholders approving the Acquisition, solely to the extent required under the Companies Act, 2008 (Act 71 of 2008), as amended (“**Companies Act**”) and the Listings Requirements of the JSE;
- 2.4.5 on or before the Long Stop Date, CTP shall have obtained a board resolution of Private Property approving the transfer of the Sale Shares to Cognition;
- 2.4.6 on or before the Long Stop Date, CTP and Cognition shall have signed a deed of adherence to the Shareholders Agreement;
- 2.4.7 on or before the Long Stop Date, the Takeover Regulation Panel (“**Panel**”) shall have exempted Cognition and Private Property from compliance with their obligations (including any obligation of Cognition to make any offer) in terms of Part B and Part C of Chapter 5 of the Companies Act and the Takeover Regulations in respect of the sale of the Sale Shares;

- 2.4.8 on or before the Long Stop Date, Cognition Shareholders (excluding the Caxton Group) shall have approved the transactions contemplated in the Acquisition Agreement and shall have waived any entitlement to any minority offer by the Caxton Group; and
- 2.4.9 on or before the Long Stop Date, the Panel shall have exempted the Caxton Group from compliance with their obligations (including any obligation of the Caxton Group to make any offer) in terms of Part B and Part C of Chapter 5 of the Companies Act and the Takeover Regulations in respect of the acquisition of the Consideration Shares.

The effective date of the Acquisition is 1 January 2019.

The Acquisition Agreement contains warranties which are usual for transactions of this nature.

In addition, the issue of the Consideration shares to CTP would result in Caxton directly and indirectly being able to exercise at least 35% of all the voting rights attached to the Cognition shares, thereby triggering a mandatory offer as contemplated in section 123(3) of the Companies Act, unless same is waived by independent Shareholders by way of an ordinary resolution in the manner provided for in paragraph 86(4) of the regulations to the Companies Act.

Accordingly, independent Shareholders will be requested, as set out in the Circular referred to in paragraph 2.6 below, to waive their right to receive the mandatory offer by way of an ordinary resolution to be proposed at the general meeting.

## **2.5 Financial information**

The value of the net assets that are the subject of the Acquisition as at 30 June 2018 was R32 366 557.

The profit after tax attributable to the net assets that are the subject of the Acquisition for the four month period ended 30 June 2018 was R9 751 193 and the preceding 12 month period ended 28 February 2018 was R24 288 445.

## **2.6 Related party implications, classification of the Acquisition and circular to Cognition shareholders**

As Caxton is a material shareholder of the Company, it is considered to be a 'related party' in terms of paragraph 10.1(b)(i) of the Listings Requirements.

Accordingly, the proposed Acquisition - which constitutes a 'related party transaction' in terms of the Listings Requirements - will be subject to approval by Cognition shareholders present or represented in general meeting and voting (excluding the related party/ies and their associates), and in terms of paragraph 10.4(f) of the Listings Requirements, Cognition will be required to obtain a Fairness Opinion on the Acquisition and the Board is required to include a statement in the circular to be issued to shareholders ("**Circular**") confirming whether the Acquisition is fair to shareholders.

As a related party, Caxton and its associates will be precluded from voting on the Acquisition. However, as shareholders in Cognition, they may be taken into account in determining a quorum for the purposes of the general meeting.

As the issue of the Consideration Shares will result in Cognition's share capital increasing by more than 50%, revised listing particulars are required to be issued in terms of the Listings Requirements.

A Circular incorporating, *inter alia*, full details of the proposed Acquisition, *pro forma* financial effects of the Acquisition, the Fairness Opinion, waiver of mandatory offer, revised listing particulars and a notice to convene a general meeting of shareholders in order to consider and if deemed fit, to pass with or without modification, *inter alia*, the resolutions necessary to approve and implement the Acquisition, will be sent to shareholders in the beginning of November 2018.

Johannesburg  
8 October 2018

**Corporate Advisor and Sponsor to Cognition**  
Merchantec Capital