

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions and interpretations commencing on page 7 of this Circular apply to this Circular including this cover page.

ALEXANDERFORBES

Securing your financial well-being

Alexander Forbes Group Holdings Limited

(previously Alexander Forbes Equity Holdings Proprietary Limited)

(Incorporated in the Republic of South Africa)

(Registration number 2006/025226/06)

JSE share code: AFH ISIN: ZAE000191516

CIRCULAR TO ALEXANDER FORBES SHAREHOLDERS

regarding:

- a **BEE ESOP Transaction involving the participation of Eligible Employees and, in connection therewith:**
 - a **Specific Issue by the Company of 39,070,700 Alexander Forbes Ordinary Shares for cash to the ESOP Trust;**
 - **the sanctioning of any financial assistance to be provided by the Company to the ESOP Trust for the purpose of, or in connection with, the Specific Issue;**
 - **the Specific Repurchase of the Repurchase Shares from the ESOP Trust at the end of the Term; and**
 - **the Specific Repurchase of the Remaining Shares from the ESOP Trust should the Company elect to exercise its Call Option in terms of the Relationship Agreement;**

and including:

- a **notice convening a General Meeting of Alexander Forbes Shareholders; and**
- a **form of proxy in respect of the General Meeting (green) (for use only by Certificated Shareholders and Dematerialised Shareholders with “own name” registration).**

Monday, 4 May 2015

Financial adviser and sponsor



Legal adviser



Independent reporting accountants



Empowerment adviser



CORPORATE INFORMATION AND ADVISERS

Company's registered office

Alexander Forbes Group Holdings Limited
(Registration number 2006/025226/06)
115 West Street
Sandton, 2196
(PO Box 787240, Sandton, 2196)
Johannesburg, South Africa

Legal adviser

Bowman Gilfillan Inc.
(Registration number 1998/021409/21)
165 West Street
Sandton, 2196
(PO Box 785812, Sandton, 2146)
Johannesburg, South Africa

Financial adviser and sponsor

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)
Johannesburg, South Africa

Date of incorporation

15 August 2006

Place of incorporation

Pretoria, South Africa

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street, 2001
(PO Box 61051, Marshalltown, 2107)
Johannesburg, South Africa

Independent reporting accountants

PricewaterhouseCoopers Inc.
Registered accountants and auditors
(Registration number 1998/012055/21)
2 Eglin Road
Sunninghill, 2157
(Private Bag X36, Sunninghill, 2157)
Johannesburg, South Africa

Empowerment adviser

Carvel Capital
(Registration number 2013/225381/07)
1st Floor Building 3, Inanda Greens Business Park
54 Wierda Road West
Sandton, 2196
Postnet Suite 237,
Private Bag X1, Sunninghill, 2157
Johannesburg, South Africa

This Circular is only available in English. Copies may be obtained from the Group Company Secretary at the registered offices of the Company and the financial adviser and sponsor, whose addresses are set out in this "Corporate information and advisers" section of this Circular.

The definitions and interpretations set out on pages 7 to 12 of this Circular shall apply *mutatis mutandis* to this section.

ACTION REQUIRED BY ALEXANDER FORBES SHAREHOLDERS

IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION TO TAKE, PLEASE CONTACT YOUR BANKER, BROKER, CSDP, ATTORNEY, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

IF YOU HAVE DISPOSED OF ALL OF YOUR ALEXANDER FORBES ORDINARY SHARES, THIS CIRCULAR SHOULD BE HANDED TO THE PURCHASER OF SUCH SHARES OR TO THE BANKER, BROKER, CSDP OR OTHER AGENT THROUGH WHOM THE DISPOSAL WAS EFFECTED.

The General Meeting of Alexander Forbes Shareholders will be held at 12:00 on Monday, 1 June 2015 at the Company's registered office, 115 West Street, Sandton, Gauteng at which Alexander Forbes Shareholders will be requested to consider and, if deemed fit, pass, with or without modification, the resolutions required to implement a BEE ESOP Transaction involving the participation of Eligible Employees and, in connection therewith:

- a Specific Issue by Alexander Forbes of 39,070,700 Alexander Forbes Ordinary Shares for cash to the ESOP Trust, equating to approximately 2.91% of Alexander Forbes' issued share capital;
- the sanctioning of any financial assistance to be provided by the Company to the ESOP Trust for the purpose of, or in connection with, the Specific Issue;
- the Specific Repurchase of the Repurchase Shares from the ESOP Trust at the end of the Term; and
- the Specific Repurchase of the Remaining Shares from the ESOP Trust should the Company elect to exercise its Call Option in terms of the Relationship Agreement.

1. If you are a Dematerialised Shareholder other than with "own name" registration

1.1 Voting at the General Meeting

- 1.1.1 Your CSDP or Broker should contact you in the manner stipulated in the agreement concluded between you and your CSDP or Broker to ascertain how you wish to cast your votes at the General Meeting and thereafter to cast your votes in accordance with your instructions.
- 1.1.2 If you have not been contacted by your CSDP or Broker, you should contact your CSDP or Broker and furnish them with your voting instructions.
- 1.1.3 If your CSDP or Broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the provisions contained in the agreement concluded between you and your CSDP or Broker.
- 1.1.4 You must **NOT** complete the attached form of proxy (*green*).

1.2 Attendance and representation at the General Meeting

- 1.2.1 If you wish to attend the General Meeting, you must advise your CSDP or Broker in accordance with the agreement concluded between you and your CSDP or Broker, and your CSDP or Broker will issue the necessary letter of representation that will enable you to attend the General Meeting. Without such a letter of representation, you will not be recognised as a Shareholder if attending the General Meeting.
- 1.2.2 Unless you advise your CSDP or Broker, in accordance with the terms of the agreement concluded between you and your CSDP or Broker, that you wish to attend the General Meeting and have been provided with a letter of representation from them or instructed them to send their proxy to represent you at the General Meeting, your CSDP or Broker may assume that you do not wish to attend the General Meeting and act in accordance with the agreement between you and your CSDP or Broker.

2. If you are a Certificated Shareholder

2.1 Voting, attendance and representation at the General Meeting

- 2.1.1 You may attend the General Meeting in person and may speak at and vote at the General Meeting.

- 2.1.2 Alternatively, if you are unable to attend the General Meeting, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*green*) in accordance with the instructions contained therein and returning it to the Transfer Secretaries to be received by no later than 12:00 on Thursday, 28 May 2015.
- 2.1.3 You are encouraged to complete the form of proxy (*green*) attached to this document if you do not intend to attend the General Meeting in person.
- 2.1.4 Where there are joint holders of Alexander Forbes Ordinary Shares, any one of such persons may vote at the General Meeting in respect of such Alexander Forbes Ordinary Shares as if they are solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, the person whose name stands first in Alexander Forbes' Register in respect of such Alexander Forbes Ordinary Shares or their proxy, as the case may be, shall alone be entitled to vote in respect of such Alexander Forbes Ordinary Shares.

3. If you are a Dematerialised Shareholder with “own name” registration

3.1 Voting, attendance and representation at the General Meeting

- 3.1.1 You may attend the General Meeting in person and may speak at and vote at the General Meeting.
- 3.1.2 Alternatively, if you are unable to attend the General Meeting, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*green*) in accordance with the instructions contained therein and returning it to the Transfer Secretaries to be received by no later than 12:00 on Thursday, 28 May 2015.
- 3.1.3 You are encouraged to complete the form of proxy (*green*) attached to this document if you do not intend to attend the General Meeting in person.
- 3.1.4 Where there are joint holders of Alexander Forbes Ordinary Shares, any one of such persons may vote at the General Meeting in respect of such Alexander Forbes Ordinary Shares as if they are solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, the person whose name stands first in Alexander Forbes' Register in respect of such Alexander Forbes Ordinary Shares or their proxy, as the case may be, shall alone be entitled to vote in respect of such Alexander Forbes Ordinary Shares.

If you wish to Dematerialise your Alexander Forbes Ordinary Shares, please contact your CSDP or Broker.

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IMPORTANT DATES AND TIMES

2015

Record date for Alexander Forbes Shareholders to be eligible to receive this Circular and Notice of General Meeting	Friday, 24 April
Circular posted to Alexander Forbes Shareholders on	Monday, 4 May
Last day to trade Alexander Forbes Ordinary Shares on the JSE in order to be eligible to vote at the General Meeting	Friday, 15 May
Record date to be entitled to participate in and vote at the General Meeting	Friday, 22 May
Last date for receipt of the forms of proxy for the General Meeting by 12:00 on	Thursday, 28 May
General Meeting to be held at 12:00 at Alexander Forbes' registered office 115 West Street, Sandton, Gauteng, on	Monday, 1 June
Results of the General Meeting released on SENS on	Monday, 1 June
Results of the General Meeting published in the press on	Tuesday, 2 June

Notes:

The abovementioned times and dates are South African times and dates and are subject to change. Any material change will be released on SENS and in the press in South Africa.

Should the General Meeting be adjourned or postponed, it is requested that forms of proxy be received by no later than 48 hours (excluding Saturdays, Sundays and statutory or proclaimed public holidays in South Africa) prior to the time of the adjourned or postponed General Meeting.

The definitions and interpretation provisions set out on pages 7 to 12 of this Circular shall apply *mutatis mutandis* to this section.

SALIENT FEATURES OF THE BEE ESOP TRANSACTION

These salient features are intended to be an overview and not a complete description of the BEE ESOP Transaction. Alexander Forbes Shareholders should read the entire Circular for a more detailed explanation of the BEE ESOP Transaction.

RATIONALE

Alexander Forbes supports the South African government's broad-based BEE initiatives and recognises the importance of sustainable and meaningful participation by Black People in the mainstream economy. Alexander Forbes is committed to the implementation and success of broad-based BEE throughout the Alexander Forbes Group and has already implemented a number of internal initiatives relating to employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

The FSC and the Codes allow for a company to obtain, on an ongoing basis, recognition on the ownership portion of the BEE scorecard for shares previously held by Black People (as defined in the Codes) which have been subsequently disposed of, albeit that this cannot contribute more than 40% of the score on the ownership scorecard. Alexander Forbes has the advantage of recognising the continuing consequences that relate to the disposal by certain former BEE shareholders of their equity during the listing of the Company in July 2014 in its BEE equity ownership measurement until September 2021.

However, specific ownership points are allocated under the Codes and the FSC for Black Women ownership and Alexander Forbes needs to address a shortfall in equity ownership by Black Women. The BEE ESOP Transaction seeks to advance Alexander Forbes' empowerment objective of increasing participation by Black People and, specifically, Black Women.

In the light of the imperatives identified above, and in line with the B-BBEE Act, the Codes and the FSC, Alexander Forbes has established the ESOP Trust in order to implement the BEE ESOP Transaction.

The sustainability and growth prospects of Alexander Forbes will be enhanced through the ESOP Trust by:

- demonstrating Alexander Forbes' commitment to transformation and empowerment in the country;
- obtaining a BEE ownership status which contributes to Alexander Forbes' overall BEE scorecard. This, in turn, should enable the Alexander Forbes Group to win and retain business in an environment where empowerment is a key criteria, not only for government and parastatal business but all South African business, and allow its clients to gain preferential procurement points;
- improving Alexander Forbes' ability to attract and retain talented employees and managers (particularly Black employees and managers); and
- aligning the interests of Alexander Forbes' employees and Alexander Forbes Shareholders and recognising and rewarding Eligible Employees who have contributed to the success of the Company.

ESOP TRUST

The BEE ESOP Transaction will entail the issue of 39,070,700 Alexander Forbes Ordinary Shares to the ESOP Trust. The ESOP Trust Shares will rank *pari passu* with Other Ordinary Shares, save that they will be subject to restrictions and Suspensions contained in their terms of issue. The ESOP Trust Shares will entitle the ESOP Trust to approximately 2.91% of the voting rights in Alexander Forbes following the Specific Issue. Employee Beneficiaries will participate in the ESOP on the terms and subject to the conditions set out in the ESOP Trust Deed. It is intended for the shareholding arrangements put in place as a result of the BEE ESOP Transaction to continue indefinitely, unless there is a change in circumstances that necessitates the unwinding of the BEE ESOP Transaction.

MECHANISM TO IMPLEMENT THE BEE ESOP TRANSACTION AND FUNDING

The BEE ESOP Transaction will be facilitated by Alexander Forbes through the NVF Mechanism over the Term.

Alexander Forbes will issue, for cash, the Subscription Shares to the ESOP Trust for the Subscription Price on the Subscription Date.

The Subscription Shares will be issued to the ESOP Trust subject to the rights, restrictions and Suspensions set out in the Subscription Agreement. Alexander Forbes will contribute the Subscription Amount to the ESOP Trust in order to enable the ESOP Trust Trustees to subscribe for the Subscription Shares.

The ESOP Trust will be restricted from disposing of or encumbering the ESOP Trust Shares during the Term. Pursuant to the NVF Mechanism, on the Repurchase Date, Alexander Forbes will be entitled to repurchase the Repurchase Shares in accordance with the Repurchase Formula. The Specific Repurchase can be accelerated by Alexander Forbes in the event of a delisting of the Alexander Forbes Ordinary Shares, a change in control of Alexander Forbes, any other relevant corporate action at the discretion of Alexander Forbes, or any time after the sixth anniversary of the implementation of the BEE ESOP Transaction (when the current continuing consequences benefit for previous BEE ownership is expected to expire). The Specific Repurchase can also be accelerated in the event of the Company exercising the Call Option under the Relationship Agreement.

