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Alexander Forbes Group Holdings Limited
Notice of annual general meeting and summarised annual
financial statements for the year ended 31 March 2018

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 12th (twelfth) annual general meeting of shareholders of Alexander Forbes Group Holdings Limited will be held (subject to any adjournment, postponement or cancellation) at the Table Mountain Board Room, 7th Floor, Alexander Forbes, 115 West Street, Sandown, Johannesburg, South Africa, at 09:30 on Thursday, 6 September 2018 to consider and, if deemed fit, pass with or without modification, the resolutions as set out in this notice.

RECORD DATES

The board of directors of the company has determined, in accordance with section 59(1)(a) and (b) of the Companies Act 71 of 2008, as amended (Companies Act), that the record date for shareholders to receive the notice of the annual general meeting (the notice record date) is Friday, 6 July 2018 and the record date for shareholders to be recorded as such in the shareholders' register, maintained by the transfer secretaries of the company, to be able to attend, participate in and vote at the annual general meeting (the voting record date) is Friday, 31 August 2018. Therefore, the last day to trade in the company's shares on the JSE Limited (JSE) to be recorded in the share register on the voting record date is Tuesday, 28 August 2018.

PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The audited consolidated annual financial statements of the company and its subsidiaries (the group) (AFS), including the reports of the directors, group risk and audit committee and the independent external auditors, for the year ended 31 March 2018, will be presented to shareholders as required in terms of sections 30(3)(d) and 61(8)(a) of the Companies Act (abbreviated versions have been included in this publication, with the full annual financial statements made available on the company's website at www.alexanderforbes.co.za).

PRESENTATION OF GROUP SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

A report of the members of the group social, ethics and transformation committee for the year ended 31 March 2018, included in the integrated report 2018, will be presented to shareholders as required in terms of regulation 43 of the Companies Regulations 2011.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION

Ordinary resolution number 1: Election and re-election of directors

To elect by separate resolutions Mmes N Ford-Hoon (Fok), NMC Nyembezi, NB Radebe and M Ramplin and

Messrs RM Head and NG Payne, appointed by the board since the last annual general meeting of the company, who, in accordance with the provisions of clause 7.1.4 and 7.2.2.1 of the company's memorandum of incorporation, are obliged to retire at this annual general meeting and, being eligible, have offered themselves for election.

To elect by a separate resolution Mr MD Collier, who, in accordance with the provisions of clause 7.1.6 of the company's memorandum of incorporation, is obliged to retire at this annual general meeting and, being eligible, has offered himself for re-election.

Brief résumés for these directors appear as an annexure to the notice.

The board of the company has assessed the performance of directors standing for election and re-election and has found them suitable for appointment and reappointment.

Ordinary resolution number 1.1

'RESOLVED that Ms N Ford-Hoon (Fok) be and is hereby elected as a director of the company with effect from 6 September 2018.'

Ordinary resolution number 1.2

'RESOLVED that Ms NMC Nyembezi be and is hereby elected as a director of the company with effect from 6 September 2018.'

Ordinary resolution number 1.3

'RESOLVED that Ms NB Radebe be and is hereby elected as a director of the company with effect from 6 September 2018.'

Ordinary resolution number 1.4

'RESOLVED that Ms M Ramplin be and is hereby elected as a director of the company with effect from 6 September 2018.'

Ordinary resolution number 1.5

'RESOLVED that Mr RM Head be and is hereby elected as a director of the company with effect from 6 September 2018.'

Ordinary resolution number 1.6

'RESOLVED that Mr NG Payne be and is hereby elected as a director of the company with effect from 6 September 2018.'

Ordinary resolution number 1.7

'RESOLVED that Mr MD Collier be and is hereby re-elected as a director of the company with effect from 6 September 2018.'

Resolution approval threshold

For each of these resolutions to be passed, votes in favour must represent at least 50% + 1 (fifty per cent plus one) of all votes cast and/or exercised at the meeting in respect of each of these resolutions.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Ordinary resolution number 2: Election of group risk and audit committee members

To elect by separate resolutions a group risk and audit committee comprising independent non-executive directors, as provided in section 94(4) of the Companies Act and appointed in terms of section 94(2) of that Act to hold office until the next annual general meeting to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King IV Report on Corporate Governance for South Africa 2016 (King IV report) and to perform such other duties and responsibilities as may from time to time be delegated by the board for the company and subsidiary companies and controlled trusts (where bespoke committees have not been established).

The board has assessed the performance of the group risk and audit committee members standing for election and has found them suitable for appointment. Brief résumés for these directors appear as an annexure to the notice.

Ordinary resolution number 2.1

'RESOLVED that Mr MD Collier be and is hereby elected as a member of the group risk and audit committee with effect from 6 September 2018.'

The election of Mr MD Collier is subject to his re-election as director.

Ordinary resolution number 2.2

'RESOLVED that Mr RM Head be and is hereby elected as a member of the group risk and audit committee with effect from 6 September 2018.'

The election of Mr RM Head is subject to his election as director.

Ordinary resolution number 2.3

'RESOLVED that Mr NG Payne be and is hereby elected as a member of the group risk and audit committee with effect from 6 September 2018.'

The election of Mr NG Payne is subject to his election as director.

Ordinary resolution number 2.4

'RESOLVED that Ms M Ramplin be and is hereby elected as a member of the group risk and audit committee with effect from 6 September 2018.'

The election of Ms M Ramplin is subject to her election as director.

Resolution approval threshold

For each of these resolutions to be passed, votes in favour must represent at least 50% + 1 (fifty per cent plus one) of all votes cast and/or exercised at the meeting in respect of each of these resolutions.

Ordinary resolution number 3: Election of group social, ethics and transformation committee members

To elect by separate resolutions a group social, ethics and transformation committee, as provided in section 72(4) of the Companies Act and regulation 43 of the Companies Regulations 2011 (Regulations), appointed in terms of regulation 43(2) of the Regulations to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in regulation 43(5) of the Regulations and to perform such other duties and responsibilities as may from time to time be delegated by the board for the company and all subsidiary companies.

The board has assessed the performance of the group social, ethics and transformation committee members standing for election and has found them suitable for appointment. Brief résumés for these directors appear as an annexure to the notice.

Ordinary resolution number 3.1

'RESOLVED that Mr DJ Anderson be and is hereby elected as a member of the group social, ethics and transformation committee with effect from 6 September 2018.'

Ordinary resolution number 3.2

'RESOLVED that Mr AA Darfoor be and is hereby elected as a member of the group social, ethics and transformation committee with effect from 6 September 2018.'

Ordinary resolution number 3.3

'RESOLVED that Ms BJ Memela-Khambula be and is hereby elected as a member of the group social, ethics and transformation committee with effect from 6 September 2018.'

Ordinary resolution number 3.4

'RESOLVED that Ms NMC Nyembezi be and is hereby elected as a member of the group social, ethics and transformation committee with effect from 6 September 2018.'

The election of Ms NMC Nyembezi is subject to her election as director.

Ordinary resolution number 3.5

'RESOLVED that Ms NB Radebe be and is hereby elected as a member of the group social, ethics and transformation committee with effect from 6 September 2018.'

The election of Ms NB Radebe is subject to her election as director.

Resolution approval threshold

For each of these resolutions to be passed, votes in favour must represent at least 50% + 1 (fifty per cent plus one) of all votes cast and/or exercised at the meeting in respect of each of these resolutions.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Ordinary resolution number 4: Re-appointment of independent external auditors

The company completed a tender process for the external audit assignment during the year, but as set out in the detailed statutory group risk and audit committee report in the consolidated annual financial statements 2018, the group risk and audit committee, on review of PricewaterhouseCoopers Incorporated's performance, independence and suitability decided not to propose a change in external auditor for the forthcoming financial year and has therefore nominated them for re-appointment as independent external auditors of the company and group, to hold office until the next annual general meeting.

As part of the annual review and nomination for re-appointment process, the risk and audit committee will continue to consider the impact of mandatory audit firm rotation requirements in preparation for the effective date of 1 April 2023.

'RESOLVED that PricewaterhouseCoopers Incorporated, with the designated audit partner being Ms A du Preez, be and is hereby re-appointed as independent external auditors of the company and group for the ensuing year.'

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 50% + 1 (fifty per cent plus one) of all votes cast and/or exercised at the meeting in respect of this resolution.

Ordinary resolution number 5: Endorsement of remuneration policy and implementation report

For shareholders to endorse, through separate non-binding advisory votes, the company's remuneration policy and remuneration implementation report, as included in the integrated report 2018.

