BLACKLEAF

2026 EDITION

BLACKLEAF CORPORATE ADVISORY

Group Restructuring *Guide*

How to organise a family or business group so that assets are protected from trading risk, ownership is clear, and the structure supports a sale, a raise or succession.

INTRODUCTION

Structure is *a decision*, not an accident.

Most groups grow by addition: a company for each new idea, a property bought in whichever name was convenient. Over time the structure stops reflecting how the business works, and starts creating risk.

This guide explains how to review a group, the common target designs, and the order in which restructuring should be carried out. It is for owners, families and boards of private groups.

Review

Map what exists, and why.

Design

Choose a target structure for the purpose.

Implement

Move in a safe, advised sequence.

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Signs a group *needs restructuring*.

Restructuring is worth considering when the structure causes friction. These are the usual signs.

- [ ] You cannot draw the group on one page
- [ ] Core assets sit in the trading company
- [ ] Entities exist that nobody can explain
- [ ] Loan accounts between entities are undocumented
- [ ] Records do not match the filings
- [ ] A funder or buyer is asking structural questions
- [ ] Next-generation ownership is being planned
- [ ] Different businesses have different risk profiles
- [ ] A shareholder wants to exit part of the group
- [ ] Dormant entities carry open filings

WHY IT MATTERS

PURPOSE	WHAT A CLEAN STRUCTURE DOES
Protection	Keeps core assets away from trading and litigation risk.
Funding	Lets a financier take security over the right entity and assets.
Sale	Lets a buyer acquire one business without the rest, or all of it, cleanly.
Succession	Allows ownership of different parts to pass to different people.
Governance	Makes accountability and reporting simple.
Cost	Reduces the number of entities to administer, audit and file for.

Restructuring is not tax avoidance. The aim is a structure that matches the business and its risks. Every step is tested for its tax and legal effect before it is taken.

Mapping the *current structure*.

Start with a single, accurate picture of what exists. Most groups discover surprises at this stage.

MAP	WHAT IT SHOWS
Ownership chart	Every entity, who holds its shares, and the percentages, down to the individuals or trusts.
Asset schedule	Which entity holds which property, vehicles, equipment, IP and investments, and what is pledged.
Activity map	What each entity actually does, and who it trades with.
Funding map	Loans between entities, shareholder loans, external debt and guarantees.
Record check	Whether registers, filings, tax registrations and financial statements agree with each other.
Contract map	Leases, licences and agreements that depend on a specific entity or change of control.

QUESTIONS FOR EACH ENTITY

- ✓ What is its purpose, in one sentence?
- ✓ What does it own, owe and earn?
- ✓ Who owns it, and who controls it?
- ✓ Would anything break if it were merged, sold or closed?
- ✓ Is it needed, and if not, what would it take to remove it?

Fix records first. It is difficult to restructure on records that are wrong. Bring registers and filings up to date before any structural step.

Target *designs*.

No single structure suits every group. These are the patterns most often used by private groups.

Hub-and-spoke

A holding entity owns the assets and the shares in trading entities. Trading entities carry operating risk. Suits groups with real property or valuable assets.

Single operating company

One company runs the business, with assets held in a separate entity or by a trust. Suits simple businesses.

Divisional structure

Each division sits in its own company under a holding company. Suits groups with distinct businesses that may be sold separately.

Family holding structure

A family trust or company holds the group, with governance for the family's decisions. Suits multi-generation ownership.

CHOOSING BETWEEN THEM

IF THE PRIORITY IS	CONSIDER
Protecting property and valuable assets	Hub-and-spoke, with leases from the asset entity
Preparing one business for sale	Divisional structure with a clean separation
Simplicity and low administration	Fewer entities, with clear records
Passing ownership to the next generation	Family holding structure with governance

Patterns are starting points. The right design depends on the assets, the people, the tax position and the plan.

Hub-and-spoke *in detail*.

The most common target for owner-managed groups with property or valuable assets.

THE HUB

- ✓ Owns property, equipment, IP and investments
- ✓ Owns the shares in trading entities
- ✓ Leases or licenses assets to the spokes at arm's length
- ✓ Holds surplus cash and lends to the group on documented terms

THE SPOKES

- ✓ Carry on trade and employ people
- ✓ Carry operating and litigation risk
- ✓ Pay rent or licence fees to the hub
- ✓ Can be sold, closed or financed separately

WHAT MAKES IT WORK

ELEMENT	WHY IT MATTERS
Arm's-length leases	Shows the separation is real, and supports tax and creditor positions.
Documented loans	Inter-company loans have terms, interest decisions and records.
Clear ownership	The hub's shareholders, and any trust, are documented and current.
Separate banking	Entities keep their own accounts and do not mix funds.
Proper governance	Each entity holds its own meetings and records its decisions.

