

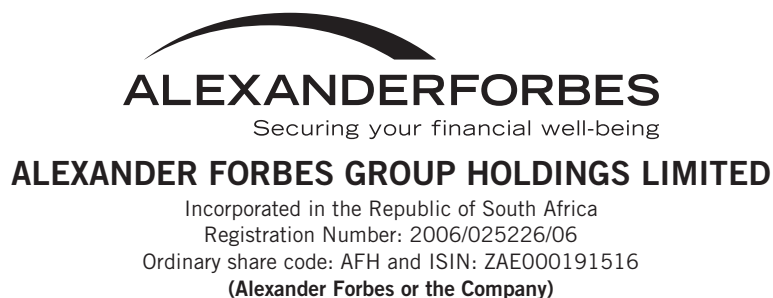
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The "Definitions and Interpretations" section of this Circular commencing on page 4 apply mutatis mutandis throughout this Circular including on this cover page.

Actions required:

1. This entire Circular is important and should be read in its entirety, with particular attention to the section entitled "Action required by Shareholders", which commences on page 2.
2. If you are in any doubt as to what action to take as regards this Circular, please consult your Broker, CSDP, banker, accountant, legal advisor or other professional advisor immediately.
3. If you have disposed of all of your Shares on or before the Circular Record Date, please forward this Circular to the purchaser of such Shares or to the Broker, CSDP, banker or other agent through whom you disposed of your Shares.

Alexander Forbes does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Shares to notify such beneficial owner of the General Meeting convened in terms of the Notice of General Meeting contained in and forming a part of this Circular.



CIRCULAR TO ALEXANDER FORBES SHAREHOLDERS

regarding:

- the proposed Specific Repurchase by Alexander Forbes of 200,800,000 Alexander Forbes ordinary shares at a price of 515 cents per share for a total consideration of R1 034 120 000 from Mercer in terms of section 48 of the Companies Act (read with sections 114 and 115 of the Companies Act) and the Listings Requirements of the JSE; and
- the proposed Mandatory Offer Waiver, in terms of regulation 86(4) of the Regulations,

and incorporating:

- an independent expert's fair and reasonable opinion in terms of regulation 86(7) of the Regulations and section 48(8)(b) read with section 114 of the Companies Act;
- a Notice of General Meeting of Shareholders; and
- a Form of Proxy (yellow) for purposes of the General Meeting for use by Certificated Shareholders and 'Own-name' Dematerialised Shareholders only.

**Transaction Advisor
and Sponsor**



Legal Advisor



Transfer Secretaries



Meeting Scrutineers



Independent Expert



Date of issue: Monday, 2 March 2020

Additional copies of this Circular, in its printed format, may be obtained from the registered office of the Company at the address set out in the "Corporate Information and Advisors" section of this Circular during normal business hours from Monday, 2 March 2020 up to and including Tuesday, 31 March 2020. Copies of this Circular are available in the English language only and are also available on the Company's website, www.alexanderforbes.co.za.

CORPORATE INFORMATION AND ADVISORS

Directors

Independent:

M Ramplin (Chair)
T Dloti
RM Head
BJ Memela-Khambula
NG Payne

Non-executive:

DJ Anderson
WS O'Regan

Executive:

DJ de Villiers (*Chief Executive Officer*)
BP Bydowell (*Chief Financial Officer*)

Legal Advisor

Bowman Gilfillan Incorporated
(Registration number: 1998/021409/21)
11 Alice Lane
Sandton, 2146
(PO Box 785812, Sandton, 2146)

Transaction Advisor 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)

Company Secretary and registered address

(Registration number: 2006/025226/06)
115 West Street
Sandown, 2196
South Africa
(PO Box 787240, Sandton, 2146)

Executive: Governance, Legal and Compliance (Company Secretary) to Alexander Forbes

CH Wessels

Date of incorporation

15 August 2006

Place of incorporation

Pretoria, South Africa

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

Meeting Scrutineers

The Meeting Specialist Proprietary Limited
(Registration number: 2017/287419/07)
One Exchange Square
2 Gwen Lane
Sandown, 2196
proxy@tmsmeetings.co.za

Independent Expert

Ernst & Young Advisory Services Proprietary Limited
(Registration number: 2006/018260/07)
3rd Floor, Waterway House,
3 Dock Road,
V&A Waterfront,
Cape Town, 8001

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ACTION REQUIRED BY SHAREHOLDERS

This Circular is important and requires your immediate attention. The action you need to take is set out below. If you are in any doubt as to what action to take, you should consult your Broker, CSDP, banker, accountant, legal advisor or other professional advisor immediately. If you have disposed of all of your Shares on or before the Circular Record Date, this Circular should please be forwarded to the purchaser of such Shares or the Broker, CSDP, banker or other agent through whom you disposed of your Shares.

Please take careful note of the following provisions and actions to be taken by Shareholders.

ACTIONS AS REGARDS VOTING AND ATTENDING OF GENERAL MEETING:

The General Meeting of Alexander Forbes Shareholders will be held at 10:00 on Tuesday, 31 March 2020 at the registered office of Alexander Forbes, in the Auditorium at 115 West Street, Sandown, Sandton, South Africa, in order to consider, and, if deemed fit, approve, with or without modification, the resolutions set out in the Notice of General Meeting attached to and forming part of this Circular.

IF YOU HAVE DEMATERIALIZED YOUR ALEXANDER FORBES SHARES WITHOUT "OWN-NAME" REGISTRATION:

1. Voting at the General Meeting

- 1.1. Your CSDP or Broker should contact you to ascertain how you wish to cast your vote (or abstain from casting your vote) at the General Meeting and thereafter cast your vote (or abstain from casting your vote) in accordance with your instructions.
- 1.2. If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker immediately and to furnish your CSDP or Broker with your voting instructions in the manner and by the cut-off time stipulated by your CSDP or Broker in terms of the Custody Agreement between you and your CSDP or Broker.
- 1.3. If your CSDP or Broker does not obtain voting instructions from you, your CSDP or Broker will be obliged to act in accordance with the standing instructions contained in your Custody Agreement.
- 1.4. You must NOT complete the attached Form of Proxy (*yellow*).

2. Attendance and representation at the General Meeting

In accordance with the agreement between you and your CSDP/Broker, you must advise your CSDP/Broker if you wish to attend the General Meeting in person or if you wish to send a proxy to represent you at the General Meeting and your CSDP/Broker will issue the necessary letter of representation for you or your proxy to attend the General Meeting.

IF YOU HAVE NOT DEMATERIALIZED YOUR ALEXANDER FORBES SHARES OR YOU HAVE DEMATERIALIZED YOUR ALEXANDER FORBES SHARES WITH "OWN-NAME" REGISTRATION:

1. Voting, attendance and representation at the General Meeting

- 1.1. You may attend and vote at the General Meeting in person.
- 1.2. Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (*yellow*) in accordance with the instructions it contains and returning it to the registered office of the Company or the Meeting Secretaries to be received, for administrative purposes, by no later than 10:00 on Friday, 27 March 2020. Nevertheless, Forms of Proxy may be lodged at any time prior to the commencement of voting on the resolutions at the General Meeting.

If you have disposed of all of your shares in Alexander Forbes, then this Circular, together with the attached notice of General Meeting and Form of Proxy should be forwarded to the purchaser to whom, or the Broker, agent, CSDP or banker through whom, you disposed of your shares.

The TRP did not consider any commercial issues when it considered the matter and granted approval of this Circular.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 4 of this Circular apply, mutatis mutandis, to this section and throughout this Circular.

2020

Record date to determine which Alexander Forbes Shareholders are entitled to receive the Circular (Circular Record Date):	Friday, 21 February
Circular posted to Alexander Forbes Shareholders and notice convening the General Meeting announced on SENS:	Monday, 2 March
Last day to trade Alexander Forbes Shares in order to be recorded in the Register to vote at the General Meeting:	Tuesday, 17 March
Record date to be eligible to vote at the General Meeting (Voting Record Date):	Friday, 20 March
Last day to lodge Forms of Proxy for the General Meeting by 10:00 ⁴ on:	Friday, 27 March
General Meeting to be held at 10:00 on:	Tuesday, 31 March
Last date and time for Alexander Forbes Shareholders to give notice to Alexander Forbes objecting to the Specific Repurchase in terms of section 164(3) of the Companies Act, by 10:00 on:	Tuesday, 31 March
Results of General Meeting released on SENS:	Tuesday, 31 March
Exemption applications to the TRP to obtain the TRP Waiver Exemption:	Thursday, 2 April
Expected date of TRP Waiver Announcement:	Friday, 3 April
Last day for Alexander Forbes Shareholders who voted against the Specific Repurchase to require Alexander Forbes to seek court approval for the Specific Repurchase in terms of section 115(3)(a) of the Companies Act:	Tuesday, 7 April
Last day to request the Takeover Special Committee to review the TRP Waiver Exemption as provided in paragraph 5.7 of Section C of this Circular:	Tuesday, 14 April
Last day to send notice of adoption of Special Resolution 1 to dissenting shareholders in accordance of section 164 of the Companies Act:	Thursday, 16 April
Last day for Alexander Forbes Shareholders who voted against the Specific Repurchase to apply to court for leave to apply for a review of the Specific Repurchase in terms of section 115(3)(b) of the Companies Act:	Thursday, 16 April
If all the conditions precedent to the Specific Repurchase are fulfilled or waived (where capable of waiver):	on or before Thursday, 16 April
Expected implementation date of the Specific Repurchase:	Thursday, 23 April
Cancellation and delisting of the Specific Repurchase Shares on or about:	Friday, 24 April

Notes:

1. The above dates and times are subject to amendment. Any such amendment will be released on SENS.
2. All times given in this Circular are local times in South Africa.
3. Additional copies of this Circular in its printed format, may be obtained from the registered office of the Company at the address set out in the "Corporate Information and Advisors" section of this Circular during normal business hours from Monday, 2 March 2020 to Tuesday, 31 March 2020.
4. Any Form of Proxy not delivered to the Meeting Secretaries by 10:00 on Friday, 27 March 2020 may be handed to the Chair of the General Meeting immediately before the appointed proxy exercises any of the Shareholder's rights at the General Meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular, the annexure hereto, the notice of General Meeting and Form of Proxy, unless the context otherwise indicates, references to the singular include the plural and vice versa, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and vice versa, and the words in the first column hereunder have the meaning stated opposite them in the second column, as follows:

“Agreement”	the written agreement entered into between Alexander Forbes and Mercer on 22 January 2020 which governs, inter alia, the terms of the Specific Repurchase;
“Act” or “Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended;
“Alexander Forbes Limited” or “AFL”	Alexander Forbes Limited (Registration number: 1958/001974/06), a public company duly registered and incorporated in accordance with the laws of South Africa and a 90% indirectly held subsidiary of Alexander Forbes;
“African Rainbow Capital” or “ARC”	African Rainbow Capital Financial Services Holdings Proprietary Limited (Registration number: 2017/098058/07), a private company duly registered and incorporated in accordance with the laws of South Africa, which holds 13.7% of the issued share capital of Alexander Forbes as at the Last Practicable Date;
“Alexander Forbes” or “the Company”	Alexander Forbes Group Holdings Limited (Registration number: 2006/025226/06), a public company duly registered and incorporated in accordance with the laws of South Africa and listed on the JSE;
“Alexander Forbes Shareholders” or “Shareholders”	holders of Alexander Forbes Shares;
“Alexander Forbes Shares” or “Shares”	ordinary share with no par value in the authorised and issued share capital of Alexander Forbes;
“Amended and Restated Relationship Agreement”	the written agreement entered into between Alexander Forbes and Mercer on 4 July 2014, to govern the commercial relationship between the parties;
“Appraisal Rights”	as defined under section 164 of the Companies Act;
“ARC Acquisition”	the proposed purchase of 193,000,000 Shares from Mercer by ARC at a price of 525 cents per share for a total consideration of R1 013 250 000 in accordance with the SENS announcement released by Alexander Forbes on 22 January 2020;
“Board” or “Directors”	the board of directors of Alexander Forbes at the Last Practicable Date;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day other than a Saturday, Sunday or a public holiday in South Africa;
“Certificated Shareholder”	a holder of Certificated Shares;
“Certificated Shares”	shares which are not dematerialised, title to which is represented by physical Documents of Title;
“Circular”	this bound document, dated 2 March 2020, including its annexures hereto and incorporating a notice of General Meeting and, where applicable, a Form of Proxy;
“Circular Record Date”	Friday, 21 February 2020;
“Computershare Investor Services” or “Transfer Secretaries”	Computershare Investor Services Proprietary Limited (Registration number: 2004/003647/07), a private company duly registered and incorporated in accordance with the laws of South Africa and the Transfer Secretaries to Alexander Forbes;
“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, appointed by an individual shareholder for the purposes of, and in regard to the Dematerialisation of Documents of Title for purposes of incorporation into Strate;
“Custody Agreement”	the custody mandate agreement between a Dematerialised Shareholder and a CSDP or Broker governing their relationship in respect of Dematerialised Shares held by the CSDP or Broker;
“Dematerialisation”	the process whereby Documents of Title to shares in a tangible form are dematerialised into electronic records for purposes of incorporation into Strate;
“Dematerialised Shareholder”	a holder of Dematerialised Shares;

“Dematerialised Shares”	shares which have been incorporated into Strate and which are no longer evidenced by physical Documents of Title, but the evidence of ownership of which is determined electronically and recorded in the Sub-register maintained by a CSDP;
“Documents of Title”	valid share certificates, certified transfer deeds, balance receipts and/or any other form of acceptable proof of ownership of Alexander Forbes Shares, reasonably acceptable to Alexander Forbes;
“Ernst & Young”	Ernst & Young Advisory Services Proprietary Limited (Registration number: 2005/002308/21), a private company duly registered and incorporated in accordance with the laws of South Africa and the Independent Expert to Alexander Forbes;
“Flip-Up”	the transaction whereby ARC will transfer all of its shares in Alexander Forbes Limited to Alexander Forbes (or its nominee) in return for the Flip-Up Shares, in accordance with the terms and subject to the conditions of the Flip-Up Agreement;
“Flip-Up Agreement”	the written agreement entered into between Alexander Forbes, AFL and ARC on 28 September 2016 in terms of which ARC will, inter alia, transfer its Subscription Shares to Alexander Forbes (or its nominee) in return for the issue of the Flip-Up Shares by Alexander Forbes to ARC. The Flip-Up Agreement defines the mechanism by which the Flip-Up Shares will be adjusted at the date of the Flip-Up implementation;
“Flip-Up Circular”	the Circular to Alexander Forbes Shareholders published on 2 December 2016 which detailed the proposed terms of the Flip-Up Agreement;
“Flip-Up Shares”	such number of Alexander Forbes Shares, rounded down to the nearest whole number issued as consideration for the Subscription Shares, as is determined in accordance with the formula in the Flip-Up Circular, being 137,202,331 Shares at the Last Practicable Date. The final number of Flip-Up Shares will be adjusted for the cancellation of the Specific Repurchase Shares at the date of the Flip-Up implementation;
“Flip-Up Transaction Agreements”	collectively, the subscription agreement, the shareholders’ agreement and the Flip-Up Agreement entered into between the Company, ARC and AFL on 28 September 2016 whereby ARC subscribed for 10% of the total issued shares of AFL, as detailed in the Circular to Shareholders dated 2 December 2016;
“Financial Markets Act”	the Financial Markets Act, 2012 (Act 19 of 2012), as amended;
“Form of Proxy”	form used by Certificated Shareholders or Dematerialised Shareholders who are registered with own-name registration to vote by proxy;
“General Meeting”	the general meeting of Alexander Forbes Shareholders to be held at 10:00 on Tuesday, 31 March 2020 in the Auditorium, Ground Floor, Alexander Forbes, 115 West Street, Sandown, 2196, which meeting is convened in terms of the notice of General Meeting attached to this Circular, inclusive of any meeting which may be held as a result of any postponement, adjournment or reconvening thereof;
“Governmental Authority”	any (i) national, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau or agency; (ii) any subdivision or authority of the above; (iii) securities exchange or stock exchange; and (iv) any quasi-governmental organisation or private body exercising any regulatory, merger control, expropriation or taxing authority under or for the account of any of the above; in each case, having jurisdiction in the relevant circumstances;
“Group”	Alexander Forbes and its Subsidiaries;
“Independent Board”	an independent sub-committee of the Board constituted in accordance with regulation 108(9) of the Companies Regulations, 2011, to consider the terms of the Specific Repurchase and the Mandatory Offer Waiver, comprising of the independent non-executive Directors of the Company;
“Independent Expert”	an independent expert as required by regulation 90 of the Regulations;
“Independent Expert Report”	the report provided by Ernst & Young in accordance with the Act and the Regulations as set out in Annexure 1 of this Circular;
“JSE”	JSE Limited (Registration number: 2005/022939/06), a public company duly registered and incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	Friday, 21 February 2020, being the last practicable date prior to the finalisation of this Circular;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“Mandatory Offer”	‘mandatory offer’ as contemplated in section 123 of the Act;
“Mandatory Offer Waiver”	the required approval from independent Alexander Forbes Shareholders for a waiver of any obligation by ARC to extend a Mandatory Offer to Alexander Forbes shareholders arising from the Shareholder Reorganisation, in accordance with regulation 86(4) of the Regulations;

“Meeting Scrutineers”	The Meeting Specialist Proprietary Limited (Registration number 2017/287419/07), a private company duly registered and incorporated in accordance with the laws of South Africa and the meeting secretaries for purposes of the General Meeting;
“Mercer”	Mercer Africa Limited (Registration number: 9093306), a public company duly registered and incorporated in accordance with the laws of England and Wales, which holds 30.6% of the issued share capital of Alexander Forbes as at the Last Practicable Date;
“Mercer Sale”	the proposed sale of substantially all of Mercer’s Alexander Forbes Shares, effected through the Specific Repurchase and the ARC Acquisition, in accordance with the SENS announcement released by Alexander Forbes on 22 January 2020;
“Prudential Authority”	juristic person responsible for regulating banks, insurers, cooperative financial institutions, financial conglomerates and certain market infrastructures in terms of the Financial Sector Regulation Act, 2017 (Act 9 of 2017), as amended;
“Rand” or “R”	South African Rand;
“Regulations”	the regulations promulgated in terms of section 223 of the Act, published under Government Notice R351 in Government Gazette 34239 of 26 April 2011, as amended;
“SENS”	the Stock Exchange News Service of the JSE;
“Shareholder Reorganisation”	the three independent components as detailed in paragraph 1.4 of Section A of this Circular, comprising of a) the ARC Acquisition, b) the Specific Repurchase and c) the Mandatory Offer Waiver;
“Solvency and Liquidity Test”	the solvency and liquidity test set out in section 4(1) of the Companies Act;
“South Africa”	the Republic of South Africa;
“Special Resolution 1”	special resolution number 1 referring to the approval of the Specific Repurchase;
“Specific Repurchase”	the proposed specific repurchase by Alexander Forbes of the Specific Repurchase Shares from Mercer at the Specific Repurchase Price per Share for the Specific Repurchase Consideration;
“Specific Repurchase Consideration”	an amount equal to R1 034 120 000 payable by Alexander Forbes to Mercer for the Specific Repurchase Shares;
“Specific Repurchase Price”	515 cents;
“Specific Repurchase Shares”	200,800,000 Alexander Forbes Shares held by Mercer;
“Strate”	the electronic settlement and clearing system used by the JSE, managed by Strate Proprietary Limited (Registration number: 1998/022242/07), a private company duly registered and incorporated in accordance with the laws of South Africa;
“Sub-register”	the record of Dematerialised Shares administered and maintained by a CSDP and which forms part of the Company’s register of members as defined in the Companies Act;
“Subscription Shares”	as defined in the Flip-Up Circular;
“Subsidiary”	a subsidiary as defined in the Companies Act;
“Takeover Regulations”	the Takeover Regulations promulgated by the Minister of Trade and Industry in terms of sections 120 and 223 of the Companies Act;
“Takeover Special Committee”	the Takeover Special Committee, established in terms of section 202 of the Act;
“Treasury Shares”	65,508,049 Alexander Forbes Shares held as treasury shares as at 30 September 2019. These shares are reported as treasury shares for accounting purposes and comprise of policyholder treasury shares held for the benefit of policyholders and shares purchased in terms of share schemes. From the last interim period ended 30 September 2019 up to the Last Practicable Date, under the general share repurchase approved by shareholders, the Company purchased 2,010,777 Alexander Forbes Shares which it intends to allocate in terms of share schemes. The voting rights attached to these treasury shares are not Alexander Forbes’ voting rights;
“TRP”	the Takeover Regulation Panel, established in terms of section 196 of the Act;
“TRP Waiver Announcement”	the SENS announcement by Alexander Forbes of the TRP Waiver Exemption giving Alexander Forbes Shareholders the right to seek the review of the TRP Waiver Exemption within five Business Days of release of such announcement;
“TRP Waiver Exemption”	the TRP waiver ruling envisaged in the TRP Guideline 2/2011 which is obtained pursuant to the Mandatory Offer Waiver;
“Voting Record Date”	Friday, 20 March 2020;
“VWAP”	volume weighted average price; and
“Waiver Resolution”	Ordinary Resolution Number 1 in the Notice of General Meeting.