Alexander Forbes will have a Call Option in terms of which it may first exercise its Repurchase right under the Subscription Agreement and then require the ESOP Trust to sell its Remaining Shares to Alexander Forbes. If there is a negative change in the BEE rating of Alexander Forbes in connection with the ESOP Trust, Alexander Forbes will have a Call Option to acquire the ESOP Trust's Remaining Shares, after having first exercised its Repurchase right under the Subscription Agreement, provided that this is due to an event outside of the control of the ESOP Trust (e.g. a change of law), the ESOP Trust will be afforded the opportunity to take reasonable steps to address the issue.

Notwithstanding the above, Alexander Forbes does not currently anticipate executing the Specific Repurchase within 10 years of the implementation of the BEE ESOP Transaction.

VESTING

All capital assets of the ESOP Trust (the ESOP Trust Shares) shall vest in the ESOP Trust and shall be registered in the name of the ESOP Trust or the ESOP Trust Trustees for the time being, in their capacity as ESOP Trust Trustees.

The Employee Beneficiaries shall have vested rights to the Net Income of the ESOP Trust but shall have no vested rights or entitlements to the capital (the ESOP Trust Shares) of the ESOP Trust other than to the net surplus (if any) of the proceeds of the sale of the ESOP Trust Shares upon termination of the ESOP Trust.

DEFINITIONS AND INTERPRETATIONS

Throughout this Circular and the annexures hereto, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column; words in the singular shall include the plural and *vice versa*; words importing natural persons shall include corporations and associations of persons and any reference to one gender shall include the other genders:

Alexander Forbes or the Company	Alexander Forbes Group Holdings Limited, a public company duly incorporated in accordance with the laws of South Africa under registration number 2006/025226/06 and listed in the “Financial Services” sector of the Main Board of the stock exchange operated by JSE Limited;
Alexander Forbes Group	Alexander Forbes and its subsidiaries from time to time;
Alexander Forbes Shareholders or Shareholders	holders of Alexander Forbes Ordinary Shares;
Alexander Forbes Ordinary Shares or Ordinary Shares	ordinary shares in the issued capital of Alexander Forbes with no par value;
Approximate Benefit	in relation to a corporate action or corporate event occurring before the expiry of the Term and the implementation of the Repurchase, a net economic benefit which is substantially the same as the net economic benefit that is expected to have resulted for the ESOP Trust and the Employee Beneficiaries following the expiry of the Term and after the implementation by Alexander Forbes of the Repurchase absent the relevant corporate actions or corporate event;
B-BBEE Act	Broad-Based Black Economic Empowerment Act No. 53 of 2003, as amended;
BEE	black economic empowerment as defined in the B-BBEE Act;
BEE ESOP Transaction or Transaction	together, the Specific Issue and the Specific Repurchase;
Black People	black people as defined in the B-BBEE Act (as read with the Codes) (and Black Person shall be similarly construed);
Black Women	Black People who are women;
Board	board of Directors of Alexander Forbes;
Broker	any person registered as a “broking member (equities)” in terms of the Listings Requirements and in accordance with the provisions of the Financial Markets Act;
Business Day	any day other than a Saturday, Sunday or statutory or proclaimed public holiday in South Africa;
Call Option	the call option which the Company has to acquire the ESOP Trust’s Remaining Shares in certain circumstances either at Market Value or at a discount to Market Value (as described in paragraph 3.7.6 of this Circular);
Capitalisation Shares	Alexander Forbes Ordinary Shares which may be issued to the ESOP Trust pursuant to a capitalisation award, in accordance with the terms of the Subscription Agreement;
Certificated Shares	Alexander Forbes Shares, which have not been surrendered for Dematerialisation in terms of the requirements of Strate, and title to which is evidenced by a Document of Title;
Certificated Shareholders	Alexander Forbes Shareholders who hold Certificated Shares;
Circular	this bound document, dated 4 May 2015, containing the circular to Alexander Forbes Shareholders and its annexures, a Notice of General Meeting and a form of proxy;
Codes	revised Codes of Good Practice on B-BBEE, as gazetted by the DTI on 11 October 2013 and were expected to come into force on 01 May 2015 ;
Companies Act	Companies Act No. 71 of 2008, as amended;

Conditions Precedent	conditions precedent to the BEE ESOP Transaction as set out in paragraph 2 of this Circular;
CSDP	a central securities depository participant, accepted as a participant in terms of the Financial Markets Act;
Dematerialisation or Dematerialised	process whereby Certificated Shares are converted into or held in electronic form and recorded in a sub-register of Alexander Forbes Shareholders maintained by a CSDP or Broker;
Dematerialised Shareholders	Alexander Forbes Shareholders who hold Dematerialised Shares;
Dematerialised Shares	Alexander Forbes Ordinary Shares that have been Dematerialised;
Directors	directors of Alexander Forbes from time to time;
Distributions	any cash distributions (other than Dividends) to holders of the Other Ordinary Shares by virtue of holding Alexander Forbes Ordinary Shares whether by way of special or extraordinary dividends, capital distributions, return of contributed tax capital or otherwise;
Dividend	each ordinary dividend declared and paid by Alexander Forbes to the holder of each of the Other Ordinary Shares net of applicable withholding tax;
Document of Title	securities certificates, certified transfer deeds, balance receipts or other documents of title to Alexander Forbes Ordinary Shares, acceptable to Alexander Forbes;
DTI	South African Department of Trade and Industry;
Eligible Employees	current or future permanent employees (excluding the ESOP Trust Trustees), employed by a company within the Alexander Forbes Group, as approved by the Alexander Forbes remuneration committee from time to time, specifically excluding employees participating in existing share option schemes, employees on fixed term contracts, independent contractors and employees of temporary employment services/labour brokers;
Employee Beneficiary	an Eligible Employee who acquires vested rights in the ESOP Trust and becomes a beneficiary of the ESOP Trust upon accepting the terms of the ESOP Trust by signing an acceptance form attached to an allocation notice delivered to such Eligible Employee by his or her respective Employer Company;
Employer Companies	Alexander Forbes and all its subsidiaries which employ the Eligible Employees as contemplated in the ESOP Trust Deed and <i>Employer Company</i> means any one of them;
ESOP	the proposed employee share ownership plan for the benefit of the Eligible Employees to be governed by and administered in accordance with the ESOP Trust Deed;
ESOP Trust	the trustees for the time being of the Alexander Forbes Isilulu Trust, a trust established for the benefit of the Employee Beneficiaries and registered in accordance with the laws of South Africa under Master's reference number IT 000928/2015;
ESOP Trust Deed	trust deed establishing the ESOP Trust and setting out, amongst other things, governance related matters pertaining to the ESOP Trust and ESOP Trust Trustees;
ESOP Trust Shares	Alexander Forbes Ordinary Shares held by the ESOP Trust from time to time;
ESOP Trust Trustees	trustees of the ESOP Trust from time to time;
EPS	earnings per Alexander Forbes Ordinary Share;
Financial Markets Act	Financial Markets Act No. 19 of 2012, as amended;
FSC	Financial Sector Codes as published in terms of the B-BBEE Act on 14 November 2012;

General Meeting	general meeting of Alexander Forbes Shareholders to be held at 12:00 on Monday, 1 June 2015 at Alexander Forbes' registered office, 115 West Street, Sandton, Gauteng;
HEPS	headline EPS as calculated in terms of circular 3/2012 on Headline Earnings issued by South African Institute of Chartered Accountants;
IFRS	International Financial Reporting Standards;
Independent Reporting Accountants	PricewaterhouseCoopers Inc., registered accountants and auditors (registration number 1998/012055/21), a company duly registered and incorporated in accordance with the laws of South Africa;
Initial ESOP Trust Trustees	Butsi Tladi, identity number 7407280384082 and Lynn Wilhemina Stevens, identity number 6708170199089;
JSE	JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
Last Practicable Date	Wednesday, 29 April 2015, being the last practicable date prior to the finalisation of this Circular;
Listings Requirements	listings requirements of the JSE, as amended;
Market Value	in relation to Alexander Forbes Ordinary Shares, the 30-day VWAP of an Alexander Forbes Ordinary Share traded on the JSE as at the date that is the first Business Day prior to the relevant calculation date;
Memorandum of Incorporation or MOI	Memorandum of Incorporation of the Company as amended from time to time;
Mercer	Mercer Africa Limited (registration number 9093306), a company incorporated in accordance with the laws of England and Wales;
Mercer Relationship Agreement	relationship agreement entered into between Alexander Forbes and Mercer dated on or about 26 June 2014;
NAV	net asset value;
Net Income	means all the income received or accruing to the ESOP Trust in a particular financial year in respect of the ESOP Trust Shares save for any income used to settle any costs, expenses and taxes of the ESOP Trust, as provided for in the ESOP Trust Deed;
Notice of General Meeting	notice convening the General Meeting of Alexander Forbes Shareholders on Monday, 1 June 2015, which is attached to and forms part of this Circular;
NVF Mechanism	notional vendor facilitation mechanism pursuant to which Alexander Forbes will issue Alexander Forbes Ordinary Shares to the ESOP Trust for a subscription price of one cent for each Alexander Forbes Ordinary Share and an obligation for Alexander Forbes to repurchase a formula-determined number of those ESOP Trust Shares, at the Repurchase Price per share at the end of the Term;
Other Ordinary Shares	all of the Alexander Forbes Ordinary Shares in issue other than the ESOP Trust Shares;
Ordinary Issued Capital Post-transaction	issued ordinary capital of Alexander Forbes, including Treasury Shares, following implementation of the Specific Issue;
Ordinary Issued Capital Pre-transaction	issued ordinary capital of Alexander Forbes, including Treasury Shares, prior to implementation of the Specific Issue;
Pool A Beneficiaries	means the Employee Beneficiaries of the ESOP Trust who are Black Women;
Pool A Income	means 70% of the Net Income of the ESOP Trust available for distribution to the Pool A Beneficiaries in accordance with the terms of the ESOP Trust Deed;
Pool B Beneficiaries	means all the Employee Beneficiaries who are not Pool A Beneficiaries;
Pool B Income	means 30% of the Net Income of the ESOP Trust available for distribution to the Pool B Beneficiaries in accordance with the terms of the ESOP Trust Deed;

Rand or R	South African Rand, the official currency of South Africa;
Register	register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
Relationship Agreement	relationship agreement entered into between Alexander Forbes and the ESOP Trust on 17 April 2015 dealing with, amongst other things, certain undertakings given by the ESOP Trust with respect to the ESOP Trust Shares and BEE and in terms of which the Company shall have a Call Option to acquire the ESOP Trust Shares in certain circumstances;
Remaining Shares	Subscription Shares which are not Repurchase Shares;
Repurchase	means the acquisition, if applicable, by Alexander Forbes of Subscription Shares as set out in the Subscription Agreement, in accordance with the Repurchase Formula;
Repurchase Date	a date specified by Alexander Forbes in its sole discretion, which is after the 6th anniversary of the Subscription Date, or such other date specified by Alexander Forbes pursuant to the circumstances contemplated in the Subscription Agreement or the Relationship Agreement;
Repurchase Formula	Alexander Forbes shall, at any time after the Repurchase Date, subject to and in terms of the provisions of the Companies Act, be entitled, upon written notice to the ESOP Trust to acquire such number of Subscription Shares, at a Repurchase Price of R0.01 per Subscription Share, as determined in accordance with the following formula:

$$RS = \frac{\{ N * P 1 * [1 + (R * T 1)] \} - \{ D \} - \{ E \}}{P 2}$$

Where:

RS	=	the number of Repurchase Shares; provided that RS may not exceed the number of ESOP Trust Shares held by the ESOP Trust on the Repurchase Date;
N	=	the number of Subscription Shares subscribed for by the ESOP Trust in terms of the Subscription Agreement being 39,070,700;
P1	=	the Market Value per share by reference to the Subscription Date or such lower amount per share as Alexander Forbes may determine from time to time upon written notice to the ESOP Trust, it being recorded that Alexander Forbes shall be entitled to determine different amounts for each share or group of shares;
R	=	escalation factor of 7% per annum applied on a compound escalation basis and not a simple escalation basis (Escalation Factor)
T1	=	number of days from the Subscription Date to the Repurchase Date divided by 365;
D	=	the sum of all amounts in respect of which the right has been suspended, as contemplated in the Subscription Agreement, and, multiplied by the number of Subscription Shares plus the Market Value of any suspended Capitalisation Shares, on the relevant date all increased by the Escalation Factor from the date that each payment would have occurred to the Repurchase Date;