Ordinary resolution number 5.1

'RESOLVED, through a non-binding advisory vote, that the company's remuneration policy, as set out in the integrated report 2018, be and is hereby endorsed.'

Ordinary resolution number 5.2

'RESOLVED, through a non-binding advisory vote, that the company's remuneration implementation report, as set out in the integrated report 2018, be and is hereby endorsed.'

Resolution approval threshold

These ordinary resolutions are of an advisory nature only and although the board will consider the outcome of the votes when implementing its remuneration practices, failure to pass these resolutions will not legally preclude the company from implementing the remuneration policy and practices.

Ordinary resolution number 6: Amendments to the Alexander Forbes Long-term Incentive Share Plan (Forfeitable and Restricted Share Scheme 2015) rules

In line with leading market practice the company proposes to make the following changes to its existing share plan, namely the Alexander Forbes Long-term Incentive Plan 2015 (Plan). Approval in terms of schedule 14 of the JSE Limited Listings Requirements and the Plan are required to implement the proposed changes.

Salient features

Future awards can be made subject to malus not having occurred as a pre-vesting condition. Should a trigger event (as listed below) occur, the unvested award shall be immediately forfeited and/or cancelled.

In addition, the remuneration committee decided to further align the company's incentive remuneration and the interests of executive committee members with that of shareholders. To this end the Plan now provides for the recovery of vested shares (gross of any tax), or for the executive to pay to the company an amount equivalent to all or part of the proceeds of sale at the time of disposal of all or some of the Plan shares acquired pursuant to the vesting of the award (gross of any tax). This is also referred to as clawback.

Trigger events that will be applicable to malus and clawback include the following:

- reasonable evidence of actions or conduct which, in the reasonable opinion of the board, amounts to employee misbehaviour, dishonesty, fraud or (gross) misconduct;
- discovery of a material misstatement of the financial results for the performance or employment period of the award, resulting in an adjustment in the audited consolidated accounts of the company or, where the employee is employed by a subsidiary, the audited accounts of that subsidiary;
- the discovery that any information used to determine the quantum of a cash bonus payment, or the number of shares subject to an award was based on error, or inaccurate or misleading information; and/or
- events or behaviour of the employee or the existence of events attributable to an employee which have led to the censure of the company or, where the employee is employed by a subsidiary, that subsidiary by a regulatory authority or have had a significant detrimental impact on the reputation of the company or, where the employee is employed by a subsidiary, that subsidiary, provided the board is satisfied that the relevant employee was

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him or her.

Lastly, the company proposes to amend the Plan rules applicable on termination of employment due to death, retirement, ill health, disability and the sale of an employer company. In line with best practice, unvested awards will continue to be pro-rated based on the time of the vesting period served up to termination of employment and will further be adjusted based on the extent to which the performance conditions have been met. Due to practical considerations the Plan rules have been amended to provide for early vesting of these awards on the date of termination of employment, or as soon as possible thereafter, once the remuneration committee has determined the extent to which the performance conditions have been met.

The full amended scheme rules are available for inspection at the company's registered office during office hours. Please contact the group general counsel and company secretary, Ms Carina Wessels, to access the rules.

'RESOLVED that the amended Alexander Forbes Long-term Incentive Share Plan (Forfeitable and Restricted Share Scheme 2015) rules be and are hereby approved.'

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 75% + 1 (seventy-five per cent plus one) of all votes cast and/or exercised at the meeting in respect of this resolution, excluding the votes attaching to all equity securities owned or controlled by persons who are existing participants in the Plan and which securities have been acquired in terms of the Plan.

Ordinary resolution number 7: Authorise director and/or group general counsel and company secretary

'RESOLVED that any one director and/or group general counsel and company secretary of the company or equivalent be and are hereby authorised to do all such tasks and sign all such documents deemed necessary to implement the resolutions set out in the notice convening the annual general meeting at which these resolutions will be considered.'

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 50% + 1 (fifty per cent plus one) of all votes cast and/or exercised at the meeting in respect of the resolution.

Special resolution number 1: Non-executive directors' fees

Approval in terms of section 66(9) of the Companies Act is required to authorise the company to remunerate non-executive directors for services as directors. Furthermore, in terms of the King IV Report, and as read with the JSE Limited Listings Requirements, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

In addition to the standard annual fee normally proposed to shareholders, approval is also requested, through a separate resolution, to compensate affected directors for a loss in fees resulting from the requirement to pay value added tax with effect from 1 June 2017 and the fees approved at the annual general meeting held on 7 September 2017 not having been approved exclusive of value added tax. This payment will only be made to directors who had been required to register as value added tax payers from 1 June 2017 and hence had indeed suffered a loss in net fees received during the period 1 June 2017 up to 30 September 2018. This is a once-off correction to occur in this financial year and all future fees will be approved exclusive of value added tax.

Special resolution number 1.1

The remuneration committee is in the process of performing a holistic review of non-executive director fees, which will likely be proposed for consideration at the 2019 AGM. For this reason a decision was made not to propose any increases to the fees approved at the 2017 AGM.

'RESOLVED as a special resolution in terms of the Companies Act 71 of 2008, as amended (Companies Act), that the remuneration of non-executive directors for the period 1 October 2018 until the end of the month in which the next annual general meeting is held, be and is hereby approved on the basis set out below:

(Subsidiary company non-executive director fees are also disclosed below, but are subject to the requisite special resolutions being passed by the respective subsidiary companies.)

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Role	Fee 1 October 2018 to the end of the month preceding the 2019 annual general meeting (excluding value added tax)
Chair of the group board (this fee is a fixed amount in respect of all committee memberships and meeting attendances for all structures in the group)	1 826 654
Member of the group board	494 077
Chair of the group risk and audit committee	494 077
Member of the group risk and audit committee	211 743
Chair of:	211 743
<ul style="list-style-type: none"> ■ group capital oversight committee ■ group nominations committee ■ group remuneration committee ■ group technology modernisation committee 	
Member of:	105 881
<ul style="list-style-type: none"> ■ group capital oversight committee ■ group nominations committee ■ group remuneration committee ■ group technology modernisation committee 	
Chair of:	105 881
<ul style="list-style-type: none"> ■ acquisitions committee ■ social, ethics and transformation committee ■ any other ad hoc committee 	
Member of:	56 472
<ul style="list-style-type: none"> ■ acquisitions committee ■ social, ethics and transformation committee ■ any other ad hoc committee 	
Chair of subsidiary boards	282 333
Member of subsidiary boards	141 166
Chair of subsidiary risk and audit or risk and finance committees	282 333
Member of subsidiary risk and audit or risk and finance committees	141 166

Special resolution number 1.2

'RESOLVED as a special resolution in terms of the Companies Act 71 of 2008, as amended (Companies Act), that the directors who registered as value added tax payers with effect from 1 June 2017 be compensated for the actual difference between the net amount they would have received had they been able to add value added tax to their directors' fees compared to the net directors' fees they received post-deduction of value added tax for the period 1 June 2017 to 30 September 2018.'

Resolution approval threshold

For these resolutions to be passed, votes in favour must represent 75% (seventy-five per cent) of all votes cast and/or exercised at the meeting in respect of these resolutions.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Special resolution number 2: Financial assistance for subscription of securities

To resolve that the company be authorised to provide direct or indirect financial assistance as contemplated in section 44 of the Companies Act.

'RESOLVED as a special resolution in terms of the Companies Act 71 of 2008, as amended (Companies Act), that the provision by the company of any direct or indirect financial assistance as contemplated in section 44 of the Companies Act to any 1 (one) or more related or interrelated persons of the company for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or interrelated company, or for the purchase of any securities of the company or a related or interrelated company, be and is hereby approved, provided that:

1. the specific recipient/s of such financial assistance, the form, nature and extent of such financial assistance and the terms and conditions under which such financial assistance is provided are determined by the board of the company from time to time;
2. the board has satisfied the requirements of section 44 of the Companies Act on the provision of any financial assistance;
3. such financial assistance to a recipient is, in the opinion of the board of the company, required for a purpose which, in the opinion of the board, is directly or indirectly in the interests of the company; and
4. the authority granted in terms of this special resolution will remain valid until a new similar resolution is passed at the next annual general meeting of the company or after the expiry of a period of 24 (twenty-four) months, whichever is the latter.'

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 75% (seventy-five per cent) of all votes cast and/or exercised at the meeting in respect of this resolution.