ALEXANDER FORBES GROUP HOLDINGS LIMITED

Incorporated in the Republic of South Africa
Registration Number: 2006/025226/06
Ordinary share code: AFH and ISIN: ZAE000191516
(Alexander Forbes or the Company)

Directors

Independent non-executive

M Ramplin (Chair), T Dloti, RM Head, BJ Memela-Khambula, NG Payne

Non-executive

DJ Anderson, WS O'Regan

Executive

DJ de Villiers (*Chief Executive Officer*), BP Bydawell (*Chief Financial Officer*)

SECTION A: THE SHAREHOLDER REORGANISATION

1. INTRODUCTION, BACKGROUND AND PURPOSE OF THE CIRCULAR

- 1.1. On Wednesday, 22 January 2020, Alexander Forbes released an announcement on SENS stating that it had reached definitive terms to repurchase and cancel 200,800,000 shares from Mercer as part of Mercer's decision to sell substantially all of its 34.4% interest in the issued share capital of Alexander Forbes.
- 1.2. In the same announcement, Shareholders were advised that ARC had reached definitive terms to acquire 193,000,000 shares from Mercer as part of the Shareholder Reorganisation and in accordance with ARC's stated intent of increasing its shareholding in a portfolio company key to its financial services strategy going forward.
- 1.3. Additionally, Shareholders were made aware that Alexander Forbes and ARC agreed to postpone the Flip-Up, which will only be implemented after the Mercer Sale.
- 1.4. The outcome of the aforementioned process is the Shareholder Reorganisation, which comprises three independent components:
 - **Component 1: The ARC Acquisition:** the acquisition of 193,000,000 shares from Mercer by ARC at a price of 525 cents per Share for a total consideration of R1 013 250 000. This component has been agreed, subject to certain regulatory approvals. The ARC Acquisition is intended to be implemented prior to the Specific Repurchase. The specific details relating to this component of the Shareholder Reorganisation are included in this Section A.
 - **Component 2: The Specific Repurchase:** the proposed Specific Repurchase of 200,800,000 Alexander Forbes Shares held by Mercer, at a price of 515 cents per Share for a total Specific Repurchase Consideration of R1 034 120 000. This component has been agreed, subject to certain regulatory and Shareholder approvals. The specific details relating to this component of the Shareholder Reorganisation are included in Section B.
 - **Component 3: The Mandatory Offer Waiver:** the implementation of the Flip-Up after the Mercer Sale and the proposed waiver of ARC's consequential obligation to make a Mandatory Offer to all Alexander Forbes Shareholders. The specific details relating to this component of the Shareholder Reorganisation are included in Section C.
- 1.5. The purpose of this Circular is to provide Alexander Forbes Shareholders with relevant information relating to the Specific Repurchase and Mandatory Offer Waiver and to give notice of a General Meeting of Alexander Forbes Shareholders to consider and, if deemed fit, to pass, with or without modification, the resolutions necessary to approve and implement the Specific Repurchase and the Mandatory Offer Waiver in accordance with the Listings Requirements and the Takeover Regulations. A notice convening such meeting is attached to, and forms part of this Circular.

2. RATIONALE FOR THE SHAREHOLDER REORGANISATION

- 2.1. Mercer made the decision to sell substantially all of its equity stake in Alexander Forbes in an orderly and coordinated manner.
- 2.2. Having assessed the various strategic alternatives available, the Independent Board believes that the Company's participation in the Shareholder Reorganisation via the Specific Repurchase is in the best interests of Shareholders and other stakeholders as it facilitates the exit of a large Shareholder in an orderly and coordinated manner. The Specific Repurchase has been agreed at a meaningful discount to both the intrinsic value per share and the 30-day VWAP at Tuesday, 21 January 2020, being the day prior to the date on which the Specific Repurchase was agreed to in writing between Alexander Forbes and Mercer, creating meaningful value for the remaining Shareholders.
- 2.3. In addition, the ARC Acquisition repositions ARC as the key strategic anchor shareholder and, critically for Alexander Forbes, its black empowerment partner.

- 2.4. The Mandatory Offer Waiver is required as ARC does not intend to take a controlling stake in Alexander Forbes at present and does not believe that proceeding with a Mandatory Offer would be in the Company's or stakeholders' best interests.
- 2.5. Alexander Forbes and Mercer have shared several strategic business initiatives over the past five years providing significant opportunities to both companies and market-leading consulting and solutions to clients. Notwithstanding the Shareholder Reorganisation, the strategic alliance, including all current commercial agreements and associated service and product offerings, remain unaffected.
- 2.6. Both Alexander Forbes and Mercer remain fully committed to maintaining a close relationship to ensure that the value proposition for Alexander Forbes' clients is well preserved and strengthened. The Company and Mercer will continue to work together, jointly innovating and delivering world class solutions to clients across Africa, including through Arrive, the joint Pan-African benefits solution. Through Arrive, clients will continue to have access to quality healthcare, and the opportunity to standardise benefits across multiple countries.
- 2.7. From an investments perspective, the partnership with Mercer will continue to allow the Company's clients access to financial strategies of top global asset managers, and enjoy a portfolio of leading integrated solutions.

3. KEY TERMS OF THE SHAREHOLDER REORGANISATION

- 3.1. The Mercer Sale will be effected through the ARC Acquisition and the Specific Repurchase, which are independent of each other and are not inter-conditional.
- 3.2. Following implementation of the ARC Acquisition and the Specific Repurchase, ARC will hold 33.9% of the Company's issued share capital, subject to the requisite regulatory approvals.
- 3.3. To facilitate the efficient implementation of the Shareholder Reorganisation, the Flip-Up will be implemented by Alexander Forbes and ARC after the Mercer Sale. This postponement has been agreed in terms of the original Flip-Up Agreement which permits the parties thereto to determine the date of implementation of the Flip-Up.
- 3.4. The parties thereto have determined that the Flip-Up will be implemented, subject to regulatory approvals and completion of the applicable valuation procedure provided for under the Flip-Up Agreement, on the earlier of the TRP granting all final approvals or exemptions required for the Mandatory Offer Waiver or such other date as agreed to in writing between the parties thereto.
- 3.5. All other terms and conditions of the Flip-Up Agreement remain unaffected. The Mandatory Offer Waiver is independent of the ARC Acquisition and the Specific Repurchase.
- 3.6. In anticipation of the Flip-Up implementation, ARC will seek the required approval from the requisite majority of independent Alexander Forbes Shareholders for the Mandatory Offer Waiver.

4. CONDITIONS PRECEDENT TO THE SHAREHOLDER REORGANISATION

The separate component parts of the Shareholder Reorganisation, including the Mandatory Offer Waiver, are not inter-conditional. Alexander Forbes Shareholders are referred to paragraph 4 of Section B for specific conditions precedent for the Specific Repurchase.

5. GENERAL INFORMATION

Alexander Forbes Shareholders are referred to Section D of this Circular for general disclosures pertaining to the Company and required in terms of the Listings Requirements regulating the Shareholder Reorganisation.

SECTION B: THE SPECIFIC REPURCHASE

1. INTRODUCTION

- 1.1. The Company has agreed to repurchase and cancel the Specific Repurchase Shares from Mercer, at the earliest practical date, expected to be on or about Thursday, 23 April 2020, subject to fulfilment or waiver, where applicable, of the conditions precedent set out in paragraph 4 below. The Independent Board believes that the Company's participation in the Shareholder Reorganisation via the Specific Repurchase is in the best interest of Shareholders and other stakeholders as it facilitates the exit of a large shareholder in an orderly and coordinated manner. The Specific Repurchase has been agreed at a meaningful discount to both the intrinsic value per Share and the 30-day VWAP at Tuesday, 21 January 2020, creating significant value for the remaining shareholders.

2. TERMS OF THE SPECIFIC REPURCHASE

- 2.1. The Specific Repurchase will:
- 2.1.1. represent 15.6% of the total issued Alexander Forbes Shares;
 - 2.1.2. be effected at a Specific Repurchase Price of 515 cents per Alexander Forbes Share, which represents a 4.28% discount to the 30-day VWAP of the Alexander Forbes Shares of 538 cents as at Tuesday, 21 January 2020, being the day prior to the date on which the Specific Repurchase was agreed to in writing between Alexander Forbes and Mercer;
 - 2.1.3. result in a Specific Repurchase Consideration, being R1 034 120 000; and
 - 2.1.4. be funded from the Company's existing cash resources.

3. IMPACT OF THE SPECIFIC REPURCHASE ON THE FINANCIAL INFORMATION OF ALEXANDER FORBES

- 3.1. The impact of the Specific Repurchase has been calculated and the Board can confirm that the implementation of the Specific Repurchase will impact the financial information of Alexander Forbes as follows:
- 3.1.1. The Company's cash balances are expected to decrease by R1 149 022 222 (including the dividend paid to ARC as minority shareholder in AFL) as a result of the Specific Repurchase and, on cancellation of the Specific Repurchase Shares, share capital and share premium will reduce by the same amount. Interest receivable at rates of approximately 5.75% per annum (pre-tax) will be foregone on the cash resources used to acquire the Specific Repurchase Shares.
 - 3.1.2. The reduced number of issued Shares after cancellation of the Specific Repurchase Shares will result in a lower weighted average number of Shares used to calculate earnings per share in future reporting periods.
 - 3.1.3. Shareholders are referred to the Company's announcement on SENS on Friday, 31 January 2020 relating to the completion of the disposal of the short-term insurance business in South Africa. A portion of the net proceeds available to the Company will be utilised for the Specific Repurchase.
 - 3.1.4. Following implementation of the Specific Repurchase and cancellation of the Specific Repurchase Shares, Alexander Forbes will hold no additional shares in treasury, with the exception of Shares held on behalf of policyholders or Shares purchased for share schemes, both reported as Treasury Shares for accounting purposes. Treasury Shares, on which the Company has no voting rights, were 65,508,049 as at 30 September 2019. From the last interim period ended 30 September 2019 up to the Last Practicable Date, under the general share repurchase approved by Shareholders, the Company purchased 2,010,777 Alexander Forbes Shares which it intends to allocate in terms of share schemes. The voting rights attached to these Treasury Shares are not Alexander Forbes' voting rights.
 - 3.1.5. Following the implementation of the Specific Repurchase, the Company remains adequately capitalised in line with applicable regulations as required by the Prudential Authority.

4. CONDITIONS PRECEDENT TO THE SPECIFIC REPURCHASE

- 4.1. The Specific Repurchase is subject to the fulfilment or waiver of the following conditions precedent on or before 30 June 2020 or such later date as may be agreed to by Mercer and Alexander Forbes in writing (on one or more occasions):
- 4.1.1. The approval of the Specific Repurchase by the requisite majority of Shareholders in terms of the Companies Act and the Listings Requirements, including in terms of section 48(8) and 115(2)(a) of the Companies Act, and, to the extent required, by a High Court in terms of section 115(2)(c) of the Companies Act, and furthermore, if applicable, that the Company does not treat the aforesaid shareholder resolutions as a nullity, as contemplated in section 115(5)(b) of the Companies Act;
 - 4.1.2. That in relation to any objections to the Specific Repurchase by Shareholders:
 - 4.1.2.1 no Shareholders give notice objecting to the Specific Repurchase, as contemplated in section 164(3) of the Companies Act and vote against the resolutions proposed at the General Meeting to approve the Specific Repurchase; or
 - 4.1.2.2 if Shareholders give notice objecting to the Specific Repurchase, as contemplated in section 164(3) of the Companies Act, and vote against the resolutions proposed at the General Meeting, Shareholders holding no more than 2% of all Shares eligible to be voted at the General Meeting give such notice and vote against the resolutions proposed at the General Meeting; or

- 4.1.2.3 if Shareholders holding more than 2% of all Shares eligible to vote at the General Meeting give notice objecting to the Specific Repurchase, as contemplated in section 164(3) of the Companies Act, and vote against the resolutions proposed at the General Meeting, the relevant Shareholders do not exercise their Appraisal Rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act within 30 Business Days following the General Meeting, in respect of more than 2% of the shares eligible to be voted at the General Meeting; and
- 4.1.2.4 that all approvals, consents, waivers, permits, orders or exemptions from a Governmental Authority necessary to implement the Specific Repurchase in terms of any applicable law are granted either unconditionally or on conditions as: (i) the Company confirms in writing to Mercer are acceptable to the Company (acting reasonably) insofar as such conditions and qualifications affect the Company, or (ii) Mercer confirms in writing to the Company are acceptable to Mercer (acting reasonably) insofar as such conditions or qualifications affect Mercer, including:
 - 4.1.2.4.1 all approvals required from the South African Reserve Bank in terms of the South African Exchange Control Regulations (promulgated in terms of the South African Currency and Exchanges Act, 9 of 1933);
 - 4.1.2.4.2 all approvals required from the JSE;
 - 4.1.2.4.3 all approvals required from the TRP, including the issue of a compliance certificate in terms of section 119(4)(b) of the Companies Act in relation to the Specific Repurchase; and
 - 4.1.2.4.4 all approvals required from the Prudential Authority and the Jersey Financial Services Commission.