Ring-fencing has limits. Guarantees, sureties and the way entities are run can bring a protected asset back into reach of creditors. Take legal advice on the specifics of your group.

Tax, duty *and legal checks*.

Moving assets or shares between entities can trigger tax, duty and contractual consequences. Test each step before taking it.

AREA	WHAT TO CONFIRM
Income tax	Whether a transfer is taxable, or whether corporate restructuring relief is available and its conditions.
Capital gains tax	The base cost and gain on assets moved, and any relief that applies.
VAT	Whether a transfer is a supply, and whether going-concern rules may apply.
Transfer duty	Whether duty is payable on property transfers.
Securities and company law	Required approvals, resolutions, solvency tests and filings.
Contracts and licences	Change-of-control, assignment and consent clauses in leases, loans and licences.
Funders	Lender consent for transfers, and any security to be released or re-registered.
Employees	Transfer of employees and the rules that apply.

Sequence for advice. Obtain tax and legal advice before steps are agreed. Where a ruling or confirmation from the revenue authority is appropriate, allow time for it. BlackLeaf works alongside your attorney, auditor and tax adviser, and does not replace them.

Relief provisions depend on specific conditions, which change. Do not assume any relief applies until your adviser has confirmed it for your facts.

Implementation *sequence*.

Restructuring runs in order. A step taken early can undo the advice for a step taken later.

01

Review and map

Ownership, assets, funding and records are mapped, and defects are listed.

OUTPUT: STRUCTURE MAP AND DEFECT LIST

02

Design

A target structure is chosen and tested against purpose, tax and funders.

OUTPUT: TARGET DESIGN AND STEP PLAN

03

Advise

Tax, duty and legal effects are confirmed with the relevant advisers.

OUTPUT: CONFIRMED STEPS AND APPROVALS

04

Implement

Steps are taken in sequence: approvals, transfers, filings and records.

OUTPUT: NEW STRUCTURE IN PLACE

05

Embed

Registers, bank mandates, leases and loans are updated, and governance begins.

OUTPUT: DOCUMENTED, WORKING STRUCTURE

Allow for lead times. Lender consents, valuations, filings and any revenue authority confirmation take time. Plan the order and the dates early.

Common *pitfalls*.

Most restructuring problems are avoidable with order and advice.

01
Restructuring before records are fixed
Errors are carried into the new structure.

02
Ignoring contracts
A transfer breaches a lease, licence or loan condition.

03
Skipping advice
An avoidable tax or duty cost is created.

04
Mixing funds
Entities share a bank account, so the separation is weakened.

05
Over-engineering
More entities than the business needs, with more cost to run.

06
No governance
New entities with no meetings, records or accountable people.

> *A good structure is simple enough to explain, and sound enough to defend.*

Readiness *checklist*.

Before you start, confirm these are in place.

- [ ] Ownership chart to individual or trust level
- [ ] Asset schedule, by entity
- [ ] List of inter-company loans and guarantees
- [ ] Registers and filings reconciled
- [ ] Lender and contract consent list
- [ ] Purpose of the restructuring, in one sentence
- [ ] Tax and legal advisers instructed
- [ ] Target structure chosen, and tested
- [ ] Step plan and sequence agreed
- [ ] Timetable allows for consents and filings
- [ ] Governance plan for each new entity
- [ ] Owner and decision-maker for the project

11 to 12
Ready to begin.

8 to 10
Close. Complete the gaps.

4 to 7
Review and map first.

0 to 3
Start with the records.

Next step. The Capital Readiness Protocol begins with a diagnostic of entities, trusts and records, which is the natural first step before any restructuring.

ABOUT BLACKLEAF

Begin with a *private conversation*.

BlackLeaf is a family-owned group offering corporate advisory, capital solutions, mergers and acquisitions, fiduciary services and family office support. Every mandate is led by a principal.

Capital Readiness Protocol

Finds and fixes structural defects before a financier or buyer does.

Capital & finance

Debt, equity and structured funding, placed with the right financiers.

Fiduciary & statutory

Compliance, trusts and company secretarial work, kept in order.

OUR COMMITMENTS

- Absolute discretion: mutual non-disclosure before any detail is shared
- One integrated team across advisory, capital and fiduciary work
- Led by a principal from first conversation to completion

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