Special resolution number 3: Financial assistance to related and interrelated parties

To resolve that the company be authorised to provide direct or indirect financial assistance as contemplated in section 45 of the Companies Act.

'RESOLVED as a special resolution in terms of the Companies Act 71 of 2008, as amended (Companies Act), that the provision by the company of any direct or indirect financial assistance as contemplated in section 45(1) of the Companies Act, to any related or interrelated company or corporation as contemplated in section 45(2) of the Companies Act, for such

amounts and on such terms and conditions as the board of the company may determine, provided that:

1. the specific recipient/s of such financial assistance, the form, nature and extent of such financial assistance and the terms and conditions under which such financial assistance is provided are determined by the board of the company from time to time;
2. the board has satisfied the requirements of section 45 of the Companies Act on the provision of any financial assistance;
3. such financial assistance to a recipient is, in the opinion of the board of the company, required for a purpose which, in the opinion of the board, is directly or indirectly in the interests of the company; and
4. the authority granted in terms of this special resolution will remain valid until a new similar resolution is passed at the next annual general meeting of the company or after the expiry of a period of 24 (twenty-four) months, whichever is the latter.'

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 75% (seventy-five per cent) of all votes cast and/or exercised at the meeting in respect of this resolution.

Special resolution number 4: General authority to repurchase company shares

To resolve that the company or any appropriate subsidiary company be authorised to repurchase the company's ordinary shares under a general authority.

'RESOLVED as a special resolution in terms of the Companies Act 71 of 2008, as amended (Companies Act) that, subject to compliance with the JSE Limited Listings Requirements, the Companies Act, and the memorandum of incorporation of the company, that the board of directors of the company be hereby authorised, by way of a renewable general authority, to approve the repurchase of its own ordinary shares by the company, or to approve the repurchase of ordinary shares in the company by any subsidiary of the company, upon such terms and conditions as the board of directors of the company may from time to time determine, provided that:

- (a) the general authority will lapse on the earlier of either the date of the next annual general meeting of the company or 15 (fifteen) months after the date on which the resolution is passed;
- (b) the shares shall be repurchased through the JSE Limited order book and done without any prior understanding or arrangement between the company and/or the relevant subsidiary and the counterparty (reported trades are prohibited);

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

- (c) the general repurchase of shares by the company, in the aggregate, in any one financial year shall not exceed 5% (five per cent) of the company's issued ordinary share capital, as at the beginning of the financial year;
- (d) any general repurchase is subject to exchange control regulations and approval at that point in time;
- (e) the price paid per ordinary share may not be greater than 10% (ten per cent) above the weighted average of the market value of the ordinary shares, for the 5 (five) business days immediately preceding the date on which a purchase is made;
- (f) an announcement complying with the JSE Limited Listings Requirements shall be published by the company (i) when the company and/or its subsidiaries have cumulatively repurchased 3% (three per cent) of the ordinary shares in issue as at the time when the general authority was given (the initial number); and (ii) for each 3% (three per cent) in the aggregate of the initial number of the ordinary shares acquired thereafter by the company and/or its subsidiaries.
- (g) the number of shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% (ten per cent) in aggregate of the number of issued shares in the company at the relevant times;
- (h) at any point in time the company may only appoint one agent to effect any repurchase on the company's behalf or on behalf of any subsidiary of the company;
- (i) subject to the exceptions contained in the JSE Limited Listings Requirements, the company and the group will not repurchase ordinary shares during a prohibited period (as defined in the JSE Limited Listings Requirements), unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed, in writing, to the JSE Limited prior to the commencement of the prohibited period;
- (j) prior to the repurchase a resolution has been passed by the board of directors of the company confirming that the board has authorised the repurchase, that the company satisfies the solvency and liquidity test contemplated in the Companies Act and that, since the test was done, there have been no material changes to the financial position of the group; and
- (k) such repurchases will be subject to the applicable provisions of the Companies Act (including sections 114 and 115 if section 48(8) is applicable in relation to the particular repurchase), the company's memorandum of incorporation, the JSE Limited Listings Requirements and the Exchange Control Regulations, 1961, as amended.

The board of directors undertakes that it will not implement any such repurchases while this general authority is valid, unless:

- the company and the group will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of the general repurchase;
- the assets of the company and the group will exceed their liabilities for a period of 12 months after the date of the general repurchase. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the company's latest group audited annual financial statements;
- the company and the group will have adequate share capital and reserves for ordinary business purposes for a period of 12 months after the date of the general repurchase;
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase; and
- a resolution by the board of directors has been passed authorising the general repurchase and that the company and its subsidiary/ies have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the company or the group.

Other disclosures in terms of the JSE Limited Listings Requirements in relation to special resolution number 4

The JSE Limited Listings Requirements require the following disclosure, which are disclosed:

- Major shareholders of the company – page 125 of the annual financial statements (Annexure A);
- Share capital of the company – page 18 of this notice.

Directors' responsibility statement

The directors, whose names are given on page 29 of this notice, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by the JSE Limited Listings Requirements.

No material changes to report

Other than the facts and developments reported on in the integrated report and consolidated annual financial statements, there have been no material changes in the financial position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Reason

The reason for special resolution 4 is to authorise the company and/or its subsidiary/ies by way of a general authority to acquire its own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the company subject to the limitations set out above.

Statement of board's intention

The directors of the company have no specific intention to effect the provisions of special resolution number 4, but will continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number 4.

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 75% (seventy-five per cent) of all votes cast and/or exercised at the meeting in respect of this resolution.

Brief resumes of directors standing for election/re-election as directors or audit committee members

Mr MD Collier

Qualifications: HND/BA Business Studies, Dip M, M Inst

Mr Collier is a business leader with an extensive international track record in developing and building financial services businesses both as a corporate executive, non-executive and senior adviser and as an entrepreneur in leading global companies.

Mr Collier's career spans 30 years in the retail and institutional sectors of the securities, asset management, wealth management, retail banking, pensions and financial services industries, leading businesses as a chief executive officer at both Fidelity Investments and Charles Schwab Inc. in North America and Europe.

Today Mr Collier is a non-executive director with both publicly quoted and privately held companies in India, Nigeria, South Africa and Indonesia. He is also a senior adviser to a leading emerging markets private equity firm and a fintech entrepreneur.

Ms N Ford-Hoon (Fok)

Qualifications: BCom, BCompt (Hons), CA (SA)

Ms Ford-Hoon was appointed group chief financial officer of Alexander Forbes Group Holdings Limited on 1 September 2017. Prior to this she was group chief financial officer of the South African Reserve Bank (SARB) from 2010 to 2017. She was responsible for the group's financial reporting and insurance portfolio and the bank's budget, procurement, payroll, banking services and retirement fund

administration. She was also a non-executive director at the SARB's manufacturing subsidiaries: the South African Mint and the South African Banknote Company.

At the SARB, Ms Ford-Hoon introduced leading financial reporting practices which were shared at various international central banking accounting forums. She was also appointed a member of the Financial Reporting Standards Council by the Minister of Trade and Industry and represented the SARB on this committee.

Prior to joining the SARB she was employed by AFGRI where she held two positions over her tenure: financial director in the AFGRI financial services division and marketing professional, tasked with growing the corporate debtors' book by R1 billion, which she achieved. Ms Ford-Hoon has also held senior finance roles in the oil and gas sector.

Mr RM Head

Qualifications: MA in Politics, Philosophy and Economics, CA, Associate of the Chartered Insurance Institute, Fellow of the Chartered Institute of Bankers

Mr Head has held senior leadership positions in a career spanning 30 years across the financial services industry in South Africa and Europe. He has served as special adviser to the commissioner of the South African Revenue Service, chief executive officer of Old Mutual Wealth Management, finance director of Nedbank, joint founder of egg (the first UK internet bank), the first chief executive of UK-based smile.co.uk (part of the Co-operative Bank) and chief executive officer of Skandia. Mr Head has also been a director at Nedbank and Mutual & Federal.

Mr Head currently holds board membership as a non-executive director and chairman of the audit committees of Personal Group Holdings plc and FairFX Group plc, and is also currently the interim chief financial officer of South African Airways.

Ms NMC Nyembezi

Qualifications: MA (Electrical Engineering), MBA, Hons (Electrical Engineering)

Ms Nyembezi has held executive and non-executive corporate positions in a career spanning 30 years across the financial services, mining, IT and telecommunications sectors. She's currently the independent non-executive chairman of the Johannesburg Stock Exchange. She also serves as chief executive officer of Ichor Coal, an international mining company operating in the South African thermal coal industry.