5. AUTHORISATION FOR THE SPECIFIC REPURCHASE

- 5.1. In terms of the Listings Requirements, the Specific Repurchase requires the approval of a special resolution achieving a 75% majority of the votes cast in favour thereof by all Shareholders present or represented by proxy at the General Meeting. Accordingly, in terms of paragraph 5.69(b) of the Listings Requirements, Mercer and its associates will be excluded from voting on the Specific Repurchase. Their votes will, however, be considered for purposes of establishing a quorum for the General Meeting.
- 5.2. In terms of section 115(2)(a) of the Companies Act, the Specific Repurchase requires the approval of a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the Company's Memorandum of Incorporation.

6. INDEPENDENT EXPERT REPORT

- 6.1. Notwithstanding the Specific Repurchase being from a related party as defined in terms of the Listings Requirements, the Specific Repurchase Price is not at a premium to the 30-day VWAP prior to the date of the Specific Repurchase Price being agreed in writing between the parties thereto. As such, a fairness opinion is not required in terms of paragraph 5.69(e) of the Listings Requirements.
- 6.2. As the Specific Repurchase will result in Alexander Forbes acquiring in excess of 5% of the Alexander Forbes Shares in issue, the Specific Repurchase is, in terms of section 48(8)(b) of the Companies Act, subject to the provisions of sections 114 and 115 of the Companies Act and regulation 90 of the Regulations. As such, the Specific Repurchase requires, inter alia, the preparation of an Independent Expert Report on the terms of the Specific Repurchase.
- 6.3. As required in terms of the Companies Act and Regulations, the Independent Board has been constituted for the purpose of evaluating the Shareholder Reorganisation and specifically the terms of the Specific Repurchase. The Independent Board comprises all of the independent non-executive directors of the Company.
- 6.4. The Independent Board has appointed Ernst & Young as Independent Expert to provide an independent fair and reasonable opinion on the terms of the Specific Repurchase and to make appropriate recommendations to the Independent Board. The Independent Expert's opinion is included in Annexure 1 of this Circular, and the view of the Independent Board is contained in paragraph 5 of Section D.

7. SUMMARY OF APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS

- 7.1. At any time before Special Resolution 1 is to be voted on at the General Meeting, a Shareholder may give the Company written notice objecting to Special Resolution 1. Such notification must be delivered to the Executive: Governance, Legal and Compliance (Company Secretary) by electronic mail on wesselsc@aforges.com or, for her attention and with receipt acknowledged, to the Company's registered office and must include an appropriate return address for purposes of the below communication.
- 7.2. Within 10 Business Days after the Company having adopted Special Resolution 1, the Company must send a notice that Special Resolution 1 has been adopted to each Shareholder who gave the Company written notice of objection and has neither withdrawn that notice nor voted in favour of Special Resolution 1.
- 7.3. A Shareholder who has given the Company written notice objecting to Special Resolution 1, who is present at the General Meeting and votes against Special Resolution 1 and has complied with all of the procedural regulations set out in section 164 of the Companies Act may, if Special Resolution 1 has been adopted, then demand in writing:
 - 7.3.1. within 20 Business Days after receipt of the notice referred to above; or
 - 7.3.2. if the Shareholder does not receive the notice from the Company referred to above, 20 Business Days after learning that Special Resolution 1 has been adopted;
 - 7.3.3. that the Company pay the Shareholder the fair value for all the shares in the Company held by that Shareholder. A copy of section 164 of the Companies Act is contained in Annexure 2 to this Circular.

8. ADEQUACY OF CAPITAL

- 8.1. The Board has considered the impact of the Specific Repurchase and is of the opinion that the provisions of sections 4 and 48 of the Companies Act and paragraph 5.69(c) of the Listings Requirements have been complied with and that:
 - 8.1.1. Alexander Forbes and its Subsidiaries will be able to pay their debts in the ordinary course of business for a period of 12 months after the date of approval of this Circular;
 - 8.1.2. the assets of Alexander Forbes and its Subsidiaries will be in excess of the liabilities of Alexander Forbes and its Subsidiaries for a period of 12 months after the date of approval of this Circular. For this purpose, the assets and liabilities were measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Companies Act;
 - 8.1.3. the share capital and reserves of Alexander Forbes and its Subsidiaries will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this Circular; and
 - 8.1.4. the working capital of Alexander Forbes and its Subsidiaries will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this Circular.
- 8.2. Furthermore, the Board confirms:
 - 8.2.1. in terms of section 46(1)(a)(ii) of the Companies Act, the Board and Independent Board have, by resolution, approved the Specific Repurchase;
 - 8.2.2. in terms of section 46(1)(b) of the Companies Act, it reasonably appears that Alexander Forbes will satisfy the Solvency and Liquidity Test immediately after completing the Specific Repurchase; and
 - 8.2.3. in terms of section 46(1)(c) of the Companies Act, the Board has, by resolution, acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that Alexander Forbes and its Subsidiaries will satisfy the Solvency and Liquidity Test immediately after completing the Specific Repurchase.

9. SOURCE OF FUNDS

- 9.1. Once the Specific Repurchase becomes unconditional:
 - 9.1.1. the Specific Repurchase Consideration will be funded from existing cash reserves;
 - 9.1.2. the Company will be liable for 0.25% securities transfer tax on the transfer of the Specific Repurchase Shares; and
 - 9.1.3. other costs associated with the Specific Repurchase include the transaction costs amounting to R3 658 000 (refer to paragraph 10 in Section D for additional details on the transaction costs).
- 9.2. The Specific Repurchase Consideration shall be paid in full without regard to any lien, right of set-off, counterclaim or other analogous right to which Alexander Forbes may otherwise be, or claim to be, entitled against Mercer, except for those provided for in the Repurchase Agreement set out below.
- 9.3. The Board has determined that the Specific Repurchase will take the form of: (i) a return of capital to the full extent of Mercer's effective interest in the contributed tax capital available to Alexander Forbes; and (ii) a dividend to the extent the Specific Repurchase Consideration exceeds the available contributed tax capital of Alexander Forbes.

10. CANCELLATION AND DELISTING

Following the fulfilment of the conditions precedent set out in paragraph 4 above, application will be made to the JSE for the delisting of the Specific Repurchase Shares, which Shares will be cancelled as issued Shares and reinstated as authorised but unissued Shares. The Specific Repurchase Shares are expected to be cancelled and delisted on or about Friday, 24 April 2020.

11. SHARE CAPITAL

The tables below show the issued share capital of Alexander Forbes before and after the Specific Repurchase, based on the share capital as at the Last Practicable Date:

Before the Specific Repurchase	Number of shares	R'000
Authorised		
Ordinary shares of no par value	2,500,000,000	
Issued		
Ordinary shares of no par value	1,287,858,154	5 874 000

After the Specific Repurchase	Number of shares	R'000
Authorised		
Ordinary shares of no par value	2,500,000,000	
Issued¹		
Ordinary shares of no par value	1,087,058,154	4 840 000

Note:

1. Following implementation of the Specific Repurchase and cancellation of the Repurchase Shares, Alexander Forbes will hold no additional Shares in treasury, with the exception of Shares held on behalf of policyholders or Shares purchased for share schemes, both reported as Treasury Shares for accounting purposes. Treasury Shares, on which the Company has no voting rights, were 65,508,049 as at 30 September 2019. From the last interim period ended 30 September 2019 up to the Last Practicable Date, under the general share repurchase approved by Shareholders, the Company purchased 2,010,777 Alexander Forbes Shares which it intends to allocate in terms of share schemes. The voting rights attached to these Treasury Shares are not Alexander Forbes' voting rights.

12. AGREEMENTS IN RELATION TO THE SPECIFIC REPURCHASE

Other than the Agreement, no agreements have been entered into between Alexander Forbes and/or any party/ies acting in concert with it and Alexander Forbes and/or the Alexander Forbes Directors (as at the Last Practicable Date or having resigned in the preceding 12 months) and/or Alexander Forbes Shareholders (as at the Last Practicable Date or who were Alexander Forbes Shareholders in the preceding 12 months) in relation to the Specific Repurchase.

SECTION C: MANDATORY OFFER WAIVER

1. INTRODUCTION

- 1.1. In the Flip-Up Circular, the Company outlined the terms of the Flip-Up Transaction Agreements agreed between ARC and the Company whereby ARC subscribed for 10% of the total issued shares of AFL, equating to 51,278,477 ordinary shares in AFL, for a subscription consideration of R753 450 000.
- 1.2. Further in terms of the Flip-Up Transaction Agreements, and upon the happening of certain specified events detailed in the Flip-Up Circular, ARC has the right to exchange its Subscription Shares in AFL for listed Alexander Forbes Shares, subject to certain suspensive conditions.
- 1.3. The number of Alexander Forbes Shares to be issued to ARC, in the event that the Flip-Up is triggered and implemented, is determined in accordance with a set formula in Schedules 1 and 2 of the Flip-Up Agreement. The formula considers, amongst other things, the 30-day VWAP of the Alexander Forbes Shares immediately prior to the Flip-Up trigger date, as well as the fair market value of the assets and liabilities of the Company.
- 1.4. As outlined in paragraph 3 of Section A, ARC and the Company have agreed that the Flip-Up will be implemented following, among other things, the completion of the Mandatory Offer Waiver process.
- 1.5. Alexander Forbes, on behalf of ARC, will seek the required approval from Alexander Forbes Shareholders for a waiver of any obligation by ARC to extend a Mandatory Offer to Alexander Forbes Shareholders arising from the Flip-Up, in accordance with regulation 86(4) of the Regulations, consisting of a waiver pertaining to the issue of securities.
- 1.6. ARC and its associates will be precluded from voting on the Mandatory Offer Waiver.
- 1.7. In the absence of the Waiver Resolution being passed by the requisite majority of independent Alexander Forbes Shareholders or the TRP granting the TRP Waiver Exemption, the implementation of the Flip-Up would impose on ARC the obligation to make a Mandatory Offer to the extent that ARC is able to exercise at least 35% of all the voting rights attached to the Shares upon the issue of the Shares following the implementation of the Flip-Up Agreement. However, as outlined in paragraph 1.4 of Section C above, in this instance, the Flip-Up will not be effected and no Mandatory Offer will be triggered.
- 1.8. If the Waiver Resolution is passed and the TRP grants the TRP Waiver Exemption, there will be no obligation on ARC to make a Mandatory Offer as described in paragraph 1.5 of Section C of the Circular.