- E = the theoretical value of any rights that would have been issued to the ESOP Trust in terms of every rights issue undertaken by the Company before the Repurchase Date (being the number of ESOP Trust Shares held by the ESOP Trust on the rights issue implementation date multiplied by the difference between the Market Value of Other Ordinary Shares on the Business Day prior to the announcement of the rights issue and the price at which rights holders can subscribe for new Alexander Forbes Ordinary Shares multiplied by the ratio of the total number of rights followed by Alexander Forbes Shareholders to the number of Alexander Forbes Ordinary Shares in issue after the issue of new Alexander Forbes Ordinary Shares in terms of the rights issue);
- P2 = (i) Market Value by reference to the Repurchase Date; or
(ii) the Market Value by reference to the relevant calculation date, in relation to change in control circumstances referred to in the Subscription Agreement;

Repurchase Price	an amount equal to one cent for each Repurchase Share;
Repurchase Shares	ESOP Trust Shares which are to be acquired by Alexander Forbes pursuant to the Specific Repurchase on the Repurchase Date;
SENS	Stock Exchange News Service of the JSE;
South Africa	Republic of South Africa;
Specific Issue	transaction in terms of which the ESOP Trust will subscribe for and be issued 39,070,700 Alexander Forbes Ordinary Shares, on the Subscription Date, pursuant to the Subscription Agreement and subject to the restrictions and Suspensions under the Subscription Agreement;
Specific Repurchase	specific repurchase by Alexander Forbes of such number of the ESOP Trust Shares as are calculated in accordance with the Repurchase Formula, on the Repurchase Date, in terms of the Subscription Agreement;
Strate	Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly registered and incorporated with limited liability under the company laws of the Republic of South Africa, which is licensed to operate, in terms of the Financial Markets Act, as amended, and which is responsible for the electronic settlement system of the JSE;
Subscription Agreement	subscription agreement entered into between Alexander Forbes and the ESOP Trust on 17 April 2015 dealing with, amongst other things, the Specific Issue of the Subscription Shares to the ESOP Trust and the NVF Mechanism;
Subscription Amount	subscription price payable by the ESOP Trust for the Subscription Shares, being R390,707.00 in aggregate;
Subscription Date	the date of the fulfilment of all of the Conditions Precedent;
Subscription Price	the price per share at which the ESOP Trust will subscribe for the Subscription Shares, being one cent for each Subscription Share;
Subscription Shares	39,070,700 Alexander Forbes Ordinary Shares to be issued to the ESOP Trust in terms of the Subscription Agreement;

Suspensions	terms of issue of the Subscription Shares in terms of which the holder's right to receive 70% of the Dividends and Distributions and awards of Capitalisation Shares in respect of such Subscription Shares is suspended for the Term resulting in the ESOP Trust only being entitled to 30% of any Dividends, Distributions and awards of Capitalisation Shares until the Repurchase Date. For avoidance of doubt, the rights and privileges attaching to the ESOP Trust Shares are the same as any Other Ordinary Shares (in other words, on an aggregated basis the ESOP Trust is in the similar net economic position as if it received its entire Dividends or Distributions or Capitalisation Shares, as the Repurchase Formula takes into account the 70% contractually agreed suspended Dividends, Distributions and Capitalisation Shares in determining the Repurchase Shares at the Repurchase Date);
Term	period commencing on (and including) the Subscription Date and terminating on the Repurchase Date;
TNAV	tangible NAV;
Transaction Agreements	Relationship Agreement and the Subscription Agreement;
Treasury Shares	Alexander Forbes Ordinary Shares held as treasury shares;
Trickle Dividend	the dividend that is payable on the Subscription Shares held by the ESOP Trust during the Term, being 30% of the Dividend or Distribution which would ordinarily have accrued to the ESOP Trust in the absence of the Suspensions under the Subscription Agreement;
VAT	value-added tax levied in terms of the Value-Added Tax Act No. 89 of 1991, as amended; and
VWAP	volume weighted average price of an Alexander Forbes Ordinary Share on the JSE, being the total value of the Alexander Forbes Ordinary Shares traded for a specific period divided by the total number of Alexander Forbes Ordinary Shares traded for the specific period.



ALEXANDERFORBES

Securing your financial well-being

Alexander Forbes Group Holdings Limited
(previously Alexander Forbes Equity Holdings Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2006/025226/06)
JSE share code: AFH ISIN: ZAE000191516

CIRCULAR TO ALEXANDER FORBES SHAREHOLDERS

Directors of Alexander Forbes

Matthews Sello Moloko	<i>Non-executive chairman</i>
Mark Derrick Collier	<i>Independent non-executive director</i>
Rabojjane Moses Kgosana	<i>Independent non-executive director</i>
Deenadayalan Konar	<i>Independent non-executive director</i>
Hilgard Pieter Meyer	<i>Independent non-executive director</i>
Barend Petersen	<i>Independent non-executive director</i>
David John Anderson	<i>Non-executive director</i>
William Simon O'Regan	<i>Non-executive director</i>
Edward Christian Kieswetter	<i>Group Chief Executive</i>
Deon Marius Viljoen	<i>Group Chief Financial Officer</i>

1. INTRODUCTION, RATIONALE AND PURPOSE OF THIS CIRCULAR

1.1 Introduction

Alexander Forbes announced on SENS on Monday, 20 April 2015 that it has established the ESOP Trust and entered into the Transaction Agreements to implement the BEE ESOP Transaction.

Pursuant to the BEE ESOP Transaction, Alexander Forbes will issue 39,070,700 Alexander Forbes Ordinary Shares to the ESOP Trust, representing approximately 2.91% of Alexander Forbes' Ordinary Issued Capital Post-transaction.

1.2 Rationale

Alexander Forbes supports the South African government's broad-based BEE initiatives and recognises the importance of sustainable and meaningful participation by Black People in the mainstream economy. Alexander Forbes is committed to the implementation and success of broad-based BEE throughout the Alexander Forbes Group and has already implemented a number of internal initiatives relating to employment equity, skills development, preferential procurement, enterprise development and socio-economic development. Maintaining its current BEE status is an essential component for ongoing business success.

The FSC and the Codes allow for a company to obtain, on an ongoing basis, recognition on the ownership portion of the BEE scorecard for shares previously held by Black People which have been subsequently disposed of, albeit that this cannot contribute more than 40% of the score on the ownership scorecard. Alexander Forbes has the advantage of recognising the continuing consequences that relate to the disposal by certain former BEE shareholders of their equity during the listing of the Company in July 2014 in its BEE equity ownership measurement until September 2021.

However, specific ownership points are allocated under the Codes and the FSC for Black Women ownership and Alexander Forbes needs to address a shortfall in equity ownership by Black Women. The BEE ESOP Transaction seeks to advance Alexander Forbes' empowerment objective of increasing participation by Black People and, specifically, Black Women.

Furthermore, Alexander Forbes recognises the benefit of aligning the interests of its employees with those of the Alexander Forbes Shareholders by providing for sustainable equity based participation in the Alexander Forbes Group by current or future permanent employees employed by the Alexander Forbes Group in South Africa who do not participate in Alexander Forbes' other equity based, long-term incentive plans, namely, the Eligible Employees.

In the light of the imperatives identified above, and in line with the B-BBEE Act, the Codes and the FSC, Alexander Forbes has established the ESOP Trust in order to implement the BEE ESOP Transaction.

The sustainability and growth prospects of Alexander Forbes will be enhanced through the ESOP Trust by:

- demonstrating Alexander Forbes' commitment to transformation and empowerment in the country;
- obtaining a BEE ownership status which contributes to Alexander Forbes' overall BEE scorecard. This, in turn, should enable the Alexander Forbes Group to win and retain business in an environment where empowerment is a key criteria, not only for government and parastatal business but all South African business, and allow its clients to gain preferential procurement points;
- improving Alexander Forbes' ability to attract and retain talented employees and managers (particularly Black employees and managers); and
- aligning the interests of Alexander Forbes' employees and Alexander Forbes Shareholders and recognising and rewarding Eligible Employees who have contributed to the success of the Company.

1.3 Purpose of this Circular

The purpose of this Circular and the attached Notice of General Meeting is to provide Alexander Forbes Shareholders with relevant information relating to the BEE ESOP Transaction and to enable Alexander Forbes Shareholders to make an informed decision as to whether or not they should vote in favour of the resolutions to be proposed at the General Meeting. All the requisite resolutions are set out in the Notice of General Meeting which forms part of this Circular.

2. CONDITIONS PRECEDENT

The BEE ESOP Transaction is subject to the Company obtaining all relevant shareholder approvals as set out in the Notice of General Meeting.

Mercer, which owns 34% of the Ordinary Shares of the Company has provided written notice to the Company that it will vote in favour of the BEE ESOP Transaction and has waived any and all rights which it may have in terms of the Mercer Relationship Agreement (or otherwise) to subscribe for any additional Ordinary Shares as a result of, or in connection with, the BEE ESOP Transaction.

3. DETAILS OF THE BEE ESOP TRANSACTION

3.1 Allocation of equity interests to the ESOP Trust

After the issue of the Subscription Shares, the effective participation of the ESOP Trust in the Ordinary Issued Capital Post-transaction will be approximately 2.91%.

3.2 Details of the ESOP Trust

3.2.1 Establishment of the ESOP Trust

The Company has established the ESOP Trust for the purpose of subscribing for, holding and administering the ESOP Trust Shares for the benefit of the Employee Beneficiaries, subject to the restrictions and Suspensions stipulated in the Subscription Agreement. The ESOP Trust will not be regarded a public Alexander Forbes Shareholder for purposes of the Listings Requirements as it has been established for the benefit of the employees, where restrictions on trading in the ESOP Trust Shares will be imposed by Alexander Forbes in terms of the Transaction Agreements.

The terms of the ESOP Trust Deed provide that all Eligible Employees may be appointed as Employee Beneficiaries, however, Black Women beneficiaries shall between them be entitled to receive 70% of the net distributions made by the ESOP Trust (representing an indirect interest of approximately 2% of the Alexander Forbes Ordinary Shares). At inception of the BEE ESOP Transaction, Black People shall between them be entitled to receive 82% of the net distributions made by the ESOP Trust.

3.2.2 **Appointment of ESOP Trust Trustees**

The ESOP Trust and trust property will be managed by the five ESOP Trust Trustees. Three of the ESOP Trust Trustees will be elected by the Employee Beneficiaries and two of the ESOP Trust will be appointed by Alexander Forbes.

Alexander Forbes has appointed the Initial ESOP Trust Trustees for purposes of, amongst other things, signing the Transaction Agreements and implementing the BEE ESOP Transaction. Each of the Initial ESOP Trust Trustees is a member of Alexander Forbes' executive management, as approved by the Board, and will facilitate the appointment of the ESOP Trust Trustees to be elected by the Employee Beneficiaries, which election and appointment will be finalised shortly after the initial allocation of units in the ESOP Trust to Eligible Employees. The Initial ESOP Trust Trustees may continue to serve as the two ESOP Trust Trustees appointed by Alexander Forbes once the Transaction Agreements have been signed and the BEE ESOP Transaction has been fully implemented and all the remaining ESOP Trust Trustees have been appointed, should Alexander Forbes wish them to do so.

3.2.3 **Allocation of units**

Employer Companies will, from time to time and in accordance with the ESOP Trust Deed, apply the allocation criteria determined by the Alexander Forbes remuneration committee in order to determine the number of units to be allocated to each Eligible Employee. The allocation criteria will be based on an Eligible Employee's position, seniority and years of services or tenure within the Alexander Forbes Group. Pursuant to the terms of the ESOP Trust Deed, Black Women beneficiaries shall between them be entitled to receive 70% of the net distributions made by the ESOP Trust. At inception of the BEE ESOP Transaction, Black People shall between them be entitled to receive 82% of the net distributions made by the ESOP Trust.

3.2.4 **Events influencing benefits to be received**

If at any time, an Employee Beneficiary ceases to remain in the employ of the Alexander Forbes Group for whatever reason, his or her units in the ESOP Trust will be cancelled for no consideration and he or she will cease to be an Employee Beneficiary of the ESOP Trust.

3.2.5 **Administration**

Alexander Forbes will be entitled to select an administrator for the ESOP Trust and to instruct the ESOP Trust Trustees to appoint the selected administrator to administer the ESOP Trust.

The costs and expenses of the administration of the ESOP Trust will be borne by the ESOP Trust.

3.2.6 **Further details**

Further details regarding the ESOP Trust are contained in **Annexure 4** to this Circular.

3.3 **Specific Issue and Specific Repurchase**

3.3.1 **Terms of the Specific Issue**

The Specific Issue will be implemented on the Subscription Date which is expected to be on or about Friday, 5 June 2015.

The Board has resolved that Alexander Forbes will issue 39,070,700 Alexander Forbes Shares to the ESOP Trust. The Specific Issue will be at the Subscription Price being one cent for each Subscription Share.

The Specific Issue will be implemented through the Subscription Agreement by way of the NVF Mechanism. The Subscription Shares to be issued to the ESOP Trust will rank *pari passu* with the Other Ordinary Shares, save that they will be subject to restrictions and Suspensions contained in the terms of issue.

The Specific Issue constitutes an issue of shares for cash in terms of the JSE Listings Requirements and will thus require the approval of Alexander Forbes Shareholders at the General Meeting. The Subscription Shares are a class of Alexander Forbes Ordinary Shares already in issue and will be issued to a non-public shareholder, however, not to a related party, as defined in the JSE Listing Requirements.