Prior to these roles, Ms Nyembezi served as the chief officer of mergers and acquisitions for the Vodacom group and chief executive officer of Alliance Capital, the then local subsidiary of a New York-based global investment management company.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Ms NB Radebe

Qualifications: BCom (Hons), CA (SA)

Ms Radebe was previously a partner at Deloitte & Touche. She leverages her multidisciplinary leadership style, strategic leadership and a solid, practical understanding of both private and listed client environments in a variety of industries to deliver results.

Ms Radebe was recently appointed as chief financial officer of Ubuntu Botho Investments and African Rainbow Capital Limited. She serves as a board member of ARC Investments, Colourfield Liability Solutions and A2X. She is a member of the South African Institute of Chartered Accountants Accreditations and Monitoring subcommittee.

Ms M Ramplin

Qualifications: Derivatives and Regulatory Qualification, Board Leadership, Financial Institution Failure Management

Ms Ramplin is the founder/CEO of Novia One, incorporating Hedge Fund Academy and has over 20 years' industry experience within the African and international markets, having worked for global brands such as JP Morgan as executive director, Prime Brokerage & Equities Derivatives and traded risk arbitrage for a multi-billion dollar hedge fund.

She has a diverse financial markets background covering risk, capital markets, regulations, investments, equities, alternatives, compliance, governance and also acts as an adviser to global regulators. In 2016 she was recognised as the winner of the Association of Black Securities and Investment Professionals Emerging Woman Owned Business in financial services.

Ms Ramplin sits on a number of boards including Avior Capital Markets, Ashburton Pension and Provident Funds and the Nelson Mandela Foundation. Ms Ramplin is also a member of the Institute of Directors of South Africa (IoDSA) and the Association for Black Stockbrokers and Investment Professionals.

Mr NG Payne

Qualifications: BCom (Hons), Higher Diploma in Accounting, CA (SA), MBL

Mr Payne is a professional independent non-executive director with a focus on audit and risk committees. He has significant experience in the financial services industry.

Mr Payne is a director of the following listed companies: the Bidvest Group Limited, Mr Price Group Limited, Bidcorp Limited and Vukile Property Fund Limited.

Mr Payne is a former member of the King Committee, is an honorary life fellow of the Institute of Directors in Southern Africa and was South African Internal Auditor of the Year in 2000.

Identification, voting and proxies

In terms of section 63(1) of the Companies Act any person attending or participating in the annual general meeting must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (as shareholder or as proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include valid identity documents, driver's licences and passports.

Shareholders registered as such on Friday, 31 August 2018 (voting record date) will be entitled to attend and vote at this annual general meeting. Accordingly, the last date to trade in order to be able to participate and vote at the annual general meeting is Tuesday, 28 August 2018. The record date for shareholders to be entitled to receive notice of this meeting is Friday, 29 June 2018. Each shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, speak and, on a poll, to vote in the shareholder's stead.

On a show of hands every holder of ordinary shares, who is present in person or represented by proxy or, in the case of a company, the representative appointed in terms of section 63 of the Companies Act, shall have one vote. On a poll the holders of ordinary shares present in person or by proxy will each be entitled to one vote for every share held.

The form of proxy for the annual general meeting, which sets out the relevant instructions for its completion, is attached hereto for the convenience of any certificated shareholder and 'own name' registered dematerialised shareholder who cannot attend the annual general meeting but who wishes to be represented thereat. Additional forms may be obtained on request from the transfer secretaries of the company or from the company's registered office.

Shareholders who have dematerialised their shares through a central securities depository participant (CSDP) or broker, other than 'own name' registered dematerialised shareholders, who wish to attend the annual general meeting, must request their CSDP or broker to issue them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker.

In the interest of efficiency, shareholders are kindly requested to submit completed forms of proxy at the office of the transfer secretaries of the company, whose details appear below, by 09:30 on Tuesday, 4 September 2018. Any forms of proxy not lodged by this time must be handed to the transfer secretaries or chairman of the annual general meeting immediately prior to the proxy exercising a shareholder's right at the annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Please note that a proxy may delegate his/her authority to act on a shareholder's behalf to another person, subject to the restrictions set out in the attached form of proxy as stipulated in section 58(3)(b) of the Companies Act.

Unless revoked before then, a signed proxy form shall remain valid at any adjournment or postponement of the annual general meeting and the proxy so appointed shall be entitled to vote, as indicated on the proxy form, on any resolution (including any resolution which is amended).

CSDPs, brokers or their nominees, as the case may be, recorded in the company's subregister as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Strate, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the company, may vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the company's transfer secretaries, provided that, should a CSDP, broker or their nominee return such form of proxy to the company's transfer secretaries less than 48 hours before the annual general meeting, they will also be required to furnish a copy of such form of proxy to the chairman of the annual general meeting or his nominee before the appointed proxy exercises any shareholder rights at the annual general meeting (or any postponement or adjournment of the annual general meeting).

Electronic participation

Shareholders wishing to participate electronically at the annual general meeting are required to deliver written notice to the group general counsel and company secretary, with a copy to the transfer secretaries, at the applicable addresses as set out in this notice, by no later than Friday, 31 August 2018, stating that they wish to participate via electronic communication at the annual general meeting (the electronic notice).

Any reference to shareholder in this paragraph includes a reference to that shareholder's proxy.

Note that shareholders will merely be able to participate, but not vote, via electronic communication. In order for the electronic notice to be valid it must contain:

- (a) if the shareholder is an individual, a certified copy of his/her identity document and/or passport;
- (b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution and the relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the annual general meeting via electronic communication;

(c) in the case of (a) and (b) above the shareholder should indicate that their shareholding has been voted and the manner in which it has been cast, so as to provide the company with comfort that they have understood that their participation is not in order to vote; and

(d) a valid e-mail address and telephone number of the participant.

By no later than 48 hours prior to the time of the annual general meeting, the company shall use its reasonable endeavours to communicate with each shareholder who has delivered a valid electronic participation notice, by notifying such shareholder at its contact address and/or number of the relevant details through which the shareholder can participate via electronic communication.

Where the company is required to provide for electronic participation at the annual general meeting, the costs of accessing any means of electronic participation provided by the company will be borne by the shareholder so accessing the electronic participation.

By order of the board



Carina Wessels
Group General Counsel and Company Secretary

Sandton
13 July 2018

Registered Office

Alexander Forbes
115 West Street, Sandown
Sandton

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Alexander Forbes Group Holdings Limited
(the company)
(Incorporated in the Republic of South Africa)
Registration No. 2006/025226/06
Share code: AFH
ISIN: ZAE000191516

For use by the ordinary shareholders in respect of the annual general meeting of shareholders of the company, to be held in the Table Mountain Board Room, 7th Floor, Alexander Forbes, 115 West Street, Sandown, Johannesburg on Thursday, 6 September 2018 at 09:30.

Each shareholder is entitled to appoint one or more proxies (none of whom needs to be a shareholder of the company) to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

I/We _____

Telephone number _____ Cellphone number _____

E-mail address _____

being (address) _____

being the holder/holders of _____ ordinary shares in the share capital of the company, do hereby appoint (see note 1):

1. _____ or failing him/her,
2. _____ or failing him/her,
3. the chairman of the annual general meeting,

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting which will be held at 09:30 on Thursday, 6 September 2018 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, at each adjournment thereof and to vote on the resolutions in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see note 2):