2. RATIONALE FOR THE MANDATORY OFFER WAIVER RESOLUTION

The Mandatory Offer Waiver is required as ARC does not intend to take a controlling stake in Alexander Forbes at present, nor does it believe proceeding with a Mandatory Offer would be in the Company's or stakeholders' best interests.

3. BENEFICIAL INTERESTS OR HOLDINGS

- 3.1. After the Mercer Sale has been implemented, ARC will hold 33.9% in aggregate of the Alexander Forbes Shares. Insofar that it is known, no directors of ARC hold a direct or indirect beneficial interest in Alexander Forbes Shares as at the Last Practicable Date. After the date that the TRP waiver proceedings have been completed, ARC may consider acquiring further Alexander Forbes Shares in accordance with the Regulations. If ARC acquires further Alexander Forbes Shares its shareholding will be increased accordingly. In that event, the table set out in paragraph 4 of this Section C of the Circular will be impacted in proportion to such acquisitions.
- 3.2. Alexander Forbes, as at the Last Practicable Date does not hold a direct or indirect beneficial interest in ARC.

4. IMPACT OF THE MANDATORY OFFER WAIVER RESOLUTION

Below is an indicative illustration of the potential impact of the Shareholder Reorganisation and passing of the Waiver Resolution on ARC's shareholding in Alexander Forbes post the implementation of the Flip-Up:

Number of shares	175,807,216
Current shareholding	13.7%

Impact of ARC Acquisition

Additional number of Alexander Forbes Shares acquired	193,000,000
Additional percentage of Alexander Forbes shares acquired	15.0%

Indicative shareholding after ARC Acquisition

Number of Alexander Forbes Shares	368,807,216
Percentage of Alexander Forbes Shares	28.6%

Impact of Specific Repurchase

Additional number of Alexander Forbes Shares received	0
Indicative shareholding after Specific Repurchase	33.9%

Impact of Flip-Up

Flip-Up Shares ¹	137,202,331
Indicative shareholding after Flip-Up ²	41.3%

Note:

1. The Flip-Up Agreement defines the mechanism by which the Flip-Up Shares will be adjusted at the date of the Flip-Up implementation.
2. The final number of Flip-Up Shares will be adjusted for the cancellation of the Specific Repurchase Shares at the date of the Flip-Up implementation, which should result in an indicative shareholding of 40.3% after Flip-Up.

5. RIGHT OF ALEXANDER FORBES SHAREHOLDERS

- 5.1. The TRP has advised that it is willing to consider the application of the TRP Waiver Exemption if the requisite majority of independent Alexander Forbes Shareholders waive their entitlement to receive the Mandatory Offer which would otherwise be required from ARC in accordance with regulation 86(4) of the Regulations.
- 5.2. Included in this Circular is the Notice of General Meeting and the Waiver Resolution for independent Alexander Forbes Shareholders to consider and, if deemed fit, to approve, with or without modification, at the General Meeting.
- 5.3. After the General Meeting is held and should the Waiver Resolution has been validly passed, an application for the TRP Waiver Exemption will be submitted to the TRP together with supporting documents indicating that the Waiver Resolution has been validly passed in terms of regulation 86(4) of the Regulations.
- 5.4. Any Alexander Forbes Shareholders who wish to make representations relating to the TRP Waiver Exemption will have 10 Business Days from the date of posting of this Circular to make such representations to the TRP before the TRP Waiver Exemption is considered. Representations should be made in writing and delivered by hand, posted or faxed to:

If delivered by hand or courier:

The Executive Director
Takeover Regulation Panel
1st Floor, Block 2, Freestone Park
135 Patricia Road
Atholl, Johannesburg, 2198

If emailed:

admin@trpanel.co.za
Takeover Regulation Panel
+27 (0)11 784 0062

If faxed:

The Executive Director

and should reach the TRP by no later than the close of business on Monday, 16 March 2020 in order to be considered.

- 5.5. If any representations are made to the TRP within the permitted timeframe, the TRP will consider the merits thereof before providing the TRP Waiver Exemption.
- 5.6. The TRP will accordingly consider the application for the TRP Waiver Exemption and any representations made in respect thereof and within the permitted timeframe, prior to providing the TRP Waiver Exemption, which incorporates the reasons for its decision.
- 5.7. Alexander Forbes, on behalf of ARC, will then make the TRP Waiver Announcement with respect to the TRP Waiver Exemption and inform Alexander Forbes Shareholders that they may request the Takeover Special Committee to review the TRP Waiver Exemption within five Business Days of the TRP Waiver Announcement.
- 5.8. The TRP waiver proceedings will be regarded as completed in respect of the TRP Waiver Exemption and the TRP Waiver Exemption confirmed (i) after the expiry of the five Business Day notice period, if no Alexander Forbes Shareholders request the Takeover Special Committee to review the TRP Waiver Exemption or (ii) on the date that the Takeover Special Committee confirms the TRP Waiver Exemption, if any Alexander Forbes Shareholders request the Takeover Special Committee to review the TRP Waiver Exemption.

6. INDEPENDENT EXPERT REPORT

- 6.1. The Mandatory Offer Waiver requires a fair and reasonable opinion from an independent expert in terms of regulation 86(7).
- 6.2. As required in terms of the Companies Act and Regulations, an Independent Board of Alexander Forbes directors has been constituted for the purpose of evaluating the terms of the Mandatory Waiver Offer. The Independent Board comprises all of the independent non-executive directors of the Company.
- 6.3. The Independent Board has appointed Ernst & Young as Independent Expert to provide an independent fair and reasonable opinion on the terms of the Mandatory Offer Waiver and to make appropriate recommendations to the Independent Board. **The Independent Expert's opinion is included in Annexure 1 of this Circular**, and the view of the Independent Board is contained in paragraph 5 of Section D.

SECTION D: GENERAL INFORMATION

1. DESCRIPTION OF THE BUSINESS AND OPERATIONS OF ALEXANDER FORBES

Alexander Forbes is a specialised financial services group headquartered in South Africa, focusing on employee benefits solutions and investments for institutional clients, and financial well-being and retail financial solutions for individual clients, in particular employees of the Group's institutional clients. Alexander Forbes is listed on the JSE, and its primary clients span both the private and public sector market segments, including employers, retirement, health, investment and other special purpose funds on the institutional side, and individual members and beneficiaries of these funds, as well as the wider individual market, on the retail side. The main services provided by the Group include retirement funds and asset consulting, actuarial, investment and administration services, employee risk benefits and healthcare consulting, individual financial advisory and multi-manager investment solutions.

2. HISTORICAL FINANCIAL INFORMATION

Extracts from the audited historical financial information of Alexander Forbes for the financial year ended 31 March 2019, 31 March 2018 and 31 March 2017, and unaudited interim results for the six months ended 30 September 2019, are included in Annexure 3 of this Circular.

3. MAJOR SHAREHOLDERS

Insofar as it is known to the directors, the following Shareholders, other than directors, have a, direct or indirect, beneficial interest in 5% or more of the issued share capital of Alexander Forbes, as at the Last Practicable Date:

Before the Specific Repurchase:

Name	Number of Shares held	% of total Shares in issue ¹
Mercer Africa Limited	393,800,000	30.6%
African Rainbow Capital Financial Services Holdings (Pty) Limited	175,807,216	13.7%
Abax Investments (Pty) Limited ²	117,113,700	9.1%
Coronation Asset Managers (Pty) Limited ²	92,577,709	7.2%
Visio Capital Management (Pty) Limited ²	82,697,631	6.4%
Public Investment Corporation (SOC) Limited ²	74,559,546	5.8%
Kagiso Asset Management (Pty) Limited ²	64,875,754	5.0%
Total	1,001,431,556	77.8%

After the Specific Repurchase:

Name	Number of Shares held	% of total Shares in issue ¹
Mercer Africa Limited	193,000,000	17.8%
African Rainbow Capital Financial Services Holdings Proprietary Limited	175,807,216	16.2%
Abax Investments (Pty) Limited ²	117,113,700	10.8%
Coronation Asset Managers (Pty) Limited ²	92,577,709	8.5%
Visio Capital Management (Pty) Limited ²	82,697,631	7.6%
Public Investment Corporation (SOC) Limited ²	74,559,546	6.9%
Kagiso Asset Management (Pty) Limited ²	64,875,754	6.0%
Total	800,631,556	73.8%

Note:

- Following implementation of the Specific Repurchase and cancellation of the Repurchase Shares, Alexander Forbes will hold no additional Shares in treasury, with the exception of Shares held on behalf of policyholders or Shares purchased for share schemes, both reported as Treasury Shares for accounting purposes. Treasury Shares, on which the Company has no voting rights, as at 30 September 2019 were 65,508,049. From the last interim period ended 30 September 2019 up to the Last Practicable Date, under the general share repurchase approved by Shareholders, the Company purchased 2,010,777 Alexander Forbes Shares which it intends to allocate in terms of share schemes. The voting rights attached to these Treasury Shares are not Alexander Forbes' voting rights.
- The shareholding includes Shares held directly or indirectly by the entity or its clients (who are beneficial and/or registered holders of Shares).

4. RESULTANT DIRECTORATE CHANGES

- In accordance with the Amended and Restated Relationship Agreement and as detailed in the Alexander Forbes SENS announcement on 22 January 2020:
 - Mr DJ (David) Anderson will be resigning as a director of the Company with effect from the day following the completion of the ARC Acquisition; and

4.1.2 Mr WS (Simon) O'Regan will be resigning as a director of the Company with effect from the day following the fulfilment or waiver, where applicable, of the conditions precedent relating to the Specific Repurchase set out in paragraph 4 of Section B.

4.2. Following these directorate changes, the Company confirms compliance with paragraph 3.84 of the Listing Requirements.

5. INDEPENDENT EXPERT REPORT

5.1. As the Specific Repurchase is in respect of more than 5% of Alexander Forbes Shares in issue, in terms of section 48(8)(b) read with section 114 of the Companies Act, an Independent Expert Report is required in relation to the Specific Repurchase.

5.2. In terms of regulation 86(7), the Mandatory Offer Waiver requires an Independent Expert Report.

5.3. Alexander Forbes has constituted an Independent Board, comprising all of the independent non-executive directors of the Company to consider the terms and conditions of the Specific Repurchase and Mandatory Offer Waiver and whether the terms and conditions are fair and/or reasonable to Alexander Forbes Shareholders.

5.4. In discharging its obligations, the Independent Board undertook an independent assessment of the terms and conditions of the Specific Repurchase and Mandatory Offer Waiver, and engaged the Independent Expert appointed in accordance with regulation 90 of the Regulations, to provide the Independent Expert report on the Specific Repurchase and Mandatory Offer Waiver.