Alexander Forbes will make a capital contribution to the ESOP Trust equal to the Subscription Amount payable by the ESOP Trust in order to enable the ESOP Trust to subscribe for the Subscription Shares. The contributed tax capital in respect of the Alexander Forbes Ordinary Shares will be increased by the Subscription Amount.

In terms of the NVF Mechanism, Alexander Forbes will issue the Subscription Shares to the ESOP Trust for a Subscription Price of one cent per Subscription Share.

3.3.2 Terms of the Specific Repurchase

The Board has resolved that on the Repurchase Date Alexander Forbes will repurchase the Repurchase Shares from the ESOP Trust, the number of which will be calculated in accordance with the Repurchase Formula set out in the Transaction Agreements.

Pursuant to the Specific Repurchase, the Repurchase Shares will be cancelled as issued Alexander Forbes Ordinary Shares and restored to the status of authorised and unissued share capital in Alexander Forbes. Application will be made to the JSE for the delisting of the Repurchase Shares once they have been repurchased. The cancellation and delisting of the Repurchase Shares, pursuant to their repurchase, will not place Alexander Forbes in breach of the spread regulations of the JSE. Alexander Forbes intends to settle the Repurchase Price from existing cash resources at the time.

Alexander Forbes may, if it deems necessary in order to maximise its BEE rating, agree from time to time, to a reduction of the opening value of the Subscription Shares in order to facilitate compliance with the net value requirements of the B-BBEE Act and the Codes.

3.4 Lock-in

The ESOP Trust may not dispose of or encumber the ESOP Trust Shares for the duration of the Term, unless specifically provided for in the Subscription Agreement and/or Relationship Agreement.

3.5 Dividends and other Distributions

3.5.1 During the Term:

3.5.1.1 an amount equal to 30% of any Dividends or Distributions declared and paid by Alexander Forbes and attributable to the Subscription Shares will be paid to the ESOP Trust and, in turn, be distributed to the Employee Beneficiaries, net of any administration costs and less any dividends tax; and

3.5.1.2 the balance of any Dividend or Distribution (being 70% of such Dividend or Distribution), which would ordinarily have been declared and accrued to the ESOP Trust had the Suspensions under the Subscription Agreement not been imposed on the ESOP Trust, will be suspended and taken into account in the Repurchase Formula.

3.5.2 After the expiry of the Term, the Suspensions will fall away.

3.5.3 Alexander Forbes has an option to unwind the BEE ESOP Transaction under certain circumstances, such as if there is a change of control of Alexander Forbes, if there is a material negative impact on Alexander Forbes or its BEE status as a result of the ESOP Trust or at any time after the sixth anniversary of the implementation of the BEE ESOP Transaction (when the current continuing consequences benefit for previous BEE ownership is expected to expire).

3.6 Voting

The ESOP Trust will be entitled to exercise all voting rights attached to the Subscription Shares of which it is the registered owner, in accordance with the instructions of the Employee Beneficiaries (for which purposes the ESOP Trust Deed entitles Black Women beneficiaries to direct the exercise of 70% of the voting rights attributable to the Alexander Forbes Ordinary Shares held by the ESOP Trust). The Subscription Shares will not be voted (including for any purposes contemplated in the JSE Listings Requirements) until such time as the ESOP Trust Trustees elected by the Employee Beneficiaries have been appointed.

3.7 Salient terms of the Relationship Agreement

3.7.1 General

The purpose of the Relationship Agreement is to regulate, amongst other things, the ongoing relationship between the ESOP Trust and Alexander Forbes for so long as the ESOP Trust holds shares in Alexander Forbes in accordance with the Transaction Agreements.

3.7.2 Duration

The Relationship Agreement shall commence on the date on which the Subscription Agreement becomes unconditional and shall continue to be of force and effect between its parties indefinitely until terminated in accordance with its terms.

3.7.3 **General Undertakings**

In terms of the Relationship Agreement, the ESOP Trust has undertaken to adhere to certain restrictions which seek to ensure that it maintains its existence as a ring-fenced special purpose vehicle the sole purpose of which is to hold the ESOP Trust Shares for the benefit of the Employee Beneficiaries. The ESOP Trust is accordingly restricted from, amongst other things, making other investments, acquiring other assets, borrowing other funds, altering the effective interest of Black Women in the ESOP Trust or amending the ESOP Trust Deed without the prior written consent of Alexander Forbes.

3.7.4 **Black Economic Empowerment Undertakings**

The ESOP Trust undertakes, in terms of the Relationship Agreement, to comply with the requirements of the Codes applicable to BEE employee share ownership plans, and to not do anything which would negatively impact on Alexander Forbes' BEE rating or status.

3.7.5 **Restrictions on sale and encumbrances**

The Relationship Agreement provides for an agreed lock-in period until the end of the Term, during which the ESOP Trust will not be permitted to encumber or sell the ESOP Trust Shares (including any of the rights attaching to such shares), except as otherwise permitted under the Transaction Agreements. Following the lock-in period, the ESOP Trust shall not be entitled to sell any of its Remaining Shares, unless it has first offered to sell its Remaining Shares back to Alexander Forbes at Market Value.

3.7.6 **Alexander Forbes Call Option**

Upon the occurrence of certain specified events (including, a negative change in the BEE status of Alexander Forbes or the ESOP Trust, a breach of the Transaction Agreements or an insolvency event), Alexander Forbes will have a Call Option in terms of which it may first accelerate and exercise its Repurchase right under the Subscription Agreement and then require the ESOP Trust to sell its Remaining Shares to it or its nominee, at a 25 % discount to Market Value. If there is a negative change in the BEE rating of Alexander Forbes or any member of its group due to an event outside of the control of the ESOP Trust (e.g. a change of law), the ESOP Trust will be afforded the opportunity to take reasonable steps to address the issue, failing which Alexander Forbes will have a Call Option to acquire the ESOP Trust's Remaining Shares, after having first exercised its Repurchase right under the Subscription Agreement, at Market Value.

While the ESOP is designed to be evergreen, Alexander Forbes has an option to accelerate the Repurchase at any time after the sixth anniversary of the implementation of the BEE ESOP Transaction (when the current continuing consequences benefit for previous BEE ownership is expected to expire).

Notwithstanding the above, Alexander Forbes does not currently anticipate executing the Specific Repurchase within 10 years of the implementation of the BEE ESOP Transaction.

3.8 **Corporate Actions**

The ESOP Trust Shares will rank *pari passu* in all respects with the Other Ordinary Shares but shall, as a term of their issue be subject to the Suspensions contained in the Subscription Agreement. In respect of any subdivision or consolidation of Alexander Forbes Ordinary Shares the ESOP Trust Shares shall be deemed to include such shares as subdivided or consolidated.

In the event of Alexander Forbes making any non-elective capitalisation award of Alexander Forbes Ordinary Shares, the ESOP Trust's right to receive 70% of the amount of such Capitalisation Shares is suspended and the ESOP Trust will only be entitled to receive 30% of the award of Capitalisation Shares. In the event that Alexander Forbes permits Alexander Forbes Shareholders to elect to receive payment in cash instead of an award of Capitalisation Shares, the ESOP Trust will not have the right to receive cash and must always elect to receive Capitalisation Shares, on the basis that the right of the ESOP Trust to receive 70% of that award of Capitalisation Shares is suspended and the ESOP Trust will only be entitled to be issued 30% of the award of Capitalisation Shares.

The Specific Repurchase can be accelerated by Alexander Forbes in the event of a delisting of the Alexander Forbes Ordinary Shares, a change in control of Alexander Forbes, or any other relevant corporate action. If Alexander Forbes, in its sole discretion, determines that the ESOP Trust will not enjoy an Approximate Benefit as a result of the corporate event, Alexander Forbes will propose adjustments to the Repurchase Formula to ensure that the ESOP Trust will enjoy an Approximate Benefit.

The ESOP Trust will not be entitled to participate in any rights offers for the duration of the Term and this will be taken into account in the Repurchase Formula, if applicable.

3.9 Estimated economic costs

The economic cost of implementing the BEE ESOP Transaction for Alexander Forbes Shareholders will be the Trickle Dividends paid over the term of the BEE ESOP Transaction (noting the ultimate potential dilution to Alexander Forbes Shareholders would be a function of the net value to the ESOP Trust in the event of a Specific Repurchase). The cost will be expensed as employee benefit expenses in accordance with the IAS 19 Employee Benefits standard.

3.10 Specific authority to provide financial assistance to the ESOP Trust

The contribution by Alexander Forbes to the ESOP Trust to enable the ESOP Trust to subscribe for the Subscription Shares constitutes the provision of financial assistance by Alexander Forbes to the ESOP Trust in terms of section 44 of the Companies Act. In addition, the NVF Mechanism may constitute the provision of financial assistance by Alexander Forbes to the ESOP Trust and Directors or prescribed officers of Alexander Forbes or of a related or inter-related company that are or will be beneficiaries of the ESOP Trust, for the purpose of enabling the ESOP Trust to subscribe for the Subscription Shares. In terms of section 44 and section 45 of the Companies Act, the Board may not authorise the provision of such financial assistance to the ESOP Trust unless such financial assistance is pursuant to a special resolution of Alexander Forbes Shareholders adopted within the previous two years, which approved the provision of such financial assistance either for a specific recipient or generally for a category of potential recipients and the specific recipient falls within that category.

3.11 Mercer Waiver

As at the date of this Circular, Mercer is the registered and beneficial holder of 34% of the Alexander Forbes Ordinary Shares. On or about 26 June 2014, Mercer entered into the Mercer Relationship Agreement with Alexander Forbes. Clause 5 of the Mercer Relationship Agreement provides that, in the event that Alexander Forbes proposes to make, or agrees to make, any Equity Securities Allotment (as defined in the Mercer Relationship Agreement), whether for cash, by way of capitalisation of profits or reserve, for non-cash consideration or otherwise howsoever, Mercer shall, subject to certain exceptions, have the right to participate in such Equity Securities Allotment (i) to such an extent so as to maintain Mercer's percentage ownership that existed immediately before the Equity Securities Allotment; and (ii) on the same terms and conditions as other participants in such Equity Securities Allotment.

Mercer has provided written notice to the Company that it has waived any and all rights which it may have in terms of the Mercer Relationship Agreement (or otherwise) to subscribe for any additional Alexander Forbes Ordinary Shares as a result of, or in connection with, the BEE ESOP Transaction and has also agreed that it will vote in favour of the BEE ESOP Transaction.

4. WORKING CAPITAL ADEQUACY

The Directors have considered the effect of the repurchase of Alexander Forbes Ordinary Shares that may be required should it exercise the Specific Repurchase and/or Call Option and are of the opinion that the JSE Listings Requirements have been complied with in respect thereof and that:

- Alexander Forbes and the Alexander Forbes Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of approval of the Circular (for this purpose the assets and liabilities were recognised and measured in accordance with the accounting policies used in the latest audited annual results for the year ended 31 March 2014);
- the assets of Alexander Forbes and the Alexander Forbes Group will be in excess of the liabilities of Alexander Forbes and Alexander Forbes Group for a period of 12 months after the date of the Circular;
- the ordinary share capital and reserves of Alexander Forbes and the Alexander Forbes Group will be adequate for ordinary business purposes for a period of 12 months after the date of the Circular; and
- the working capital of Alexander Forbes and Alexander Forbes Group will be adequate for ordinary business purposes for a period of 12 months after the date of the Circular.

Alexander Forbes and the Alexander Forbes Group have passed the solvency and liquidity test and, since the test was performed, there have been no material changes to the financial position of Alexander Forbes or the Alexander Forbes Group.

Furthermore, in respect of any repurchase of Alexander Forbes Ordinary Shares required in the event of the Company exercising the Specific Repurchase and/or Call Option, as the case may be, the Board shall ensure that the provisions of sections 4 and 48 of the Companies Act are complied with prior to such repurchase, by, amongst other things, passing a resolution as contemplated section 46(1) of the Companies Act and paragraph 5.69(d) of the JSE Listings Requirements:

- authorising the Specific Repurchase and/or Call Option, as the case may be; and
- acknowledging that it has applied the solvency and liquidity test, and reasonably concluded that the Company will satisfy the solvency and liquidity test immediately after completing the Specific Repurchase and/or Call Option, as the case may be.

5. UNAUDITED PRO FORMA FINANCIAL EFFECTS

The *pro forma* financial effects of Alexander Forbes presented below are the responsibility of the Directors and are based on the most recently published unaudited interim results of Alexander Forbes for the six months ended 30 September 2014.

The accounting policies of Alexander Forbes for the six months ended 30 September 2014 have been used in preparing the *pro forma* financial effects.

The *pro forma* financial effects were prepared for illustrative purposes only and may, due to the nature thereof, not fairly present Alexander Forbes' financial position, changes in equity and results of its operations or cash flows as at the relevant reporting date. It does not purport to be indicative of what the financial results would have been, or will be, had the BEE ESOP Transaction been implemented on a different date.

The *pro forma* financial effects should be read in conjunction with the notes thereto and the report of the Reporting Accountants (**Annexure 2**). The detailed *pro forma* Income Statement and Statement of Financial Position are set out in **Annexure 1**.