	Number of votes (one vote as per share)		
	In favour	Against	Abstain
Ordinary resolutions			
1. Election and re-election of directors			
1.1	Election of Ms N Ford-Hoon (Fok) as a director		
1.2	Election of Ms NMC Nyembezi as a director		
1.3	Election of Ms NB Radebe as a director		
1.4	Election of Ms M Ramplin as a director		
1.5	Election of Mr RM Head as a director		
1.6	Election of Mr NG Payne as a director		
1.7	Re-election of Mr MD Collier as a director		
2. Election of group risk and audit committee members			
2.1	Election of Mr MD Collier as a member of the group risk and audit committee		
2.2	Election of Mr RM Head as a member of the group risk and audit committee		
2.3	Election of Mr NG Payne as a member of the group risk and audit committee		
2.4	Election of Ms M Ramplin as a member of the group risk and audit committee		
3. Election of group social, ethics and transformation committee members			
3.1	Election of Mr DJ Anderson as member of the group social, ethics and transformation committee		
3.2	Election of Mr AA Darfoor as a member of the group social, ethics and transformation committee		
3.3	Election of Ms BJ Memela-Khambula as a member of the group social, ethics and transformation committee		
3.4	Election of Ms NMC Nyembezi as a member of the group social, ethics and transformation committee		
3.5	Election of Ms NB Radebe as a member of the group social, ethics and transformation committee		
4. Re-appointment of PricewaterhouseCoopers Incorporated as independent external auditors			
5. Endorsement of remuneration policy and implementation report			
5.1	Approve, through an advisory vote, the company's remuneration policy		
5.2	Approve, through an advisory vote, the company's implementation report		
6. Approve amendments to the Alexander Forbes Long-term Incentive Share Plan			
7. Authorise directors and/or the group general counsel and company secretary to implement the resolutions set out in the notice convening the annual general meeting			
Special resolutions			
1. Approve non-executive directors' fees			
1.1	Approve fees for the period 1 October 2018 to the next annual general meeting		
1.2	Approve reimbursement of value added tax losses suffered on fees for the period 1 June 2017 to 30 September 2018		
2. Authorise financial assistance for subscription of securities			
3. Authorise financial assistance for related and interrelated companies			
4. Authorise the directors to repurchase company shares in terms of a general authority			

Signed at _____ on _____ 2018.

Signature _____

Assisted by me (where applicable) _____

Please read the notes on the reverse side.

Notes

Instructions on signing and lodging the annual general meeting proxy form

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting 'the chairman of the annual general meeting', but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an X in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the company, insert the number of ordinary shares in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
3. Forms of proxy must ideally, for administrative purposes, be received at the office of the transfer secretaries by 09:30 on Tuesday, 4 September 2018 failing which they may be handed to the chairman of the annual general meeting immediately prior to the proxies exercising any shareholder rights at the annual general meeting.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting, and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. 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 company or waived by the chairman of the annual general meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the company.
8. The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.

8 10 2 EYES



Alexander Forbes Group Holdings Limited
Summary consolidated financial statements
for the year ended 31 March 2018

SUMMARY CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2018

Rm	Notes	2018	2017*
Continuing operations			
Fee and commission income	2	4 094	3 969
Direct expenses attributable to fee and commission income		(1 070)	(1 063)
Net income from insurance operations	3	623	564
Operating income net of direct expenses		3 647	3 470
Operating expenses		(2 661)	(2 533)
Profit from operations before non-trading and capital items		986	937
Non-trading and capital items	4	(476)	(137)
Operating profit		510	800
Investment income	5	225	178
Finance costs	6	(97)	(89)
Reported loss arising from accounting for policyholder investments in treasury shares	12	(24)	(2)
Profit before taxation		614	887
Income tax expense	7	(308)	(267)
Income tax expense relating to group profits		(319)	(245)
Income tax credit/(expense) relating to policyholder investment returns		11	(22)
Profit for the year from continuing operations		306	620
Discontinued operations			
Profit from discontinued operations (net of tax)	8	21	954
Profit for the year		327	1 574
<i>Profit attributable to:</i>			
Owners of the company		240	1 465
Non-controlling interest		87	109
		327	1 574
Basic earnings per share (cents)	9	18.9	114.5
Diluted earnings per share (cents)	9	18.8	113.8
Weighted average number of shares in issue (net of treasury shares) (millions)	9	1 269	1 280

* Restated for the effects of discontinued operations.

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

Rm	2018	2017
Profit for the year	327	1 574
<i>Other comprehensive income:</i>		
Foreign currency translation differences – foreign operations	(9)	(329)
Foreign currency translation reserve reclassified to profit or loss on loss of control	–	(209)
Cash flow hedge	(37)	–
Other comprehensive income for the year that may be reclassified to profit or loss¹	(46)	(538)
Remeasurement of post-employment benefit obligation	3	13
Other comprehensive income that will not be reclassified to profit or loss¹	3	13
Total comprehensive income for the year	284	1 049
<i>Total comprehensive income attributable to:</i>		
Owners of the company	201	968
Non-controlling interest	83	81
Total comprehensive income for the year	284	1 049

¹. Net of related taxes.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

Rm	Notes	2018	2017
ASSETS			
Financial assets held under multi-manager investment contracts	12	296 758	281 498
Financial assets of insurance cell-captive facilities		352	320
Property and equipment		174	202
Purchased and developed computer software		400	163
Goodwill		3 038	3 355
Intangible assets		390	462
Investment in associates		–	13
Deferred tax assets		175	148
Financial assets		445	357
Insurance receivables		1 339	1 137
Trade and other receivables		299	451
Cash and cash equivalents		5 794	6 263
Assets of disposal group classified as held for sale	8	82	66
Total assets		309 246	294 435
EQUITY AND LIABILITIES			
Owners of the company		6 010	6 901
Non-controlling interest		287	218
Total equity		6 297	7 119
Financial liabilities held under multi-manager investment contracts	12	296 825	281 604
Financial liabilities of insurance cell-captive facilities		352	320
Borrowings		719	725
Employee benefits		162	160
Deferred tax liabilities		119	199
Provisions		304	291
Finance lease liabilities		51	75
Operating lease liabilities		197	182
Insurance payables		3 572	2 960
Trade and other payables		634	789
Liabilities of disposal group classified as held for sale	8	14	11
Total liabilities		302 949	287 316
Total equity and liabilities		309 246	294 435
Total equity per above		6 297	7 119
Number of ordinary shares in issue (net of treasury shares) (millions)		1 246	1 282
Net asset value per ordinary share (cents)		505	555

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

Rm	2018	2017
Cash flows from operating activities		
Cash generated from operations	1 013	1 091
Net interest received	151	56
Net cash flows received from/(paid to) insurance and policyholder contracts	348	(272)
Net cash flows paid to policyholder investment contracts	(1 920)	(1 007)
Taxation paid	(333)	(378)
Dividends paid	(829)	(509)
Cash flows from operating activities – discontinued operations	16	250
Net cash outflow from operating activities	(1 554)	(769)
Cash flows from investing activities		
Proceeds from sale of subsidiaries and businesses	–	883
Payments for intangible assets	(3)	–
Net cash (outflow)/inflow for financial assets	(145)	27
Payments for capital expenditure incurred on property, equipment and computer software	(321)	(125)
Cash flows from investing activities – discontinued operations	–	(9)
Net cash (outflow)/inflow from investing activities	(469)	776
Cash flows from financing activities		
Repayment of borrowings	–	(83)
Proceeds from borrowings raised	–	100
Payments of lease liabilities	(9)	–
Purchase of shares in terms of share buy-back transaction ¹	(276)	–
Purchase of shares in terms of share incentive schemes	(57)	–
Proceeds from non-controlling interests	–	744
Payments to non-controlling interests	(14)	(113)
Cash flows from financing activities – discontinued operations	–	(117)
Net cash (outflow)/inflow from financing activities	(356)	531
(Decrease)/increase in cash and cash equivalents	(2 379)	538
Cash and cash equivalents at the beginning of the year	16 087	15 748
Effects of exchange rate changes on cash and cash equivalents	(6)	(199)
Cash and cash equivalents at the end of the year	13 702	16 087
<i>Analysed as follows:</i>		
Cash and cash equivalents of disposal group classified as held for sale	15	11
Cash and cash equivalents of continuing operations	5 794	6 263
Cash held under multi-manager investment contracts	7 887	9 813
Cash held under cell-captive insurance contracts	6	–
	13 702	16 087

¹ The group purchased Alexander Forbes Group Holdings Limited shares to the value of R276 million during the year in a general buy-back approved by shareholders on 27 March 2017.