5.5. The opinion expressed in the Independent Expert Report as set out in Annexure 1 of this Circular is that the Specific Repurchase and Mandatory Offer Waiver is fair and reasonable. The report has not been withdrawn prior to the Last Practicable Date.

5.6. The members of the Independent Board, taking into consideration the opinion provided by the Independent Expert as detailed in Annexure 1 of this Circular, are of the opinion that the Specific Repurchase and Mandatory Offer Waiver is fair and reasonable insofar as Alexander Forbes Shareholders are concerned. In particular, the Independent Board has considered the fair value ranges determined by the Independent Expert and has placed reliance on the valuation by the Independent Expert.

5.7. Shareholders are also referred to the interim financial results for the period ended 30 September 2019 for the Company which highlighted the prospects of the Company, an extract of which is included below:

"We have made progress in the execution of the strategic initiatives outlined at the end of the previous financial year, the benefits of our new strategy will take time to fully reflect in our results. We are excited by our strategic agenda and remain confident that the impact of the changes taking place at Alexander Forbes will reflect positively both in our clients' experience and in the performance of the business over the long term."

5.8. Having taken into account the above and the Independent Expert Report, the Independent Board therefore recommends that the Specific Repurchase and Mandatory Offer Waiver should be approved by Alexander Forbes Shareholders.

6. DIRECTORS

6.1. Directors' and prescribed officers' interests

At the Last Practicable Date, the directors (including directors having resigned during the 18 months prior to the Last Practicable Date) held, directly or indirectly, beneficial interests in 5,461,163 Shares, representing approximately 0.42% of the total issued Shares. The direct and indirect beneficial interests of members of the Board and prescribed officers are as follows:

Directors and prescribed officers	Direct	Indirect ¹	Number of Shares held	% total Shares in issue ²
Executive director				
DJ de Villiers	–	2,429,900	2,429,900	0.19%
BP Bydowell	50,000	327,577	377,577	0.03%
Prescribed officer				
CH Wessels	457,803	354,119	811,922	0.06%
B Mokoena	66,030	244,423	310,453	0.02%
L Stevens	64,852	117,116	181,968	0.01%
J Anderson	–	801,545	801,545	0.06%
M Sokkie	–	182,177	182,177	0.01%
B Tladi	40,257	231,071	271,328	0.02%
L Kukard	–	94,293	94,293	0.01%
Independent non-executive director				
M Ramplin	–	–	–	–
RM Head	–	–	–	–
T Dloti	–	–	–	–
BJ Memela-Khambula	–	–	–	–
NG Payne	–	–	–	–
N Nyembezi (resigned 31 December 2019)	–	–	–	–
MD Collier (resigned 31 December 2019)	–	–	–	–
Non-executive director				
DJ Anderson	–	–	–	–
WS O'Regan	–	–	–	–
NB Radebe (resigned 28 November 2019)	–	–	–	–
Total	678,942	4,782,221	5,461,163	0.42%

Notes:

1. Indirect beneficial interest held through the FSP Trust – this forms part of the awards allocated under the long-term share incentive programme.
2. Includes both direct and indirect beneficial interest.

All of the executive directors and prescribed officers intend, in respect of their own votable Alexander Forbes Shares, to vote in favour of the resolutions to be considered to implement the Specific Repurchase.

6.2. Directors' dealings

There have been no changes to the directors' interests in Shares since the last interim period ended 30 September 2019 up to the Last Practicable Date.

6.3. Former directors' interests

There is no beneficial indirect interest in Shares held by directors who have resigned.

6.4. Directors' remuneration

The remuneration of Alexander Forbes directors in their capacity as Alexander Forbes directors will in no way be affected as a result of the Specific Repurchase.

6.5. Service agreements

There are no service contracts in place between any Alexander Forbes director on the one hand and Alexander Forbes on the other hand. There are no service contracts entered into or amended within six months before the Specific Repurchase.

7. MATERIAL CHANGES

The Board reports that, since the most recent reported financial information of Alexander Forbes for the six-month period ended 30 September 2019, there have been no material changes in the financial or trading position of the Company, other than the completion of the disposal of the short-term insurance business. Shareholders are referred to the Company's announcement on SENS on 31 January 2020 relating to the completion of the disposal of the short-term insurance business in South Africa.

8. EXCHANGE CONTROL¹

- 8.1. In terms of the Exchange Control Regulations of South Africa, non-Residents of the Common Monetary Area will be allowed to:
 - take up rights allocated in terms of the offer;
 - purchase letters of allocation on the JSE;
 - subscribe for new ordinary shares arising from letters of allocation purchased on the JSE Limited; and
 - purchase excess shares that have been applied for in terms of the offer (if applicable); provided that payment is received in foreign currency or in Rand from a Non-resident Rand account.
- 8.2. All applications by non-residents for the above purposes must be made through an authorised dealer. Shares subsequently rematerialised and issued in certificated form, will be endorsed 'Non-Resident'.
- 8.3. Where a right in terms of the offer falls due to a former resident of the Common Monetary Area, which right is based on shares controlled in terms of the Exchange Control Regulations, only funds in the emigrant's capital account may be used to take up this right. In addition, such funds may also be used to:
 - purchase letters of allocation on the JSE;
 - subscribe for new ordinary shares arising from the letters of allocation purchased on the JSE Limited; and
 - purchase excess shares that have been applied for in terms of the offer (if applicable).
- 8.4. Applications by emigrants to use funds in their capital account for the above purposes must be made through the authorised dealer controlling their remaining assets. Any shares issued pursuant to the use of funds in the emigrant capital account will be credited to their share accounts at the central securities depository participant controlling their remaining portfolios. The sale proceeds of letters of allocation, if applicable, will be returned to the authorised dealer for credit to such emigrants' capital accounts.

9. DIRECTORS' RESPONSIBILITY STATEMENT**9.1. Board of directors**

The directors, whose names are stated on page 7 above, collectively and individually accept full responsibility for the accuracy of the information contained in the Circular 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 the Circular contains all information required by the Listings Requirements.

9.2. Independent Board

The Independent Board, collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and certify that, to the best of its 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 the Circular contains all information required by the Listings Requirements.

Note:

1. This paragraph is a specific requirement for the Circular but not of relevance to the Shareholder Reorganisation.

10. TRANSACTION COSTS

The costs of the Specific Repurchase and the Mandatory Offer Waiver, which amount to approximately R3 658 000 excluding VAT, are detailed in the table below:

Description of fees	Counterparty	Estimated amount (R'000)
Legal Advisor	Bowman Gilfillan Incorporated	1 600
Independent Expert	Ernst & Young Advisory Services Proprietary Limited	675
Transaction Advisor and Sponsor (acting under one mandate)	Rand Merchant Bank, a division of FirstRand Bank Limited	1 000
JSE documentation	JSE Limited	60
Printing and related	Dialogue	60
TRP	Takeover Regulation Panel	232
Transfer Secretaries	Computershare Investor Services Proprietary Limited	8
Meeting Scrutineers	The Meeting Specialist Proprietary Limited	13
Contingency		10
Total		3 658

11. EXPERTS' CONSENTS

The Transaction Advisor and Sponsor, Independent Expert, Legal Advisor, Meeting Scrutineers and Transfer Secretaries have consented in writing to act in the capacities stated in this Circular and to their names being stated in this Circular, and in the case of the Independent Expert, reference to their report in the form and context in which it appears, and have not withdrawn their consent prior to the publication of this Circular.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Alexander Forbes, which address is set out in the "Corporate Information and Advisors" section of the Circular, during normal business hours from Monday, 2 March 2020 up to and including Tuesday, 31 March 2020:

- the Company's Memorandum of Incorporation;
- the Agreement;
- the signed consent letters referred to in paragraph 11 above;
- a signed copy of this Circular;
- published, audited annual financial statements of Alexander Forbes for each of the years ended 31 March 2017, 2018 and 2019 and unaudited interim financial statements for the six-month period ended 30 September 2019;
- the TRP approval letter; and
- the signed Independent Expert Report required in terms of the applicable provisions of section 114 of the Companies Act and regulation 86(7) of the Regulations.

13. GENERAL MEETING

A General Meeting of Alexander Forbes Shareholders, will be held at 10:00 on Tuesday, 31 March 2020 in the Auditorium, Ground Floor at Alexander Forbes, 115 West Street, Sandown, 2196, to consider and, if deemed fit, to pass the resolutions set out in the Notice of General Meeting included in this Circular.

A notice convening the General Meeting and a Form of Proxy for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration who are unable to attend the General Meeting, form part of this Circular.

14. TRP APPROVAL

The TRP did not consider any commercial issues when it considered the matter and granted approval of the Circular.

SIGNED ON BEHALF OF THE ALEXANDER FORBES BOARD



Carina Wessels

Executive: Governance, Legal and Compliance (Company Secretary)

27 February 2020

Sandton

ANNEXURE 1 – INDEPENDENT EXPERT’S REPORT ON THE SPECIFIC REPURCHASE

The Independent Board of Directors
Alexander Forbes Group Holdings Limited
115 West Street
Sandton
Johannesburg
2196

24 February 2020

Dear Sirs / Madam

Independent Expert Report in terms of section 114 of the Companies Act in respect of the Specific Repurchase of shares by Alexander Forbes Group Holdings Limited (“Alexander Forbes”) and section 86(7) of the Takeover Regulations in respect of the Mandatory Offer Waiver by African Rainbow Capital (“ARC”) to all shareholders of Alexander Forbes.

Introduction

In the transaction announcement released by Alexander Forbes on SENS on 22 January 2020, Alexander Forbes Shareholders were informed that Alexander Forbes proposes to implement, the Specific Repurchase and subsequent cancellation of 200,800,000 shares (“**Repurchase Shares**”) from Mercer Africa Limited (“**Mercer**”) in terms of sections 48, 114 and 115 of the Companies Act, 71 of 2008 (“**Companies Act**”), the Companies Regulations, 2011 (“**Takeover Regulations**”) and the Listings Requirements of the JSE Limited (“**Listings Requirements**”), at the earliest practical date (expected on or about 23 April 2020).

The Repurchase Shares represent 15.6% of the total issued share capital of Alexander Forbes and will be repurchased for a total consideration of R1 034 120 000 (“**Specific Repurchase Consideration**”). The Specific Repurchase Consideration equates to 515 cents per Alexander Forbes ordinary share (“**Specific Repurchase Price**”).

Following the above repurchase of shares, ARC intends to implement the exchange agreement in place, where the parties, ARC, Alexander Forbes Limited (“**AFL**”) and Alexander Forbes may exchange the shares held by ARC in AFL for shares in Alexander Forbes (“**Flip-Up**”), subject to the mandatory offer waiver (“**Mandatory Offer Waiver**”) received from Alexander Forbes Shareholders.

Collectively, the “**Shareholder Reorganisation**”.

The implementation of the Shareholder Reorganisation above, is subject, where applicable, to the approval of each of the resolutions required to implement the Shareholder Reorganisation by the Shareholders in terms of the Companies Act, Regulations and the Listings Requirements.