Pro forma per share information for the six months ended 30 September 2014

The *pro forma* financial effects of the BEE ESOP Transaction are as follows:

For the six months ended 30 September 2014	Pro forma after the BEE ESOP		
	Before	BEE ESOP	% change
Earnings per share (cents)	9.5	9.0	(5.9%)
Diluted Earnings per share (cents)	9.5	9.0	(5.9%)
Headline earnings per share (cents)	11.5	11.0	(4.9%)
Diluted Headline earnings per share (cents)	11.5	11.0	(4.9%)
Net asset value (NAV) per share (cents)	401.4	401.0	(0.1%)
Tangible net asset value (TNAV) per share (cents)	12.6	12.2	(3.1%)
Total number of shares in issue	1 302	1 341	3.0%
Weighted average number of shares in issue (million)	1 198	1 198	0.0%
Diluted weighted average number of shares in issue (million)	1 198	1 198	0.0%

Notes and assumptions to the unaudited pro forma financial effects:

1. Extracted from the published unaudited interim financial results of Alexander Forbes for the six months ended 30 September 2014.
2. Earnings effects are prepared on the following principal assumptions:
 - a. The BEE ESOP Transaction was effective 1 April 2014;
 - b. A cost is expensed as an employee benefit expense in accordance with the IAS 19: Employee Benefits. The *pro forma* charge is based on an assumed dividend calculated based on the Company's expected dividend cover ratio of between 1.5 and 2 times; and
 - c. Transaction costs associated with the BEE ESOP Transaction are assumed at R5 million, which are non-recurring in nature.
3. Net asset effects are prepared on the following principal assumptions:
 - a. The BEE ESOP Transaction was effective 30 September 2014;
 - b. As the BEE ESOP Transaction is assumed to be effective 30 September 2014 there would be a nil accrual of the IAS 19 charge for net asset effects; and
 - c. Transaction costs associated with the BEE ESOP Transaction are assumed at R5 million, which are non-recurring in nature.
4. Other than in respect of estimated transaction costs set out in paragraph 6 of the Circular, all adjustments have a continuing effect.
5. The weighted average number of shares in issue and the diluted weighted average number of shares are unchanged as the shares held by the ESOP Trust are treated as treasury shares in accordance with IFRS.

6. TRANSACTION COSTS

The Company has not incurred any preliminary expenses (within the meaning of the Listings Requirements and the Companies Act) over the last three financial years.

The estimated expenses associated with the BEE ESOP Transaction for Alexander Forbes (VAT exclusive) are set out below:

Service	Service provider	Amount (R'000)
Financial adviser and sponsor	Rand Merchant Bank	1 500
Legal adviser	Bowman Gilfillan	2 500
Empowerment Adviser	Carvel Capital	160
Publishing and printing	Ince (Pty) Ltd	300
JSE listing fee	JSE	1.1
JSE documentation inspection fee	JSE	33
Reporting Accountants	PricewaterhouseCoopers	75
Transfer secretarial fees	Computershare	10
Total		4 579

7. SALIENT INFORMATION ON ALEXANDER FORBES

7.1 Background information on Alexander Forbes

Alexander Forbes is a specialised financial services group headquartered in South Africa focusing on employee benefits solutions for institutional clients and the financial wellbeing of its individual clients, in particular employees of the Alexander Forbes Group's institutional clients. The main services provided by the Alexander Forbes Group include retirement funds and asset consulting, actuarial consulting, investment and administration services, employee risk benefits and healthcare consulting, multi-manager investment and platform solutions, individual financial advice and personal lines insurance. The Alexander Forbes Group's primary clients span both the private and public sector market segments, including employers, retirement funds, investment and other special purpose funds on the institutional side, and individual members and beneficiaries of these retirement funds, as well as the wider individual market, on the retail side. Alexander Forbes' principal geographic focus is South Africa, where it has been operating since 1935 and is a market leader in its core businesses, sub-Saharan Africa, the United Kingdom and other selected jurisdictions which have employee benefits legislative frameworks similar to South Africa.

Alexander Forbes, through Alexander Forbes Financial Services Proprietary Limited, is a leading employee benefits consulting, actuarial, investment and administration services provider and retirement fund administrator, with assets under administration of R285 billion as at 30 September 2014. Alexander Forbes also administers one of the largest private umbrella retirement funds in South Africa by assets, which had R60.6 billion assets under administration as at 30 September 2014. Alexander Forbes, through Investment Solutions, is the largest multi-manager investment company in sub-Saharan Africa, with assets under administration and management of R300 billion as at 30 September 2014, of which assets under management comprised R268 billion. Alexander Forbes Insurance provides personal lines and small commercial insurance products within South Africa and Namibia as part of the Alexander Forbes Group's financial wellbeing for our individual customers.

As at 30 September 2014, the Alexander Forbes Group employed approximately 4,000 people.

7.2 Prospects

Alexander Forbes intends to capitalise on its unique market positioning and improve the performance of its operations by continuing to grow its core institutional businesses and pursuing the retail, public sector and sub-Saharan Africa growth strategies. These growth strategies apply across the Alexander Forbes Group and are initiatives focused on leveraging the core institutional client base and the Alexander Forbes Group's market positioning in its core businesses.

7.3 Share price history

The price history of the Alexander Forbes Ordinary Shares on the JSE is set out in **Annexure 3** to this Circular.

7.4 Issued capital

As at the Last Practicable Date, the authorised and issued ordinary capital of Alexander Forbes, before and after implementing the Specific Issue, were as follows:

Before the Specific Issue	R'm
Authorised issued capital	
2,500,000,000 ordinary shares of no par value	-
45,000,000 non-convertible redeemable 'B' preference shares	-
Issued capital	
1,302,356,263 listed ordinary shares of no par value	5,819
After the Specific Issue	R'm
Authorised issued capital	
2,500,000,000 ordinary shares of no par value	-
45,000,000 non-convertible redeemable 'B' preference shares	-
Issued capital	
1,341,426,963 listed ordinary shares of no par value	5,819

7.5 Issues of securities

Alexander Forbes Ordinary Shares issued in the issued capital of the Company in the three years prior to the Last Practicable Date were as follows:

Restructure	
The price and terms at which the securities were issued or offered	873,339,806 Ordinary Shares were issued at a total subscription price of R5,254,593,241 or R6.01667 per Ordinary Share on 31 March 2014 (prior to the listing of Alexander Forbes Ordinary Shares on the JSE on 31 March 2014)
The number of securities allotted in pursuance of such issues or offers	873,339,806 Ordinary Shares
Were the securities issued to all securities holders in proportion to their holdings? If not, to whom they were issued?	The Shares were issued to Actis Investment Holdings and affiliates, Caisse de Depot et Placement du Quebec, Ethos Capital and affiliates, Harbourvest International Private Equity Partners and affiliates, Ontario Teachers' Pension Plan Board, Alexander Forbes Preference Share Investments, the B-BBEE Investors (being Dreamworld Investments 518, Born Free Investments 580 and Golden Falls Trading 485), the Alexander Forbes Management Co-Investment Trust, AF MST Funding SPV, AF BEE Funding SPV and K2013116223, a Shanduka company.
The reasons for the issues and the basis of allotment	The issues were made pursuant to the restructure of the Company, as consideration for repurchasing the entire issued redeemable "A" preference shares in the Company
The dates of the issues or offers	31 March 2014
The reasons for any premium or discount	Not applicable The Ordinary Shares were issued at fair value estimated at a particular point in time
How were such premiums or discounts dealt with?	Not applicable The Ordinary Shares were issued at fair value estimated at a particular point in time

Were some securities issued or offered at par and others at varying premiums or discounts? If so, provide the reasons for the differential	Not applicable All shares were issued at the same value
The value of the asset, if any, acquired or to be acquired out of the proceeds of the issue or offer	Not applicable The Ordinary Shares were issued for the redemption/conversion of various capital instruments held by the Company or its directly or indirectly owned subsidiaries
Authority granted for the issue of the securities	Specific Issue
Listing	
The price and terms at which the securities were issued or offered	In anticipation of the Company's listing, on 24 July 2014, up to 47,826,087 Ordinary Shares were offered to institutional investors and, by invitation, to other selected investors, by way of an offer for subscription by the Company at an offer price range of R6.90 to R8.05 per share ("the Offer"). The Offer closed at 12:00 on Thursday, 17 July 2014 and the final number of new Shares issued was 44,000,000, at a subscription price of R7.50 per share In addition, as part of the listing process, 7,657,966 Ordinary Shares were issued in terms of the Company's Exit Transaction Incentive Plan, at an issue price of R7.50 per share, as described in the Company's pre-listing statement issued on 7 July 2014
The number of securities allotted in pursuance of such issues or offers	51,657,966 Ordinary Shares
Were the securities issued to all securities holders in proportion to their holdings? If not, to whom they were issued?	44,000,000 Ordinary Shares were issued to institutional investors and, by invitation, to other selected investors 7,657,966 Ordinary Shares were issued, subject to the terms of the Exit Transaction Incentive Plan, to certain members of management
The reasons for the issues and the basis of allotment	The issues were made pursuant to the listing of the Company on 24 July 2014
The dates of the issues or offers	The shares were issued on 24 July 2014
The reasons for any premium or discount	Not applicable The shares were issued at fair value estimated at a particular point in time
How were such premiums or discounts dealt with?	Not applicable The shares were issued at fair value estimated at a particular point in time.
Were some securities issued or offered at par and others at varying premiums or discounts? If so, provide the reasons for the differential.	Not applicable. All shares were issued at the same value
The value of the asset, if any, acquired or to be acquired out of the proceeds of the issue or offer	Not applicable The Shares were issued pursuant to the listing of the Company on 24 July 2014
Authority granted for the issue of the securities	Specific Issue

As at 30 September 2014 the number of Treasury Shares held was 40,119,735.

7.6 Major shareholders

At the Last Practicable Date, insofar as is known to Alexander Forbes, Alexander Forbes Ordinary Shareholders who were directly interested in 5% or more of the Company's Ordinary Shares are as follows:

Shareholder	Number of Alexander Forbes Ordinary Shares	% of Shareholding
Mercer Africa Ltd	442,801,129	34.0%
STANLIB Asset Management Ltd	122,587,019	9.4%
Public Investment Corporation Ltd	98,897,129	7.6%
Allan Gray (Pty) Ltd	80,202,911	6.2%
Abax Investments (Pty) Ltd	75,023,217	5.8%
Neuberger Berman, LLC	64,967,635	5.0%

As at the Last Practicable Date, insofar as is known to Alexander Forbes, there were no other Alexander Forbes Shareholders interested, directly or indirectly, in 5% or more of the Company's Ordinary Shares.

In so far as it is known to the Directors, Alexander Forbes does not have a controlling shareholder. Alexander Forbes has over 20% of its issued equity held by public shareholders, as per the JSE Listings Requirements.

7.7 Details relating to Directors

7.7.1 Directors' details

Details of the directors of the Company are set out below.

Name, age and nationality	Occupation/Function	Business address
Matthews Sello Moloko (49) (South African)	Non-Executive Chairman	115 West Street, Sandton 2196, Johannesburg South Africa
David John Anderson (46) (Australian)	Non-executive Director	Darling Park Tower 3 201 Sussex Street Sydney NSW 2000 Australia
Mark Derrick Collier (60) (British)	Independent Non-executive director	Puckden Poundsbridge Penshurst Kent TN11 8AR United Kingdom
Rabojane Moses Kgosana (56) (South African)	Independent Non-executive Director	37 New Forest Road, Forest Town, 2193, Johannesburg South Africa
Deenadayalan Konar (61) (South African)	Independent Non-executive Director	ORCA, 52 Corlett Drive Wanderers Office Park Illovo, 2196, South Africa
Edward Christian Kieswetter (55) (South African)	Executive Director (Group Chief Executive)	115 West Street, Sandton 2196, Johannesburg South Africa
Hilgard Pieter Meyer (56) (South African)	Independent Non-executive director	1st Floor, Entrance 2 32 Fricker Road, Illovo 2196, South Africa
William Simon O'Regan (56) (British)	Non-executive director	1 Tower Place West, Tower Place, London EC3R 5BU United Kingdom

Name, age and nationality	Occupation/Function	Business address
Barend Petersen (55) (South African)	Independent Non-executive director	Chambers – 9th Floor 33 Church Street Cape Town, 8001 South Africa
Deon Marius Viljoen (49) (South African)	Executive Director (Group Chief Financial Officer)	115 West Street, Sandton 2196, Johannesburg South Africa

There will be no direct change in respect of the Directors and management of the Alexander Forbes Group as a consequence of the implementation of the BEE ESOP Transaction.

7.7.2 **Directors' interests in Alexander Forbes Ordinary Shares**

As at the Last Practicable Date, the Directors and directors who may have resigned during the last 18 months (and their respective associates) held the following interests in the Ordinary Issued Capital Pre-transaction:

Director	Direct beneficial	Indirect beneficial	Total	% Holding
Executive				
E Chr. Kieswetter	2,980,462	–	2,980,462	0.23%
DM Viljoen	2,272,051	–	2,272,051	0.17%
Non-executive				
		–		–
Total	5,252,513	–	5,252,513	0.40%

The table above excludes conditional shares held through the Company's share incentive schemes that have not yet vested.

There has been no change in the directors interests occurring between the end of the preceding financial year and the date of the Circular.