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

Rm	Share capital	Treasury shares	Other reserves	Accumulated profit/(loss)	Total	Non-controlling interest	Total equity
At 1 April 2016	6 192	(181)	157	(267)	5 901	255	6 156
Total comprehensive income	–	–	(510)	1 478	968	81	1 049
Profit for the year	–	–	–	1 465	1 465	109	1 574
Other comprehensive income	–	–	(510)	13	(497)	(28)	(525)
Total transactions with owners	–	21	17	(6)	32	(118)	(86)
Introduction of empowerment partner ¹	–	–	5	521	526	222	748
Movement of treasury shares in policyholder assets	–	21	–	–	21	–	21
Movement in share-based payment reserve	–	–	12	–	12	–	12
Dividends paid	–	–	–	(509)	(509)	(197)	(706)
Loss on shareholder transactions ²	–	–	–	(18)	(18)	(4)	(22)
Other movements in non-controlling interest ³	–	–	–	–	–	(139)	(139)
At 31 March 2017	6 192	(160)	(336)	1 205	6 901	218	7 119
Total comprehensive income	–	–	(41)	242	201	83	284
Profit for the year	–	–	–	240	240	87	327
Other comprehensive income	–	–	(41)	2	(39)	(4)	(43)
Total transactions with owners	–	(232)	418	(1 278)	(1 092)	(14)	(1 106)
Shares purchased in terms of share buy-back programme ⁴	–	(276)	–	–	(276)	–	(276)
Shares purchased in terms of share incentive schemes	–	(57)	–	–	(57)	–	(57)
Settlement of share incentive schemes ⁵	–	39	(39)	–	–	–	–
Movement of treasury shares in policyholder assets	–	62	–	–	62	–	62
Dividends paid	–	–	–	(829)	(829)	(14)	(843)
Movement in share-based payment reserve	–	–	8	–	8	–	8
Transfer to retained earnings ⁶	–	–	449	(449)	–	–	–
At 31 March 2018	6 192	(392)	41	169	6 010	287	6 297

1. This amount relates to a disposal of equity interest in Alexander Forbes Limited to ARC.

2. Purchase by Alexander Forbes Investments Holdings Limited of the remaining 49.99% stake in Caveo Fund Solutions Proprietary Limited from a non-controlling interest.

3. These amounts include distributions made to non-controlling interest holders, as well as changes to acquisition and disposal of equity held by non-controlling interests.

4. The group purchased Alexander Forbes Group Holdings Limited shares to the value of R276 million during the year, at an average price of R6.89 per share, in a general buy-back approved by shareholders on 27 March 2017.

5. During the year R26 million of the conditional share incentive scheme and R13 million of the forfeitable share scheme were settled. Both amounts relate to the 2014 tranche.

6. During the year the group transferred a redemption reserve amounting to R449 million into accumulated profits. This reserve arose in prior years on the redemption of preference shares. The transfer has a nil impact on total equity, however, results in a reduction in accumulated profits.

SUMMARY CONSOLIDATED GROUP SEGMENTAL INCOME AND PROFIT ANALYSIS

For the year ended 31 March 2018

Rm	Operating income net of direct expenses			Profit from operations ¹		
	2018	%	2017	2018	%	2017
Corporate & employee benefits	1 176	6	1 110	218	13	193
Consulting and retirements	1 111	6	1 053	199	16	172
Group risk	65	14	57	19	(10)	21
Investments	712	12	637	398	29	308
Institutional clients	1 888	8	1 747	616	23	501
Wealth and investments	856	2	836	391	(4)	406
Retail insurance	510	7	477	116	15	101
Retail clients	1 366	4	1 313	507	–	507
Emerging markets	250	4	241	31	(11)	35
Administration only	143	(15)	169	–	–	–
Corporate	–	–	–	(153)	104	(75)
Total group before items below	3 647	5	3 470	1 001	3	968
Accounting for share scheme costs				–	(100)	(5)
Normalised earnings before non-trading items	3 647	5	3 470	1 001	4	963
Accounting for property leases				(15)	(42)	(26)
Total group	3 647	5	3 470	986	5	937
Rm				2018	%	2017
Normalised earnings before non-trading items				1 001	4	963
Non-trading and capital items (excluding goodwill impairment and amortisation of PPA intangible assets)				(54)		(50)
Investment income (excluding policyholder investment income)				236		156
Finance costs				(97)		(89)
Normalised profit before tax				1 086	11	980
Normalised income tax expense				(352)		(277)
Normalised profit after tax				734	4	703
Profit from discontinued operations ²				–		172
Normalised profit for the period				734	(16)	875
Attributable to non-controlling interest				(77)		(105)
Normalised profit attributable to shareholders				657	(15)	770
Normalised earnings per share				51.2	(14)	59.3
Normalised weighted average number of shares in issue (millions)				1 283		1 299

¹ Profit from operations before share scheme costs, property lease adjustments and non-trading and capital items.

² Discontinued operations are excluded from normalised earnings. In the prior year the operating profits of LCP have been included in the normalised results for the eight months to the date of sale. This exception is included due to the materiality of the earnings and to provide an appropriate comparison to the current year based on the retained proceeds on disposal.

A full reconciliation of the normalised earnings to the statutory income statement may be found in the audited group consolidated annual financial statements.

The segmental analysis provided above reflects the operating structure under which management currently reports. The above table reflects a change in presentation from the segmental report presented in the prior year's results. Owing to the change in structure and the reallocation of certain business lines the prior year's numbers have been restated to provide the appropriate comparative numbers.

SUMMARY NOTES

For the year ended 31 March 2018

1. Basis of preparation

The Alexander Forbes Group Holdings Limited (the group) summary consolidated financial statements for the year ended 31 March 2018 (results) are prepared in accordance with the requirements of the JSE Limited (JSE) Listings Requirements for provisional reports, the requirements of International Financial Reporting Standards (IFRS) and its interpretations as adopted by the International Accounting Standards Board, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the presentation requirements of IAS 34 *Interim Financial Reporting* and the requirements of the South African Companies Act applicable to summarised financial statements.

The accounting policies applied in the preparation of these consolidated financial statements from which the results have been derived are consistent with the accounting policies applied in the preparation of Alexander Forbes Group Holdings Limited's previous consolidated annual financial statements. In addition, new standards, amendments and interpretations which became effective in 2018 have been applied.

While this report is itself not audited, the consolidated annual financial statements from which the summary consolidated annual financial statements on pages 14 to 27 have been correctly derived were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audit report does not necessarily report on all of the information contained in this report. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement and, more specifically, the nature of the information that has been audited, they should obtain a copy of the auditor's report together with the accompanying audited consolidated annual financial statements, both of which are available for inspection at the company's registered office. Copies can be requested from our registered office or downloaded from the company's website following an announcement in June 2018 on the JSE's Securities Exchange News Service (SENS) which will also contain information on the company's annual general meeting and the 2018 integrated reporting suite.

These summary consolidated financial statements were compiled under the supervision of Naidene Ford-Hoon (Fok), CA(SA) the group chief financial officer. The board of directors of Alexander Forbes Group Holdings Limited take full responsibility for the preparation of this report and that the selected financial information has been correctly extracted from the underlying audited consolidated annual financial statements.

Rm	2018	2017
2. Fee and commission income*		
Brokerage fees and commission income	41	45
Fee income from consulting and administration services	2 143	2 096
Fee income from investment management activities	1 892	1 790
Other income	18	38
	4 094	3 969
3. Net income from insurance operations		
Gross earned premiums	2 505	2 318
Less: Reinsurers' share thereof	(1 473)	(1 399)
Investment income from insurance operations	43	37
Insurance claims, commissions and withdrawals	(1 774)	(1 686)
Plus: Reinsurers' share thereof	1 322	1 294
	623	564
4. Non-trading and capital items		
Costs relating to strategic consulting engagement	(34)	(39)
Impairment/write-off of software	(17)	(6)
Other	(3)	(5)
Normalised non-trading and capital items	(54)	(50)
Amortisation of intangible assets arising from business combination	(80)	(117)
Goodwill written off ¹	(317)	–
Professional indemnity insurance cell-captive result	(25)	30
Total non-trading and capital items	(476)	(137)

* Restated for the effects of discontinued operations.

¹ The goodwill balance for each cash-generating unit (CGU) is tested for impairment annually based on value-in-use calculations. During the current year goodwill allocated to the Group risk (previously AF Life) CGU was fully written off.

SUMMARY NOTES (CONTINUED)

For the year ended 31 March 2018

Rm	2018	2017
5. Investment income		
Interest income	210	115
Investment and dividend income	31	33
Foreign exchange (losses)/gains on intergroup loans	(5)	8
Investment income from general operations	236	156
Investment returns linked to policyholder tax expense ¹	(11)	22
Total investment income	225	178
<p>¹ Investment income includes an investment loss recognised as a result of policyholder tax requirements of R11 million (2017: profit of R22 million).</p>		
6. Finance costs		
Interest on revolving credit facility	(60)	(66)
Cost of hedging ²	(17)	–
Other interest costs	(20)	(23)
	(97)	(89)
<p>² During the year the group entered into a forward exchange contract to hedge foreign denominated cash flows relating to the IT modernisation project. The group designated the changes in the fair value of the spot element as the hedging instrument. Consequently, changes in the spot rate are accounted for in a cash flow hedge reserve via other comprehensive income whereas the changes in the fair value as a result of the forward points are immediately recognised in profit or loss and presented under finance costs.</p>		
7. Income tax expense		
South African income tax		
Current tax	(335)	(268)
Current year	(322)	(274)
Prior year	(13)	6
Deferred tax	39	33
Current year	34	26
Prior year	5	7
Foreign income tax		
Current tax	(16)	(5)
Foreign withholding tax	(7)	(5)
Income tax expense relating to group profits	(319)	(245)
Income tax (credit)/expense on policyholder investment returns	11³	(22)
Current tax – current year	(44)	(24)
Deferred tax – current year	55	2
Total income tax expense	(308)	(267)

³ Credit due to net release of unrealised gains.