In terms of the Companies Act and the Takeover Regulations, Alexander Forbes is required to obtain a fair and reasonable opinion for the Specific Repurchase and the Mandatory Offer Waiver only. This letter serves to confirm our understanding of our role of an Independent Expert (“**IE**”) to the Independent Board of Alexander Forbes in preparing the required fair and reasonable opinion.

The definitions outlined in the Circular apply consistently throughout this letter.

Scope

Ernst & Young Advisory Services Proprietary Limited (“**EY**”) has been appointed as the IE by the Independent Board of Alexander Forbes in accordance with section 114 of the Companies Act and section 86 of the Takeover Regulations, to advise the Independent Board on whether the Specific Repurchase of shares and the terms of the Mandatory Offer Waiver are fair and reasonable to Alexander Forbes ordinary shareholders (“**Shareholders**”).

Responsibility

Compliance with the Companies Act is the responsibility of the Board. Our responsibility is to report on the terms and conditions of the Specific Repurchase and the Mandatory Offer Waiver only, in compliance with the related provisions of the Companies Act, the Takeover Regulations and the Listings Requirements.

We confirm that our fair and reasonable opinion has been provided to the Independent Board for the sole purpose of assisting them in forming and expressing an opinion for the benefit of Alexander Forbes Shareholders. Our fair and reasonable opinion does not purport to cater for individual shareholder positions but rather the general body of shareholders.

Definition of the terms “fair” and “reasonable”

The assessment of fairness is primarily based on quantitative matters. In respect of the Specific Repurchase, the Specific Repurchase Price would be considered fair if the Specific Repurchase Price per share is less than or equal to the market value of the share, or unfair if the opposite would hold true. In respect of the Mandatory Offer Waiver, the transaction may be considered fair if the price shareholders are being asked to waive (“**Mandatory Offer Price**”) is lower than the market value of the share surrendered, or unfair if the opposite would hold true.

Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The assessment of “reasonableness” is generally based on qualitative issues. Even though the consideration attributable to the transactions may differ from the market value of the shares subject to a transaction, a transaction may still be reasonable after considering other significant qualitative factors.

Information utilised

During the course of our analysis, we relied upon financial and other information, including prospective financial information, obtained from Alexander Forbes management, respectively, together with industry-related and other information in the public domain. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in formulating our opinion regarding the terms and conditions of the offer include:

- Alexander Forbes SENS announcement published on 22 January 2020;
- the final draft Circular, dated 25 February 2020;
- repurchase of share Agreements, dated 22 January 2020;
- signed Flip-Up Agreement, dated 28 September 2016;
- representations and assumptions made available by, and discussions held with, the management and advisors of Alexander Forbes;
- forecast financial information provided by Alexander Forbes for the periods from 1 January 2020 to 31 March 2025;
- S&P Capital IQ research database;
- published market data on Alexander Forbes; and
- audited annual financial statements of Alexander Forbes relating to the financial years ending 31 March 2017, 2018 and 2019, as well as unaudited results for the six months to 30 September 2019.

Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of this Opinion, whether in writing or obtained through discussions with the management of Alexander Forbes.

Particulars of the ordinary shares

At the valuation date, there were 1,288,000,000 in issue of which 66,000,000 were Treasury Shares. The major beneficial shareholders of Alexander Forbes are set out in Section D of this Circular. The Specific Repurchase and Mandatory Offer Waiver only relates to the ordinary shares.

Our approach in considering the Specific Repurchase and Mandatory Offer Waiver

In considering the Specific Repurchase and Mandatory Offer Waiver we have calculated the fair value range of the ordinary shares and compared this to the Specific Repurchase Price and Mandatory Offer Price. We have also considered various qualitative factors from the perspective of the shareholder.

In arriving at our opinion in respect of the offer, we have, inter alia, considered the following:

- the relevant information included in the terms and conditions of the Specific Repurchase Price and the Waiver, as described in the draft Circular;
- the rationale for the Proposed Transactions, as represented by the directors and management;
- historical trading data for Alexander Forbes ordinary shares;
- the information and assumptions made available by, and discussions held with, the directors and management of Alexander Forbes;
- the value of ordinary shares calculated using a discounted cash flow;
- where possible we have corroborated our results using various market multiples approaches, price of recent transactions and reviewing analyst reports;
- the liquidity and price of the Alexander Forbes share represented by 30-, 60- and 90-day volume-weighted-average-price (“**VWAP**”); and
- considered any other/qualitative aspects which we believe are of importance.

We have not interviewed the Shareholders to obtain their views on the Specific Repurchase and Mandatory Offer Waiver.

Based on the results of the procedures mentioned above, we determined the fairness and reasonableness of both the Specific Repurchase and Mandatory Offer Waiver to Shareholders. We believe that the above considerations justify the conclusion outlined below.

We have further assumed that, as at the Last Practicable Date:

- Alexander Forbes is not involved in any legal proceedings that would have a material adverse effect on its share value;
- Alexander Forbes has no material outstanding disputes with the South African Revenue Service; and
- there are no other contingencies that could affect the value of Alexander Forbes shares.

We have independently calculated the fair value range of an ordinary share and compared this to the Specific Repurchase Price and Mandatory Offer Price, being 515 cents per share and 525 cents per share respectively. Through this, we have determined if the transaction is fair and reasonable. We have also considered various qualitative factors of the Shareholder Reorganisation from the perspective of the Shareholders.

Procedures performed

Key quantitative considerations

In arriving at our Opinion, we have undertaken the following procedures in evaluating the fairness and reasonableness of Specific Repurchase and Mandatory Offer Waiver.

For the valuation of Alexander Forbes shares, we:

- obtained an understanding of the Shareholder Reorganisation and the related transaction steps from Alexander Forbes Management;
- held discussions with the management of Alexander Forbes Management to understand their strategy and the financial results;
- supplemented our knowledge and understanding of the operations of Alexander Forbes as well as the industry and local environments in which they operate;
- considered prevailing economic, regulatory and market conditions of the sector in South Africa;
- assessed the budget/forecast as prepared by Alexander Forbes management team and challenged key assumptions around these;
- determined an appropriate valuation methodology/ies to be used based on the information available and ultimately performed an independent valuation of Alexander Forbes using the discounted cash flow valuation method and corroborated our values using a market multiples, analyst valuations and recent transaction multiples;
- where necessary we have made adjustments to the forecasts provided by management with respect to inflation, capital expenditure, working capital and regulatory capital;
- adjusted for non-controlling interests in subsidiary companies as well as the anticipated proceeds from the disposals of the discontinued operations;
- have considered the historical traded price of Alexander Forbes with reference to the relevant 30-, 60- and 90-day VWAPs; and
- considered key value drivers detailed in the Valuation section below.

Qualitative considerations

In arriving at our opinion, we have also considered the following qualitative factors from the perspective of the Alexander Forbes Shareholders:

- The rationale for the Specific Repurchase and Mandatory Offer Waiver;
- In respect of the Specific Repurchase:
 - consideration to the fact that it facilitates the exit of a large shareholder, Mercer, while creating value for existing shareholders, through an increase in shareholding; and
 - the trading price represented by the 30-, 60-, and 90-day VWAP is greater than the Specific Repurchase price.
- In respect of the Mandatory Offer Waiver:
 - consideration to the fact that if the Mandatory Offer Waiver is granted, that ARC would increase its shareholding to some 41.3% of Alexander Forbes issued share capital and have a more significant stake in Alexander Forbes, and if the Waiver is not granted, then ARC may delay the implementation of the Flip-Up Agreement previously approved by Shareholders on 20 January 2017; and
 - the trading price represented by the 30-, 60-, and 90-day VWAP is greater than the Mandatory Offer Waiver Price.
- Shareholders rights in respect of the above will not vary, save for a change in voting rights;
- Alexander Forbes is unlikely to be affected adversely because of Mercer's change in shareholding in Alexander Forbes;
- The historical trading prices of the Alexander Forbes shares; and
- The trading liquidity of the Alexander Forbes Shares.

Valuation

The key value drivers were as follows:

External value drivers

- Impact of the general South African economy (employment rates, GDP growth, inflation and consumer disposable income and therefore savings potential) as well as the impact of global challenges due to Alexander Forbes exposure to international markets.

Internal value drivers

- Growth in assets under administration and management;
- Growth in consulting fees relating to corporates, individual clients and medical aid consulting;
- Change in Alexander Forbes operating model in order to driver better efficiencies and monitoring of the business, which targets an overall improvement in the cost-to-income ratio; and
- The market participants discount rate applicable to Alexander Forbes.

We performed sensitivity analyses based on the key assumptions and key value drivers mentioned above. We noted that the valuations were most sensitive to changes in assets under administration and the discount rate applied.

The basis of our analysis was management's current budgets and business plans available at the time of our analysis. The valuation was performed taking cognisance of risk and other market and industry factors affecting Alexander Forbes.

We have relied upon the accuracy of the information provided to us in deriving our opinion albeit that, where practicable, we have corroborated the reasonableness of such information through, amongst other things, historic precedent or our own knowledge and understanding. While our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of Alexander Forbes.

Forecasts relate to uncertain future events and are based on assumptions, which may not remain valid for the whole of the forecast period. Consequently, forecast financial information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting purposes. We express no opinion as to how closely actual results will correspond to projections made by the management of Alexander Forbes and made available to us during the course of our review.

Opinion

Fairness

Our valuation range is between 531 cents to 579 cents per share with a most likely value of 555 cents per share. The Specific Repurchase Price per share of 515 cents is less than our most likely value.

In respect of the Mandatory Offer Waiver, the Mandatory Offer price of 525 cents is less than our most likely value.

Reasonableness

The share price on the date prior to the cautionary announcement as well as the 30-, 60- and 90-day VWAPs at 21 January 2020 is as follows:

- The closing share price at 21 January 2020 was 530 cents
- 30-Day VWAP – 538 cents
- 60-Day VWAP – 537 cents
- 90-Day VWAP – 548 cents

With respect to both the Specific Repurchase Price of 515 cents, it is below all the VWAPS and the closing share price before the SENS announcement.

With respect to the Mandatory Offer Waiver, the offer price of 525 cents is below the price represented by the VWAPs and closing share price before the SENS announcement. On the qualitative side, ARC's increase in shareholding repositions ARC as a key strategic anchor shareholder and critically for Alexander Forbes, as its black empowerment partner.

Conclusion

Based on the results of our procedures performed, our valuation work and other qualitative considerations, and subject to the conditions set out herein:

- With respect to the Specific Repurchase, we are of the opinion that the Specific Repurchase is fair and reasonable to the Shareholders.
- With respect to the Mandatory Offer Waiver, the valuation range supports the shareholder waiver and would be fair and reasonable to Shareholders.

Interest of Shareholders and directors in Alexander Forbes

The effective shareholding of Alexander Forbes Major Shareholders and directors in the Ordinary Shares is set out in Section D of the Circular.

Adequacy of Capital

With respect to the Specific Repurchase of shares, Alexander Forbes requirements regarding the Adequacy of Capital is set out in section B(8) of the Circular.

Sections 115 and 164 of the Companies Act

Section 115 of the Companies Act has been included as Annexure 2 to the Circular and section 164 of the Companies Act has been included as Annexure 2 to the Circular.