7.7.3 **Directors' remuneration**

There will be no variation in the remuneration receivable by any of the Directors as a consequence of the implementation of the BEE ESOP Transaction.

7.7.4 **Directors' interests in transactions**

No Director and no director of Alexander Forbes who has resigned in the last 18 months has any beneficial interest, directly or indirectly, in any transactions effected by Alexander Forbes during the current or immediately preceding financial year which remain in any respect outstanding or unperformed.

8. **OTHER INFORMATION**

8.1 **Material changes**

There has been no material change in the financial or trading position of Alexander Forbes and its subsidiaries since the issue of the interim results for the six months ended 30 September 2014 and the date of this Circular.

8.2 **Directors' responsibility statement**

The Directors, whose names appear in paragraph 7.7.1 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading, and all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and by the Listings Requirements.

8.3 Consents

The Transfer Secretaries, legal adviser, financial adviser and sponsor have all provided their written consent to their names being published in this Circular and have not withdrawn their consent prior to the publication of this Circular. The Reporting Accountants provided their written consent to their names and reports being included in this Circular in the form and context in which they appear and have not withdrawn their consent prior to the publication of this Circular.

8.4 Litigation

There are no legal or arbitration proceedings against the Alexander Forbes Group nor, as far as the Directors are aware, any legal or arbitration proceedings pending or threatened against the Alexander Forbes Group that may have had, in the 12 months preceding the date of this Circular, a material effect on the financial position of the Alexander Forbes Group.

9. GENERAL MEETING

The General Meeting of Alexander Forbes Shareholders to consider and, if deemed fit, pass, with or without modifications, the resolutions set out in the Notice of General Meeting, will be held on **Monday, 1 June 2015 at 12:00** at Alexander Forbes' registered office, 115 West Street, Sandton, Gauteng.

The Notice of General Meeting and a form of proxy (*green*) for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration who are unable to attend the General Meeting are attached to this Circular. A duly completed form of proxy (*green*) must be received by the Transfer Secretaries by no later than **12:00 on Thursday, 28 May 2015**.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excluded) at the registered office of Alexander Forbes and the Company's Sponsor from 4 May 2015 to 1 June 2015:

- the MOI of Alexander Forbes and the MOIs of its subsidiaries;
- a signed copy of this Circular;
- the ESOP Trust Deed dated 20 March 2015;
- the Subscription Agreement dated 17 April 2015;
- the Relationship Agreement dated 17 April 2015;
- the audited annual financial statements of Alexander Forbes for each of the three financial years ended March 2014, March 2013 and March 2012;
- the interim results of Alexander Forbes for the six months ended 30 September 2014;
- copies of service contracts with directors;
- the report of the Reporting Accountants on the *pro forma* financial effects; and
- the consent letters referred to in paragraph 8.3 above.

By order of the Board

Janice Salvado
Group Company Secretary

Registered Office: 115 West Street, Sandton, Gauteng

4 May 2015

PRO FORMA FINANCIAL INFORMATION RELATING TO THE BEE ESOP TRANSACTION

The *pro forma* financial information set out below has been prepared to assist Alexander Forbes Shareholders to assess the impact of the BEE ESOP Transaction on the financial position and results of Alexander Forbes, based on the unaudited interim results of the group for the six months ended 30 September 2014 and the statement of financial position at that date. No adjustments have been made to the *pro forma* financial information other than in respect of the BEE ESOP Transaction.

The accounting policies of Alexander Forbes for the six-month period ended 30 September 2014 have been used in preparing the *pro forma* financial effects.

The *pro forma* financial effects have been prepared for illustrative purposes only and are the responsibility of the Directors. Due to the nature of the *pro forma* financial effects, it may not give a fair reflection of Alexander Forbes' financial position, changes in equity, results of operations or cash flows after completion of the BEE ESOP Transaction.

The *pro forma* adjustments are directly attributable to the BEE ESOP Transaction and do not relate to future events or decisions.

The Directors are not aware of any other matters or circumstances arising subsequent to 30 September 2014 that require any additional disclosure or adjustment to the *pro forma* financial effects.

Pro forma statement of comprehensive income for the six-month period ended 30 September 2014

The *pro forma* statement of comprehensive income presented below was prepared on the assumption that the BEE ESOP Transaction was effective 1 April 2014.

Rm	Before the BEE ESOP Transaction⁽¹⁾	Impact of the BEE ESOP Transaction⁽²⁾	Transaction costs⁽³⁾	Pro forma after the BEE ESOP Transaction
Continuing operations				
Fee and commission income	2 615	–	–	2 615
Direct expenses relating to fee and commission income	(471)	–	–	(471)
Net income from insurance operations	233	–	–	233
Operating income net of direct expenses	2 377	–	–	2 377
Operating expenses	(1 833)	(2)	(5)	(1 840)
Profit from operations before non-trading and capital items	544	(2)	(5)	537
Non-trading and capital items	(273)	–	–	(273)
Operating profit	271	(2)	(5)	264
Investment income	180	–	–	180
Finance costs	(72)	–	–	(72)
Reported profit arising from policyholder investments in treasury shares	14	–	–	14
Share of net profit of associates (net of income tax)	1	–	–	1
Profit before tax	394	(2)	(5)	387
Income tax expense	(208)	–	–	(208)
Profit/(loss) for the year from continuing operations	186	(2)	(5)	179
Discontinued operations				
Profit on discontinued operations (net of income tax)	(19)	–	–	(19)
Profit/(loss) for the year	167	(2)	(5)	160

Rm	Before the BEE ESOP Transaction⁽¹⁾	Impact of the BEE ESOP Transaction⁽²⁾	Transaction costs⁽³⁾	Pro forma after the BEE ESOP Transaction
<i>Profit/(loss) attributable to:</i>				
Equity holders	114	(2)	(5)	107
Non-controlling interest	53			53
	167	(2)	(5)	160
Earnings and headline earnings calculations – total operations				
Profit/(loss) attributable to equity holders	114	(2)	(5)	107
<i>Adjust for:</i>				
Profit on disposal of subsidiary	24	–	–	24
Goodwill impairment	–	–	–	–
Headline earnings	138	(2)	(5)	131
Weighted average number of shares in issue (millions) ⁵	1,198	–	–	1,198
Earnings per share (cents)				
Basic profit/(loss) per ordinary share – continuing operations	10.5	–	–	10
Basic profit/(loss) per ordinary share – discontinuing operations	(1)	–	–	(1)
Basic profit/(loss) per ordinary share – total operations	9.5	–	–	9.0
Headline loss per ordinary share – continuing operations	11.5	–	–	11.0
Headline loss per ordinary share – discontinuing operations	–	–	–	–
Headline loss per ordinary share – total operations	11.5	–	–	11.0

Notes and assumptions to the unaudited pro forma financial effects:

1. Extracted from the published unaudited interim financial results of Alexander Forbes for the six months ended 30 September 2014.
2. The financial effects of the BEE ESOP Transaction in terms of International Financial Reporting Standards reflect the dividends paid to the beneficiaries as employee costs in terms of IAS19. This treatment is due to the non-vesting nature of the share plan. The R2 million cost adjustment represents the assumed dividend calculated based on the Company's expected dividend cover ratio of between 1.5 and 2 times. The cost is expensed as an employee benefit expense in accordance with the IAS 19: Employee Benefits.
3. Transaction costs associated with the BEE ESOP Transaction are assumed at R5 million, which are non-recurring in nature.
4. Other than in respect of estimated transaction costs set out in paragraph 6 of the Circular, all adjustments have a continuing effect.
5. The weighted average number of shares in issue and the diluted weighted average number of shares are unchanged as the shares held by the trust are treated as treasury shares in accordance with IFRS.

Pro forma statement of financial position as at period ended 30 September 2014

The *pro forma* statement of financial position presented below was prepared on the assumption that the BEE ESOP Transaction was effective 30 September 2014.

Rm	Before the BEE ESOP Transaction⁽¹⁾	Impact of the BEE ESOP Transaction⁽²⁾	Transaction costs⁽³⁾	Pro forma after the BEE ESOP Transaction
Assets				
Financial assets held under multi-manager investment contracts	268,360	–	–	268,360
Financial assets of cell-captive insurance facilities	346	–	–	346
Property and equipment	342	–	–	342
Purchased and developed computer software	74	–	–	74
Goodwill	4,006	–	–	4,006
Intangible assets	830	–	–	830
Investment in associates	7	–	–	7
Deferred tax assets	147	–	–	147
Financial assets	560	–	–	560
Insurance receivables	824	–	–	824
Trade and other receivables	1,007	–	–	1,007
Cash and cash equivalents	3,930	–	(5)	3,925
Assets and disposal groups classified as held for sale	44	–	–	44
Total assets	280,477	–	(5)	280,472
Equity and liabilities				
Share capital and premium	6,192	–	–	6,192
Treasury shares	(323)	–	–	(323)
Accumulated loss	(775)	–	(5)	(780)
Other reserves	(25)	–	–	(25)
Equity holders' funds	5,069	–	(5)	5,064
Non-controlling interest	154	–	–	154
Total equity	5,223	–	(5)	5,218
Financial liabilities held under multi-manager investment contracts	268,602	–	–	268,602
Liabilities of cell-captive insurance facilities	346	–	–	346
Borrowings	1,307	–	–	1,307
Employee benefits	178	–	–	178
Deferred tax liabilities	490	–	–	490
Provisions	292	–	–	292
Finance lease liability	88	–	–	88
Operating lease liability	164	–	–	164
Deferred income	40	–	–	40
Insurance payables	2,437	–	–	2,437
Trade and other payables	1,290	–	–	1,290
Liabilities of disposal group classified as held for sale	20	–	–	20
Total liabilities	275,254	–	–	275,254
Total equity and liabilities	280,477	–	(5)	280,472
Number of shares in issue (millions)²	1,263	–	–	1,263
NAV per share (cents)	401.4	–	–	401.0
TNAV per share (cents)	12.6	–	–	12.2

Notes and assumptions to the unaudited pro forma financial effects:

1. Extracted from the unaudited interim financial results of Alexander Forbes for the six months ended 30 September 2014.
2. The adjustment reflects the consolidated effect of the ESOP. As the BEE ESOP Transaction is assumed to be effective 30 September 2014 there would be a nil accrual of the IAS 19 charge for balance sheet. The share issue of 39,070,700 shares at no par value will be reflected in equity as treasury shares.
3. Represents estimated transaction costs. A breakdown of the costs is presented in Paragraph 6 of the Circular.

REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL EFFECTS

28 April 2015
The Board of Directors
Alexander Forbes Group Holdings Limited
115 West Street
Sandton
2196

Independent reporting accountant's assurance report on the compilation of *pro forma* financial information of Alexander Forbes Group Holdings Limited

Introduction

Alexander Forbes Group Holdings Limited (**Alexander Forbes** or the **Company**) is issuing a circular to its shareholders (the Circular) regarding the implementation of a new black economic empowerment transaction involving the participation of eligible employees (the **BEE ESOP Transaction**).

At your request and for the purposes of the Circular to be dated on or about **4 May 2014**, we present our assurance report on the compilation of the *pro forma* financial information of Alexander Forbes by the directors. The *pro forma* financial information, presented in **paragraph 5** and **Annexure 1** to the Circular, consists of the *pro forma* statement of financial position as at 30 September 2014, the *pro forma* statement of comprehensive income for the 6 months ended 30 September 2014 and the *pro forma* financial effects (the **Pro Forma Financial Information**). The *Pro Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the Listings Requirements of the JSE Limited (**JSE**).

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the BEE ESOP Transaction on the Company's reported financial position as at 30 September 2014, and the Company's financial performance for the period then ended, as if the BEE ESOP Transaction had taken place at 30 September 2014 and 1 April 2014, respectively. 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 unaudited interim results for the six months ended 30 September 2014.

Directors' responsibility

The directors of Alexander Forbes are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **paragraph 5** and **Annexure 1** to the Circular. The directors of Alexander Forbes are also responsible for the financial information from which it has been prepared.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether or not the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements 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 or not 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.

As 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 would have been as presented.

A reasonable assurance engagement to report on whether or not 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 specified by the JSE Listings Requirements and described in **paragraph 5** and **Annexure 1** to the Circular.

PricewaterhouseCoopers Inc.

Director: **J Grosskopf**

Registered Auditor

Sunninghill

PRICE HISTORY OF ALEXANDER FORBES ORDINARY SHARES ON THE JSE

The table below indicates the aggregate volumes and values traded and the highest and lowest prices traded in Alexander Forbes Ordinary Shares over the twelve months prior to the date of issue of this Circular; and for each day over the thirty days preceding the Last Practicable Date.