SUMMARY NOTES (CONTINUED)

For the year ended 31 March 2018

8. Discontinued operations

As part of the group's strategic refocusing of its operations certain entities have been discontinued and disposed of. The assets and liabilities of these entities are presented as assets and liabilities of disposal group classified as held for sale at the date of discontinuance. The results of operations of the discontinued entity are reported separately in the income statement with the prior year also being restated to take this into effect.

The operations of Alexander Forbes East Africa (East Africa) were classified as a discontinued operation during the year ended 31 March 2017. The assets and liabilities of this operation were classified as assets and liabilities of disposal group classified as held for sale. Certain delays caused by circumstances beyond the control of the group have resulted in East Africa still being presented as a discontinued operation. The group, however, remains committed to its plan to sell East Africa.

In the prior year the results of discontinued operations included Alexander Forbes Compensation Technologies (AFCT) and Lane Clark & Peacock (LCP). These operations were disposed of in the same year, resulting in a profit of R796 million.

Rm	2018	2017*
Assets and liabilities of disposal group classified as held for sale		
Long-term assets	25	5
Deferred tax assets	1	1
Trade and other receivables	33	47
Other current assets	8	2
Cash and cash equivalents	15	11
Total assets	82	66
Deferred tax liabilities	2	–
Provisions	1	–
Trade and other payables	11	11
Total liabilities	14	11
Net profit of business units discontinued up to effective date of disposal		
Fee and commission income	81	1 303
Operating income net of direct expenses	81	1 303
Operating expenses	(66)	(1 124)
Profit from operations before non-trading and capital items	15	179
Non-trading and capital items ¹	8	(7)
Operating profit	23	172
Share of net profit of associate	2	4
Profit before taxation	25	176
Income tax expense	(4)	(18)
Profit for the year from discontinued operations	21	158
Profit on disposals	–	796
Total profit from discontinued operations	21	954

* Restated.

¹ Non-trading and capital items relate mainly to deferred proceeds on the sale of Alexander Forbes Compensation Technologies.

SUMMARY NOTES (CONTINUED)

For the year ended 31 March 2018

9. Earnings per share

9.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the company by the weighted average number of shares in issue during the year.

9.2 Headline earnings per share

Headline earnings per share is calculated by excluding applicable non-trading and capital gains and losses from the profit attributable to shareholders and dividing the resultant headline earnings by the weighted average number of shares in issue during the period. Headline earnings is defined in Circular 4/2018 issued by the South African Institute of Chartered Accountants.

9.3 Diluted earnings per share

Diluted earnings per share is calculated by adjusting the profit attributable to owners of the company for any changes in income or expense that would result from the conversion of dilutive potential shares and dividing the result by the weighted average number of shares increased by the weighted average number of additional shares that would have been outstanding, assuming the conversion of all dilutive potential shares.

9.4 Normalised earnings per share

Normalised earnings per share is calculated by dividing the normalised profit for the year attributable to owners of the company per the group segmental income and profit analysis by the weighted average number of shares in issue, adjusted for shares held by policyholders classified as treasury shares.

	2018	2017
9.5 Number of shares (million)		
Weighted average number of shares	1 341	1 341
Weighted average shares held by policyholders classified as treasury shares	(14)	(19)
Weighted average treasury shares	(58)	(42)
Weighted average number of shares in issue (net of treasury shares)	1 269	1 280
Dilutive shares	6	7
Diluted weighted average number of shares	1 275	1 287
Actual number of shares in issue	1 341	1 341
Actual treasury shares	(95)	(59)
Shares in issue net of treasury shares	1 246	1 282
Normalised number of shares		
Weighted average number of shares in issue	1 269	1 280
Shares held by policyholders classified as treasury shares	14	19
Normalised number of shares in issue	1 283	1 299
9.6 Calculation of basic and headline earnings from total operations (Rm)		
Profit attributable to owners of the company	240	1 465
<i>Adjusting items:</i>		
– Profit on disposal of subsidiary – discontinued operations	–	(796)
– Impairment of goodwill and intangible assets	332	14
– Other capital items	(9)	–
Headline earnings for the year	563	683
Earnings per share from total operations¹		
Basic earnings per share (cents)	18.9	114.5
Headline earnings per share (cents)	44.4	53.4
Diluted basic earnings per share (cents)	18.8	113.8
Diluted headline earnings per share (cents)	44.2	53.1

¹ Amounts computed using unrounded numbers.

SUMMARY NOTES (CONTINUED)

For the year ended 31 March 2018

	2018	2017
9. Earnings per share (continued)		
9.7 Calculation of normalised earnings from total operations (Rm)		
Normalised profit for the year from continuing operations per group segmental income and profit analysis	734	703
<i>Adjusted for:</i>		
– Profit from discontinued operations	–	172
– Attributable to non-controlling interests	(77)	(105)
Normalised profit attributable to owners of the company	657	770
Normalised basic earnings per share ¹ (cents)	51.2	59.3
9.8 Calculation of basic and headline earnings from continued operations (Rm)		
Profit after tax from continuing operations	306	620
<i>Less:</i> Profit attributable to non-controlling interests	(77)	(23)
Profit attributable to owners of the company	229	597
<i>Adjusted for:</i>		
– Write-off relating to intangible assets	332	6
Headline earnings from continuing operations	561	603
Earnings per share from continuing operations¹		
Basic earnings per share from continuing operations (cents)	18.0	46.7
Headline earnings per share from continuing operations (cents)	44.2	47.1
Diluted basic earnings per share from continued operations (cents)	17.9	46.4
Diluted headline earnings per share from continued operations (cents)	44.0	46.9
9.9 Calculation of basic and headline earnings from discontinued operations (Rm)		
Profit after tax from discontinued operations	21	954
<i>Less:</i> Profit attributable to non-controlling interests	(10)	(86)
Profit from discontinued operations attributable to owners of the company	11	868
<i>Adjusted for:</i>		
– Profit on disposal of subsidiary	–	(796)
– Other capital items	(9)	8
Headline earnings from discontinued operations	2	80
Earnings per share from discontinued operations¹		
Basic earnings per share from discontinued operations (cents)	0.9	67.8
Headline earnings per share from discontinued operations (cents)	0.2	6.3
Diluted basic earnings per share from discontinued operations (cents)	0.9	67.4
Diluted headline earnings per share from discontinued operations (cents)	0.2	6.2

¹ Amounts computed using unrounded numbers.

Rm	2018	2017
10. Capital expenditure for the year	345¹	132

¹ Mainly additions relating to the IT modernisation project amounting to R272 million (inclusive of R7 million reclassification of hedging reserve).

SUMMARY NOTES (CONTINUED)

For the year ended 31 March 2018

Rm	2018	2017
11. Operating lease commitments		
Due within one year	184	187
Due between one and five years	755	766
Due after five years	354	558
Total operating lease commitments	1 293	1 511

The group has capital commitments amounting to R308 million. Capital expenditure and commitments will be funded from internal cash resources.

12. Financial assets and liabilities held under multi-manager investment contracts

The policyholder assets held by the group's multi-manager investment subsidiary, AF Investments, in South Africa and Namibia are recognised on the statement of financial position in terms of IFRS. These assets are directly matched by linked obligations to policyholders.

As a result of the group being listed, the investments by underlying asset managers in the listed shares of the group are recognised as treasury shares and all fair value adjustments recognised on these treasury shares are reversed, while the corresponding fair value adjustments of the liability continues to be recognised in the income statement. The resultant loss for the year of R24 million (2017: R2 million) has been disclosed separately on the face of the income statement. This treatment also affects the number of shares in issue, the impact of which is disclosed in note 9.

Below is a reconciliation of the assets held under multi-manager investment contracts with the linked liabilities under such contracts:

Rm	2018	2017
Total financial assets held under multi-manager investment contracts (per statement of financial position)	296 758	281 498
<i>Reversal of adjustments made under IFRS:</i>		
Alexander Forbes shares held as policyholder assets and reclassified in the group statement of financial position as treasury shares	73	137
Financial effects of accounting for policyholder investments as treasury shares – prior years	(30)	(33)
– current year	24	2
Total financial liabilities held for policyholders under multi-manager investment contracts	296 825	281 604

13. Financial risk management and financial instruments

13.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The summary consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements and this disclosure should be read in conjunction with the group's annual financial statements as at 31 March 2018.

There have been no material changes in the risk management or in any risk management policies since the year-end.

13.2 Liquidity risk

Compared to the 31 March 2017 year-end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

SUMMARY NOTES (CONTINUED)

For the year ended 31 March 2018

13. Financial risk management and financial instruments (continued)

13.3 Fair value hierarchy

The group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for valuation that are not based on observable market data (that is, inputs are unobservable).

The table below analyses financial instruments carried at fair value, by valuation method.

Rm	Level 1	Level 2	Level 3	Total
2018				
Financial assets measured at fair value				
Financial assets held under multi-manager investment contracts	176 993	107 014	4 864	288 871
Financial assets of insurance cell-captive facilities	178	168	–	346
General operations	–	346	14	360
Total financial assets measured at fair value	177 171	107 528	4 878	289 577
Cash held under multi-manager investment contracts	–	7 887	–	7 887
Cash held under insurance cell-captive contracts	–	6	–	6
Financial liabilities measured at fair value				
Financial liabilities held under multi-manager investment contracts	–	291 937	4 888	296 825
Financial liabilities of insurance cell-captive facilities	–	352	–	352
Total financial liabilities measured at fair value	–	292 289	4 888	297 177
2017				
Financial assets measured at fair value				
Financial assets held under multi-manager investment contracts	185 603	83 311	2 771	271 685
Financial assets of insurance cell-captive facilities	172	148	–	320
General operations	–	260	13	273
Total financial assets measured at fair value	185 775	83 719	2 784	272 278
Cash held under multi-manager investment contracts	–	9 813	–	9 813
Financial liabilities measured at fair value				
Financial liabilities held under multi-manager investment contracts	–	278 833	2 771	281 604
Financial liabilities of insurance cell-captive facilities	–	320	–	320
Total financial liabilities measured at fair value	–	279 153	2 771	281 924

Level 3 reconciliation

Level 3 financial assets and liabilities comprise mainly policyholder and cell-owner assets and liabilities. Financial assets and financial liabilities in this level are insignificant in relation to total financial assets and financial liabilities respectively. In addition, the movements in Level 3 financial assets are directly linked to the movements in the linked investment liability. Any fair value gains and losses resulting from policyholder or cell-owner financial assets and financial liabilities have no impact on profit or loss. There was no change in the valuation methodology of Level 3 assets during the year under review.

SUMMARY NOTES (CONTINUED)

For the year ended 31 March 2018

13. Financial risk management and financial instruments (continued)

13.3 Fair value hierarchy (continued)

Sensitivity analysis for Level 3 financial assets

The following table presents significant inputs to show the sensitivity of Level 3 measurements and assumptions used to determine the fair value of the financial assets:

Instrument	Valuation technique	Significant inputs
Suspended listed equities	Exchange trade price	Last exchange traded price
Community property company assets	Discounted cash flow model	Capitalisation rates and discounts rates
Infrastructure and development assets	Equity	Equity
	Distribution discount model, cost, mark to market, price earnings multiple and liquidation value	Interest rates and exchange traded prices
	Debt	Debt
	Discounted cash flow model	Interest rates – fixed and floating

The group's overall profit or loss is not sensitive to the inputs of the models applied to derive fair value as the assets are economically matched to the liabilities in the multi-manager.

13.4 Valuation methods and assumptions for valuation techniques

There were no changes in the valuation methods and assumptions for valuation techniques since 31 March 2017. A detailed description of the valuation methods and assumptions for valuation techniques is available in our annual financial statements for the year ended 31 March 2018.

13.5 Fair value of financial assets and financial liabilities measured at amortised cost

The fair value of the following financial assets and liabilities measured at amortised cost approximate their carrying amount:

- Trade and other receivables
- Insurance receivables
- Cash and cash equivalents
- Trade and other payables
- Insurance payables
- Borrowings

14. Critical assumptions and judgements

In the prior year we referred to a specific matter which was and is still being reviewed by a foreign regulator in respect of a legacy subsidiary business that has been sold. Whilst this review is ongoing, the skilled person appointed by the regulator has issued a draft report indicating further investigation and work is justified and is currently being undertaken. The claim, should any arise, will be as a result of warranties provided on the original sale of the business. Management has assessed and concluded that it is still too early to determine (i) the likelihood and magnitude of any liability that may arise and (ii) in the event a liability does arise, if it will impact the group. The group is adequately insured for possible claims as a result of such errors and omissions. In addition, management has obtained confirmation from the insurance underwriters indicating that, should a liability arise, the event will be covered subject to the terms and conditions of the policy.

15. Events after reporting period

Settlement of finance lease liability

During March 2018 the group successfully negotiated a settlement of the future minimum lease payments. This payment was made during April 2018.

GLOSSARY

Operating income net of direct expenses (operating income)	This represents gross revenue net of direct product costs. The group's gross revenue is derived from fees charged for consulting, administration and the management of investments through multi-manager portfolios. In addition, operating income includes the net result from both long-term and short-term insurance operations.
Consulting	Includes actuarial consulting, healthcare actuarial and consulting, as well as fund administration and consulting to standalone retirement funds.
Cost-to-income ratio	The cost-to-income ratio is measured as the operating expense (which may be calculated as the difference between operating income and operating profit before non-trading items) divided by the operating income net of direct expenses.
Dividend cover	The dividend cover reflects the number of times that the earnings of the group will cover the final declared dividend for the period. The cover ratio may be calculated by dividing the normalised headline earnings per share by the interim and final dividend declared for the period.
EBITDA	The group calculates EBITDA by taking operating profit, adding back the depreciation and amortisation of tangible and intangible assets (including the impairment of goodwill and software intangible assets).
JIBAR	Johannesburg Interbank Average Rate
Retirements	Includes fund administration and consulting to umbrella retirement funds and beneficiary funds.
Group risk	Group risk and disability insurance through Alexander Forbes Life provided to corporates and retirement funds.
Wealth and investments	The Wealth and investments segment of the retail business is focused on generating revenue through the offering of financial advice, and the administration and management of investments. This segment incorporates financial planning consultants (FPCs), AF Individual Client Administration (AFICA), AF Preservation Fund and the retail assets under management in Investments.
Retail insurance	The Retail insurance businesses comprise AF Insurance, which provides short-term insurance solutions to individuals, and the AF Life individual insurance business.
Total shareholder return	The principle of total shareholder return is to measure the return that would be achieved by a shareholder who invests in the group on the first day of the financial year and disinvests on the last date of the year. The return includes any cash flows received by the shareholder during this period.
Profit from operations	Profit from operations before share scheme costs, property lease adjustments and non-trading and capital items.
Normalised segmental results	<p>The group's segmental results are reflected to include the normalised results which is the basis upon which management manages the group and reflects the economic substance of the group's performance. The adjustments between the IFRS summary consolidated income statement and the normalised results are as follows:</p> <ul style="list-style-type: none"> ■ accounting for property lease; ■ amortisation of intangible assets arising from business combination; ■ reported loss arising from accounting for policyholder investment in treasury shares; ■ professional indemnity insurance cell-captive results; and ■ investment income and taxation payable on behalf of policyholders.

CORPORATE INFORMATION

Alexander Forbes Group Holdings Limited

Registration number: 2006/025226/06

Tax reference number: 9404/921/15/8

JSE share code: AFH

ISIN: ZAE000191516

(Incorporated in the Republic of South Africa)

Independent directors

NMC Nyembezi (Chair), MD Collier, RM Head, BJ Memela-Khambula, M Ramplin, NG Payne

Non-executive directors

DJ Anderson, WS O'Regan, NB Radebe

Executive directors

AA Darfoor (Group Chief Executive Officer)

N Ford-Hoon (Fok) (Group Chief Financial Officer)

Group general counsel and company secretary

CH Wessels

Investor relations

Z Amra

Registered office

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Transfer secretaries

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Sponsor

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Date of issue: 13 July 2018

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