Date	Low (cents)	High (cents)	Closing Price (cents)	Volume	Value Traded (R)
Monthly					
2014/07/24	810	860	841	308,033,997	2,353,151,570
2014/07/31	810	999	870	341,207,824	2,639,570,150
2014/08/31	845	914	908	54,400,825	477,385,970
2014/09/30	795	920	820	48,660,160	415,222,760
2014/10/31	751	871	860	64,889,686	524,086,190
2014/11/30	860	995	980	101,933,587	956,741,300
2014/12/31	902	1,013	950	83,461,522	798,101,250
2015/01/31	900	975	950	26,446,848	247,875,720
2015/02/28	917	1,149	1,077	27,733,630	278,918,280
2015/03/31	915	1,140	1,030	50,990,706	505,265,160
Daily					
2015/03/12	955	1,014	985	5,198,687	51,019,756
2015/03/13	970	1,030	980	6,873,173	67,778,433
2015/03/16	971	1,018	984	1,595,260	15,736,713
2015/03/17	972	1,015	975	3,175,441	31,428,219
2015/03/18	915	995	930	2,877,565	27,218,411
2015/03/19	940	985	945	1,478,211	14,081,485
2015/03/20	918	1,000	950	1,670,869	15,755,508
2015/03/23	941	981	952	3,909,998	37,306,559
2015/03/24	945	1,000	969	1,942,660	18,761,687
2015/03/25	959	1,020	972	5,104,292	50,166,157
2015/03/26	955	995	990	4,906,873	47,949,812
2015/03/27	995	1,075	1,040	3,091,895	32,316,135
2015/03/30	1,026	1,089	1,035	2,041,167	21,244,456
2015/03/31	1,030	1,074	1,030	1,077,345	11,240,304
2015/04/01	1,020	1,070	1,054	1,517,656	15,851,855
2015/04/02	1,029	1,080	1,050	3,153,652	33,005,983
2015/04/07	1,048	1,090	1,052	322,615	3,412,314
2015/04/08	1,050	1,078	1,060	999,837	10,595,741
2015/04/09	1,015	1,060	1,015	293,423	3,027,357
2015/04/10	985	1,029	1,005	800,541	8,009,502
2015/04/13	995	1,018	997	1,002,474	10,065,578
2015/04/14	961	1,011	967	3,463,202	33,797,498
2015/04/15	976	1,009	978	1,359,342	13,332,869
2015/04/16	965	1,006	984	1,672,243	1,653,164
2015/04/17	965	990	970	802,759	7,808,538
2015/04/20	962	983	981	546,581	5,341,365
2015/04/21	960	1,014	995	1,824,533	17,856,796
2015/04/22	985	1,007	1,000	865,157	8,625,409
2015/04/23	981	995	988	972,415	9,606,408
2015/04/24	978	1,023	1,000	657,731	6,592,233

Source: I-Net Bridge

DETAILS OF EMPLOYEE SHARE OWNERSHIP PLAN

1. ESTABLISHMENT OF THE ESOP TRUST

The Company has established the ESOP Trust for the purpose of subscribing for, holding and administering the ESOP Trust Shares (representing approximately 2.91%) of Alexander Forbes issued share capital) for the benefit of the Employee Beneficiaries, subject to the restrictions and Suspensions stipulated in the Subscription Agreement and/or the Relationship Agreement.

While the terms of the ESOP Trust Deed provide that all Eligible Employees may be appointed as Employee Beneficiaries, Black Women beneficiaries shall between them be entitled to receive 70% of the net distributions made by the ESOP Trust and, at inception of the BEE ESOP Transaction, Black People shall between them be entitled to receive 82% of the net distributions made by the ESOP Trust. The ESOP Trust Deed achieves this by providing for the distribution of the Net Income of the ESOP Trust and the voting rights attaching to the ESOP Trust Shares amongst two separate classes of Employee Beneficiaries, as follows:

- Pool A Beneficiaries which comprise the Employee Beneficiaries who are Black Women and who are entitled to 70% of the Net Income of the ESOP Trust (Pool A Income) and to the exercise of 70% of the voting rights attributable to the Alexander Forbes Ordinary Shares held by the ESOP Trust, in accordance with the terms of the ESOP Trust Deed; and
- Pool B Beneficiaries which comprise all the remaining Employee Beneficiaries and who are entitled to a distribution of 30% of the Net Income of the ESOP Trust (Pool B Income) and to exercise 30% of the voting rights attributable to the Alexander Forbes Ordinary shares held by the ESOP Trust, in accordance with the terms of the ESOP Trust Deed.

2. APPOINTMENT OF ESOP TRUST TRUSTEES

The ESOP Trust and the ESOP Trust Shares will be managed by the ESOP Trust Trustees. Three of the ESOP Trust Trustees will be elected and appointed by the Employee Beneficiaries and two of the ESOP Trust Trustees will be appointed by Alexander Forbes.

Alexander Forbes has appointed the Initial ESOP Trust Trustees for purposes of, amongst other things, signing the Transaction Agreements and implementing the BEE ESOP Transaction. Each of the Initial ESOP Trust Trustees is a member of Alexander Forbes' executive management, as approved by the Board, and will facilitate the appointment of the ESOP Trust Trustees to be elected by the Employee Beneficiaries, which election and appointment will be finalised shortly after the initial allocation of units in the ESOP Trust to Eligible Employees.

3. ALLOCATION OF UNITS

Employer Companies will, from time to time and in accordance with the ESOP Trust Deed, apply the allocation criteria determined by the Alexander Forbes remuneration committee in order to determine the number of units to be allocated to each Eligible Employee. The allocation criteria will be based on an Eligible Employee's position, seniority and years of services or tenure within the Alexander Forbes Group. The units in principle represent a vested right for each Employee Beneficiary to a proportionate distribution of the Pool A Income (for Pool A Beneficiaries i.e. Black Women) or Pool B Income (for Pool B Beneficiaries i.e. for remaining Employee Beneficiaries) of the ESOP Trust.

The relevant Employer Company will deliver an allocation notice to each Eligible Employee specifying, amongst other things, whether the Eligible Employee will be a Pool A Beneficiary, who shall be exclusively Black Women, or a Pool B Beneficiary and the number of units in the ESOP Trust allocated to such Eligible Employee. Upon written acceptance of the allocation notice, the Eligible Employee shall become an Employee Beneficiary of the ESOP Trust.

The Employer Company shall, from time to time, on application of the allocation criteria, be entitled to allocate units to new employees who qualify as Eligible Employees and shall, from time to time, be entitled to allocate additional units to existing Employee Beneficiaries.

4. DISTRIBUTION OF NET INCOME OF THE ESOP TRUST

The ESOP Trust Trustees shall endeavour to ensure that the Pool A Income, (being the portion of the Net Income due to the Pool A Beneficiaries) and the Pool B Income (being the portion of the net Income due to the Pool B Beneficiaries) is distributed and paid (less any amounts required to be withheld for tax

purposes) to the Employee Beneficiaries, in each case in accordance with their units, within a reasonable time of having been received by the ESOP Trust, calculated in accordance with the following formula:

$$(A \div B) \times C$$

Where:

“A” represents the number of units allocated to the Pool A Beneficiary or the Pool B Beneficiary concerned, as the case may be;

“B” represents:

- i. in determining the distribution of Pool A Income to Pool A Beneficiaries, the aggregate number of units allocated to Pool A Beneficiaries; and
- ii. in determining the distribution of Pool B Income to Pool B Beneficiaries, the aggregate number of units allocated to Pool B Beneficiaries; and

“C” represents:

- i. in determining the distribution of Pool A Income to Pool A Beneficiaries, the amount of all the Pool A Income (less any amounts required to be withheld for tax purposes) available for distribution to the Pool A Beneficiaries on that date; and
- ii. in determining the distribution of Pool B Income to Pool B Beneficiaries, the amount of all the Pool B Income (less any amounts required to be withheld for tax purposes) available for distribution to the Pool B Beneficiaries on that date.

5. CAPITAL

The Subscription Shares (i.e. the capital assets of the ESOP Trust) shall vest in the ESOP Trust and shall be registered in the name of the ESOP Trust or the ESOP Trust Trustees for the time being, in their capacity as ESOP Trust Trustees.

The Employee Beneficiaries shall have no vested rights or entitlements to the capital assets of the ESOP Trust other than to the net surplus (if any) of the proceeds of the sale of the ESOP Trust Shares upon termination of the ESOP Trust, as provided for in paragraph 9 below.

6. VOTING OF TRUST SHARES

At least 10 (ten) days prior to a general or special shareholders’ meeting of Alexander Forbes, the ESOP Trust Trustees shall notify the Employee Beneficiaries via electronic communication of any resolutions on which the ESOP Trust Trustees are entitled to vote at that meeting and request the Employee Beneficiaries to direct them as to how the ESOP Trust Trustees should vote on any such resolution at that meeting, provided that voting of the ESOP Trust Shares shall not take place at any stage prior to the appointment of the 3 (three) ESOP Trust Trustees appointed by the Employee Beneficiaries. Each Employee Beneficiary shall be entitled to give directions to the ESOP Trust Trustees as to how to exercise the votes in respect of the ESOP Trust Shares. The ESOP Trust Trustees shall calculate the number of votes attributable to the ESOP Trust Shares (i) to vote in favour of each resolution; (ii) to vote against each resolution; and (iii) to abstain from voting in respect of each resolution based on the directions given by the Employee Beneficiaries. Each Employee Beneficiary’s voting rights for this purpose shall be determined in accordance with the following formula:

$$A = \frac{(B \times C)}{D}$$

Where:

“A” represents the number of votes per unit allocated to a Pool A Beneficiary or a Pool B Beneficiary, as the case may be;

“B” represents:

- i. in determining the number of votes per unit allocated to a Pool A Beneficiary, 70%; and
- ii. in determining the number of votes per unit allocated to a Pool B Beneficiary, 30%;

“C” represents the aggregate number of all voting rights attributable to the ESOP Trust Shares; and

“D” represents:

- i. in determining the number of votes per unit allocated to a Pool A Beneficiary, the aggregate number of units allocated to the Pool A Beneficiaries; and
- ii. in determining the number of votes per unit allocated to a Pool B Beneficiary, the aggregate number of units allocated to the Pool B Beneficiaries.

The Employee Beneficiaries shall not be entitled to receive from the ESOP Trust Trustees any shareholder information issued by Alexander Forbes, but the ESOP Trust Trustees shall be obliged to procure that Alexander Forbes make such information available on its intranet.

At the general or special shareholders' meeting of Alexander Forbes, the ESOP Trust Trustees shall vote the ESOP Trust Shares in proportion to the directions given to them by the Employee Beneficiaries calculated in accordance with the formula set out above; provided that, where any fractions arise as a result of the calculation performed, the ESOP Trust Trustees shall, in their discretion, round such fractions up or down to the nearest whole number so as to, as nearly as possible, give effect to the directions of the Employee Beneficiaries while ensuring that all votes attributable to the ESOP Trust Shares are voted for, against, or abstained from voting (as the case may be), proportionately to the directions received from the Employee Beneficiaries.

7. EVENTS INFLUENCING BENEFITS TO BE RECEIVED

If at any time, an Employee Beneficiary ceases to remain in the employ of the Alexander Forbes Group for whatever reason, his or her units in the ESOP Trust will be cancelled for no consideration, and he or she will cease to be an Employee Beneficiary.

No Employee Beneficiary shall be entitled to:

- encumber his or her units in anyway;
- transfer his or her units;
- enter into any agreement in respect of any rights or benefits attached to his or her units or enter into any derivative transaction in respect of his or her units; or
- agree, whether or not subject to a suspensive or resolutive condition, to do any of the foregoing.

In the event an Employee Beneficiary purports to do any of the above, his or her units in the ESOP Trust will be cancelled for no consideration, and he or she will cease to be an Employee Beneficiary.

8. CORPORATE ACTIONS

The ESOP Trust Shares will rank *pari passu* with the Other Ordinary Shares in respect of any subdivision or consolidation of Alexander Forbes Ordinary Shares and the ESOP Trust Shares shall be deemed to include such shares as subdivided or consolidated.

The Specific Repurchase can be accelerated by Alexander Forbes in the event of a delisting of the Alexander Forbes Ordinary Shares, a change in control of Alexander Forbes, or any other relevant corporate action. If Alexander Forbes, in its sole discretion, determines that the ESOP Trust will not enjoy an Approximate Benefit as a result of the corporate event, Alexander Forbes will propose adjustments to the Repurchase Formula to ensure that the ESOP Trust will enjoy an Approximate Benefit.

The ESOP Trust will not be entitled to participate in any rights offers for the duration of the Term and this will be taken into account in the Repurchase Formula, if applicable.

While the ESOP is designed to be evergreen, Alexander Forbes has an option to accelerate the Repurchase at any time after the sixth anniversary of the implementation of the BEE ESOP Transaction (when the current continuing consequences benefit for previous BEE ownership is expected to expire).

9. TERMINATION OF THE ESOP TRUST

The ESOP Trust shall terminate, if Alexander Forbes and the ESOP Trust Trustees so resolve, on any of the following events, namely:

- the sale or transfer of all of the ESOP Trust Shares by the ESOP Trust Trustees;
- the winding up or liquidation of Alexander Forbes (whether provisionally or finally) other than for the purposes of re-organisation;
- the cessation by Alexander Forbes of all its trading activities; or
- the sale or transfer by Alexander Forbes of its entire business.

Upon the termination the ESOP Trust Trustees shall realise the assets of the ESOP Trust and first pay the claims of all creditors of the ESOP Trust and, if thereafter there shall remain any surplus, the net surplus shall be paid (less any amounts required to be withheld for tax purposes) to the persons who are Employee Beneficiaries as at the date of termination of the ESOP Trust within the respective distribution pools in the same manner provided for in paragraph 4 above.

10. **ADMINISTRATION**

Alexander Forbes will be entitled to select an administrator for the ESOP Trust and to instruct the ESOP Trust Trustees to appoint the selected administrator to administer the ESOP Trust.

The costs and expenses of the administration of the ESOP Trust will be borne by the ESOP Trust. If the ESOP Trust has insufficient funds to pay costs, expenses, taxes or any amounts incurred by and/or due and payable by the ESOP Trust in accordance with the terms of the ESOP Trust Deed, these will be borne by the Alexander Forbes Group.



Securing your financial well-being

Alexander Forbes Group Holdings Limited
(previously Alexander Forbes Equity Holdings Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2006/025226/06)
JSE share code: AFH ISIN: ZAE000191516

NOTICE OF GENERAL MEETING OF ALEXANDER FORBES SHAREHOLDERS

The definitions and interpretations commencing on page 7 of the Circular to which this Notice of General Meeting of Alexander Forbes Shareholders is attached apply, *mutatis mutandis*, to this Notice of General Meeting.

Notice is hereby given to Alexander Forbes Shareholders that a General Meeting of Alexander Forbes Shareholders will be held at **12:00 on Monday, 1 June 2015** at the Company's registered office, 115 West Street, Sandton, Gauteng, to consider and, if deemed fit, pass, with or without modification, the special and ordinary resolutions set out below in the manner required by the Companies Act, as read with the Listings Requirements, which meeting is to be participated in and voted at by Alexander Forbes Shareholders as at the record date of **Friday, 22 May 2015**.

SPECIAL RESOLUTION 1 - SPECIFIC AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO THE ESOP TRUST

"RESOLVED AS A SPECIAL RESOLUTION that, subject to the passing of Special Resolutions 2 and 3 and Ordinary Resolution 1, to the extent required by sections 44 and 45 of the Companies Act, the Board may, subject to compliance with the requirements of Alexander Forbes' MOI, the Companies Act and the Listings Requirements, authorise the Company to provide financial assistance to the ESOP Trust and directors or prescribed officers of the Company or of a related or inter-related company, that are or will be beneficiaries of the ESOP Trust, for the purpose of enabling the ESOP Trust to subscribe for the Subscription Shares, as contemplated in the Circular to which this Notice of General Meeting is attached."

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of the voting rights exercised at the General Meeting in respect of Special Resolution 1.

SPECIAL RESOLUTION NUMBER 2 - SPECIFIC AUTHORITY TO REPURCHASE THE REPURCHASE SHARES

"RESOLVED AS A SPECIAL RESOLUTION that, subject to the passing of Special Resolutions 1 and 3 and Ordinary Resolution 1, in terms of paragraph 5.67(B)(a) of the Listings Requirements and Alexander Forbes' MOI, the Company be and is hereby authorised, in accordance with and insofar as it is entitled to do so in terms of the provisions of the Transaction Agreements to acquire the Repurchase Shares from the ESOP Trust, which are calculated in accordance with the Subscription Agreement, for a purchase consideration of R0.01 per Repurchase Share; such specific authority being subject to the requirements of paragraph 5.69 of the Listings Requirements having been met in relation to the acquisition made by the Company pursuant to this Special Resolution 2. The specific authority granted in terms of this Special Resolution 2 shall be valid until such time as the acquisition contemplated in this Special Resolution 2 has been implemented or it is amended or revoked by another special resolution."

Pursuant to the Listings Requirements, for this resolution to be passed, votes in favour of the resolution must represent at least 75% of the voting rights exercised at the General Meeting in respect of Special Resolution 2.

SPECIAL RESOLUTION NUMBER 3 - SPECIFIC AUTHORITY TO REPURCHASE THE REMAINING SHARES

"RESOLVED AS A SPECIAL RESOLUTION that, subject to the passing of Special Resolutions 1 and 2 and Ordinary Resolution 1, in terms of paragraph 5.67(B)(a) of the Listings Requirements and Alexander Forbes' MOI, the Company be and is hereby authorised, should it elect to exercise its Call Option in terms of the

Relationship Agreement, to acquire the Remaining Shares from the ESOP Trust for a purchase consideration equivalent to the Market Value of such Remaining Shares (subject to any agreed discount); such specific authority being subject to the requirements of paragraph 5.69 of the Listings Requirements having been met in relation to the acquisition made by the Company pursuant to this Special Resolution 3. The specific authority granted in terms of this Special Resolution 3 shall be valid until such time as the acquisition contemplated in this Special Resolution 3 has been implemented or it is amended or revoked by another special resolution.”

Pursuant to the Listings Requirements, for this resolution to be passed, votes in favour of the resolution must represent at least 75% of the voting rights exercised at the General Meeting in respect of Special Resolution 3.

ORDINARY RESOLUTION NUMBER 1 – ISSUE OF SUBSCRIPTION SHARES

“RESOLVED AS AN ORDINARY RESOLUTION that, subject to the passing of Special Resolutions 1, 2 and 3, the issue of the Subscription Shares to the ESOP Trust, on the terms and subject to the conditions set out in the Circular to which this Notice of General Meeting is attached, be and is hereby approved.”

Pursuant to the Listings Requirements, the Company will only be entitled to issue the shares which are the subject of Ordinary Resolution 1 if that resolution is passed by votes, in favour of the resolution, representing at least 75% of the voting rights exercised at the General Meeting in respect of Ordinary Resolution 1.

RECORD DATE, VOTING AND PROXIES

Record Dates

The record date on which Alexander Forbes Shareholders must be recorded as such in the Register for the purposes of being entitled to attend and vote at the General Meeting is Friday, 22 May 2015 and the last day to trade in Alexander Forbes Ordinary Shares on the JSE in order to be eligible to vote at the General Meeting is Friday, 15 May 2015.

Voting

On a show of hands, every Alexander Forbes Shareholder present in person or represented by proxy, entitled to vote at the General Meeting, shall have one vote and, on a poll, every Alexander Forbes Shareholder entitled to vote at the General Meeting shall have one vote for each Alexander Forbes Ordinary Share held or represented. Pursuant to the Listings Requirements, shares held by a share trust or scheme will not have their votes taken into account for the purposes of determining whether any resolution has been passed.

Proxies

Alexander Forbes Shareholders are reminded that:

- a shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the General Meeting in the place of the shareholder and, in this regard, Alexander Forbes Shareholders are referred to the proxy form attached to this Notice of General Meeting;
- a proxy need not also be a shareholder of the Company.

Certificated Shareholders and Dematerialised “own name” Shareholders (whose names appear on the sub-Register maintained by their CSDP or Broker), who are unable to attend the General Meeting and wish to be represented thereat, are requested to complete and return the attached form of proxy (*green*) in accordance with the instructions contained therein, so as to reach the Transfer Secretaries by no later than 12:00 (South African time) on Thursday, 28 May 2015. The address of the Transfer Secretaries is on the inside front cover of this Circular.

Dematerialised Shareholders (other than those Dematerialised “own name” Shareholders) must advise their CSDP or Broker of their voting instructions should they wish to be represented at the General Meeting. If, however, such Shareholders wish to attend the General Meeting in person, they will need to request their CSDP or Broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between the Dematerialised Shareholder and the CSDP or Broker.

IDENTIFICATION

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate and vote at the General Meeting, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. Forms of identification include the presentation of a valid identity document, driver’s licence or passport.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Should any Alexander Forbes Shareholder (or a representative or proxy for an Alexander Forbes Shareholder) wish to participate in the General Meeting by way of electronic participation, that Alexander Forbes Shareholder should make an application in writing (including details as to how the Alexander Forbes Shareholder or its representative (including its proxy) can be contacted) to so participate, to the Transfer Secretaries, at their address above, to be received by the Transfer Secretaries at least seven Business Days prior to the General Meeting (Monday, 1 June 2015) in order for the Transfer Secretaries to arrange for the Alexander Forbes Shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the Transfer Secretaries for the purposes of section 63(1) of the Companies Act and for the Transfer Secretaries to provide the Alexander Forbes Shareholder (or its representative or proxy) with details as to how to access the General Meeting by means of electronic participation. The Company reserves the right not to provide for electronic participation at the General Meeting in the event that it determines that it is not practical to do so, or an insufficient number of Alexander Forbes Shareholders (or their representatives or proxies) request to so participate.

By order of the Board.

Janice Salvado

Group Company Secretary

Registered Office: 115 West Street, Sandton, Gauteng

Transfer Secretaries: Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107)

4 May 2015



ALEXANDERFORBES

Securing your financial well-being

Alexander Forbes Group Holdings Limited
(previously Alexander Forbes Equity Holdings Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2006/025226/06)
JSE share code: AFH ISIN: ZAE000191516

FORM OF PROXY

For use only by Alexander Forbes Shareholders holding Certificated Shares in the Company and holders of Dematerialised Shares in the Company held through a CSDP and who have elected “own name” registration in the Register maintained by the CSDPs, at the General Meeting to be held at 12:00 at Alexander Forbes’ registered office, 115 West Street, Sandton, Gauteng on Monday, 1 June 2015 or at any adjournment thereof.

If you are an Alexander Forbes Shareholder entitled to attend, speak at and vote at the General Meeting you can appoint a proxy or proxies to attend, vote and speak in your stead. A proxy need not be a shareholder of the Company.

If you are a holder of Alexander Forbes Ordinary Shares and have Dematerialised your Alexander Forbes Ordinary Shares through a CSDP or Broker (and have not selected “own name” registration in the sub-register maintained by a CSDP or Broker), do not complete this form of proxy but instruct your CSDP or Broker to issue you with the necessary letter of representation to attend the General Meeting, or if you do not wish to attend, provide your CSDP or Broker with your voting instructions in terms of your custody agreement entered into with it.

I/We

(full names in BLOCK LETTERS)

of (address)

Telephone number

Cellphone number

e-mail address

being a holder/s of Alexander Forbes Ordinary Shares, hereby appoint (see note 2)

1. of (or failing him/her)

2. of (or failing him/her)

the Chairman of the Company or failing him the Chairman of the General Meeting, as my/our proxy to attend, speak, and on a poll to vote or abstain from voting on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof.

	Number of votes (one per share)		
	In favour	Against	Abstain
Special Resolution 1 Specific authority to provide financial assistance to the ESOP Trust			
Special Resolution 2 Specific authority to repurchase the Repurchase Shares			
Special Resolution 3 Specific authority to repurchase the Remaining Shares			
Ordinary Resolution 1 Specific Issue of Subscription Shares			

Note: Please indicate with an “X” in the spaces above how you wish your votes to be cast.

Signed at on this day of 2015

Signature

Notes:

1. An Alexander Forbes Shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, speak and vote or abstain from voting in the place of that Alexander Forbes Shareholder at the General Meeting.
2. An Alexander Forbes Shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the Alexander Forbes Shareholder's choice in the space provided, with or without deleting the words "the Chairman of the Company or failing him the Chairman of the General Meeting". The person whose name appears first on the proxy form and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. An Alexander Forbes Shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box. Failure to comply with the above will be deemed to authorise the Chairman of the Company or failing him the Chairman of the General Meeting, if he is the authorised proxy, to vote in favour of resolutions at the General Meeting, or any other proxy to vote or abstain from voting at the General Meeting as he deems fit, in respect of the Alexander Forbes Shareholder's total holding.
4. The completion and lodging of this form of proxy will not preclude an Alexander Forbes Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Alexander Forbes Shareholder wish to do so.
5. In case of joint holders, the vote of the most senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, for which purpose seniority will be determined by the order in which the names appear on the Register of Alexander Forbes Shareholders in respect of the joint holding.
6. If an Alexander Forbes Shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the General Meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
7. The Chairman of the General Meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes.
8. 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 previously recorded by the Transfer Secretaries or waived by the Chairman of the General Meeting.
9. Any alteration or correction to this form of proxy must be initialled by the signatory/ies, other than the deletion of alternatives.
10. It is requested that forms of proxy be lodged with or posted to the Transfer Secretaries, to be received by no later than 12:00 on Thursday, 28 May 2015.
11. Where a form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has been registered by Alexander Forbes or the Transfer Secretaries or waived by the Chairman of the General Meeting.
12. A minor Alexander Forbes Shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by Alexander Forbes or the Transfer Secretaries.
13. A vote given in terms of an instrument of proxy shall be valid in relation to the General Meeting, notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the Transfer Secretaries not less than twenty-four hours before the commencement of the General Meeting, or at any adjournment thereof.
14. A proxy may not delegate his/her authority to act on behalf of the relevant Alexander Forbes Shareholder, to another person.
15. Unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.
16. A summary of applicable rights established in terms of section 58 of the Companies Act can be found on page 2 of this Circular.

SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE COMPANIES ACT AS REQUIRED BY SECTION 58(8)(b)(i) OF THE COMPANIES ACT

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise –
 - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
 - 3.2 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy –
 - 4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
 - 4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date –
 - 5.1 stated in the revocation instrument, if any; or
 - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4) (c) (ii) of the Companies Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to –
 - 6.1 the shareholder, or
 - 6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy –
 - 8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
 - 8.2 the company must not require that the proxy appointment be made irrevocable; and
 - 8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.