Limiting conditions

Our opinion is necessarily based upon the information available to us up to 17 February 2020, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory, other approvals and consents required in connection with the offer have been or will be timeously fulfilled and/or obtained. Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or reaffirm.

This opinion is provided solely for the use of the Board for the sole purpose of assisting the Board in forming and expressing an opinion on the Specific Repurchase and Mandatory Offer Waiver for the benefit of the Shareholders.

This opinion does not purport to cater for each individual shareholder's circumstances and/or risk profile, but rather that of the general body of Shareholders taken as a whole. Each Shareholder's decision will be influenced by such shareholder's particular circumstances and, accordingly, shareholders should consult with an independent adviser if they are in any doubt as to the merits or otherwise of the Specific Repurchase and Mandatory Offer Waiver.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management of Alexander Forbes, by reference to publicly available or independently obtained information. We assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of Alexander Forbes.

While our work has involved an analysis of, inter alia, the annual financial statements, and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

The forecasts of Alexander Forbes relate to future events and are based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods.

We express no opinion as to how closely the actual future results of Alexander Forbes will correspond to those projected. We have also assumed that the Specific Repurchase and the Mandatory Offer Waiver will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of Alexander Forbes and we express no opinion on such consequences. We have assumed that all agreements that will be entered into in respect of the Specific Repurchase and the Mandatory Offer Waiver will be legally enforceable.

Independence, competence and fees

EY is independent with regards to Alexander Forbes and the transaction. We confirm that we have no direct or indirect interest in either of the Specific Repurchase and the Mandatory Offer Waiver. We also confirm that we have the necessary qualifications and competence to provide the independent opinion on the Specific Repurchase and the Mandatory Offer Waiver. Furthermore, we confirm that our professional fees are fixed and not contingent upon the success of the Specific Repurchase and the Mandatory Offer Waiver. EY's fees are not payable in Alexander Forbes or any related parties' shares.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the Circular to be issued to the shareholders of Alexander Forbes in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Tasneem Karriem', written in a cursive style.

Tasneem Karriem

Director
Ernst & Young Advisory Services (Proprietary) Limited
3rd Floor, Waterway House,
3 Dock Road, V&A Waterfront,
Cape Town, 8001
South Africa

ANNEXURE 2 – RELEVANT SECTIONS FROM THE COMPANIES ACT

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

- 1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
 - a) The disposal, amalgamation or merger, or scheme of arrangement:
 - i) has been approved in terms of this section; or
 - ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
 - b) to the extent that Parts B and C of this Chapter and the Takeover Regulations apply to a company that proposes to:
 - i) dispose of all or the greater part of its assets or undertaking;
 - ii) amalgamate or merge with another company; or
 - iii) implement a scheme of arrangement,the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).
- 2) A proposed transaction contemplated in subsection (1) must be approved:
 - a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and
 - b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:
 - i) the holding company is a company or an external company;
 - ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
 - iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
 - c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- 3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
 - a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
 - b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).
- 4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
 - a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
 - b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- 4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).
- 5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:
 - a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
 - b) treat the resolution as a nullity.
- 6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
 - a) is acting in good faith;
 - b) appears prepared and able to sustain the proceedings; and
 - c) has alleged facts which, if proved, would support an order in terms of subsection (7).

- 7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
 - a) the resolution is manifestly unfair to any class of holders of the company's securities; or
 - b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- 8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
 - a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
 - b) was present at the meeting and voted against that special resolution.
- 9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
 - a) the transfer of the whole or any part of the undertaking, assets and liabilities of company contemplated in that transaction;
 - b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
 - c) the transfer of shares from one person to another;
 - d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
 - e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
 - f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger."

“Section 164: Dissenting shareholders appraisal rights

- 1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- 2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
 - a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
 - b) enter into a transaction contemplated in sections 112, 113 or 114, that notice must include a statement informing shareholders of their rights under this section.
- 3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- 4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
 - a) gave the company a written notice of objection in terms of subsection (3); and
 - b) has neither:
 - i) withdrawn that notice; or
 - ii) voted in support of the resolution.
- 5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
 - a) the shareholder:
 - i) sent the company a notice of objection, subject to subsection (6); and
 - ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
 - b) the company has adopted the resolution contemplated in subsection (2); and
 - c) the shareholder:
 - i) voted against that resolution; and
 - ii) has complied with all of the procedural requirements of this section.

- 6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- 7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
 - a) 20 business days after receiving a notice under subsection (4); or
 - b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- 8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:
 - a) the shareholder's name and address;
 - b) the number and class of shares in respect of which the shareholder seeks payment; and
 - c) a demand for payment of the fair value of those shares.
- 9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
 - a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
 - b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- 10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- 11) Within five business days after the later of:
 - a) the day on which the action approved by the resolution is effective;
 - b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- 12) Every offer made under subsection (11):
 - a) in respect of shares of the same class or series must be on the same terms; and
 - b) lapses if it has not been accepted within 30 business days after it was made.
- 13) If a shareholder accepts an offer made under subsection (12):
 - a) the shareholder must either in the case of:
 - i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
 - ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
 - b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
 - i) tendered the share certificates; or
 - ii) directed the transfer to the company of uncertificated shares.
- 14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
 - a) failed to make an offer under subsection (11); or
 - b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- 15) On an application to the court under subsection (14):
 - a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
 - b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

- c) the court:
 - i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
 - ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
 - iii) in its discretion may:
 - aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
 - d) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
 - e) must make an order requiring:
 - i) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
 - ii) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- 15A) At any time until the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:
- a) that shareholder must comply with the requirements of subsection 13(a); and
 - b) the company must comply with the requirements of subsection 13(b).
- 16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- 17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
 - b) the court may make an order that:
 - i) is just and equitable, having regard to the financial circumstances of the company; and
 - ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- 18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- 19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- a) the provisions of that section; or
 - b) the application by the company of the Solvency and Liquidity Test set out in section 4.
- 20) Except to the extent:
- a) expressly provided in this section; or
 - b) that the Panel rules otherwise in a particular case, a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

ANNEXURE 3 – EXTRACTS OF THE AUDITED FINANCIAL INFORMATION OF ALEXANDER FORBES

A complete set of the Alexander Forbes financial statements are available on the Alexander Forbes website <http://www.alexanderforbes.co.za>

Statement of compliance

The principal accounting policies of Alexander Forbes and the Group as well as the disclosures made in the annual financial statements comply with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee interpretations effective for the Group's financial year as well as the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guidelines as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, applicable to companies reporting under IFRS and the Listings Requirements.

Basis of measurement

The annual financial statements are prepared on the going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company and Group annual financial statements, are disclosed within the annual financial statements.

EXTRACT OF CONDENSED CONSOLIDATED INCOME STATEMENTS¹

Rm	Audited year ended 31 March 2019	Audited year ended 31 March 2018	Audited year ended 31 March 2017
Continuing operations			
Operating income net of direct expenses	3 136	3 010	3 470
Operating expenses	(2 458)	(2 177)	(2 533)
Profit from operations before non-trading and capital items	678	833	937
Non-trading and capital items	(231)	(159)	(137)
Operating profit	447	674	800
Investment income	213	208	178
Finance costs	(89)	(96)	(89)
Reported profit/(loss) arising from accounting for policyholder investments as treasury shares	8	(24)	(2)
Share of net loss of associate (net of income tax)	(4)	–	–
Profit before tax	575	762	887
Income tax expense	(259)	(260)	(267)
Income tax expense relating to corporate profits	(238)	(271)	(245)
Income tax expense related to policyholder investments	(21)	11	(22)
Profit for the year from continuing operations	316	502	620
Discontinued operations			
Profit/(loss) on discontinued operations (net of income tax)	72	(175)	954
Profit for the year	388	327	1 574
Profit attributable to:			
Owners of the company	334	240	1 465
Non-controlling interest	54	87	109
	388	327	1 574
Earnings per share (Total operations) (cents)			
- Basic earnings per share	27.0	18.9	114.5
- Headline earnings per share	44.0	44.4	53.4
- Diluted earnings per share	26.7	18.8	113.8
- Diluted headline earnings per share	43.5	44.2	53.1
- Weighted average number of shares (net of treasury shares) (millions)	1 237	1 269	1 280

Note:

1. 2018 financial information has been restated for the effects of discontinued operations. As such, although audited, 2017 financial information as reported is not directly comparable to 2018 and 2019.

EXTRACT OF CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Rm	Audited year ended 31 March 2019	Audited year ended 31 March 2018	Audited year ended 31 March 2017
Assets			
Financial assets held under multi-manager investment contracts	299 852	296 758	281 498
Financial assets of insurance cell-captive facilities	–	352	320
Property and equipment	139	174	202
Purchased and developed computer software	151	400	163
Goodwill	2 537	3 038	3 355
Intangible assets	323	390	462
Investment in associate	24	–	13
Deferred tax assets	200	175	148
Financial assets	108	445	357
Insurance receivables	–	1 339	1 137
Tax assets	4	15	53
Trade and other receivables	415	284	398
Cash and cash equivalents	5 041	5 794	6 263
Assets of disposal groups classified as held for sale	3 500	82	66
Total assets	312 294	309 246	294 435
Equity and liabilities			
Share capital	6 192	6 192	6 192
Treasury shares	(497)	(392)	(160)
Accumulated (loss)/profit	(64)	169	1 205
Other reserves	120	41	(336)
Owners of the company	5 751	6 010	6 901
Non-controlling interest	299	287	218
Total equity	6 050	6 297	7 119
Financial liabilities held under multi-manager investment contracts	299 885	296 825	281 604
Financial liabilities of insurance cell-captive facilities	–	352	320
Borrowings	719	719	725
Employee benefits	154	162	160
Deferred tax liabilities	113	119	199
Provisions	369	304	291
Finance lease liabilities	–	51	75
Operating lease liabilities	199	197	182
Insurance payables	1 689	3 572	2 960
Trade and other payables	611	585	786
Tax liabilities	20	49	3
Liabilities of disposal group classified as held for sale	2 485	14	11
Total liabilities	306 244	302 949	287 316
Total equity and liabilities	312 294	309 246	294 435

EXTRACT OF CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS¹

Rm	Audited year ended 31 March 2019	Audited year ended 31 March 2018	Audited year ended 31 March 2017
Cash flows from operating activities			
Cash generated from operations	821	861	1 091
Interest received	189	213	140
Interest paid	(89)	(78)	(84)
Net cash flows (paid to)/received from insurance and policyholder contracts	(215)	348	(272)
Net cash flows paid to policyholder investment contracts	(2 121)	(1 982)	(1 007)
Taxation paid	(383)	(333)	(378)
Dividends paid	(531)	(829)	(509)
Dividend paid to non-controlling interests	(11)	(14)	–
Cash flows from operating activities – discontinued operations	292	184	250
Net cash outflow from operating activities	(2 048)	(1 630)	(769)
Cash flows from investing activities			
Payments for intangible assets	–	(3)	–
Payments to investment in associate	(23)	–	–
Payments for financial assets	(31)	(258)	(192)
Proceeds from disposal of financial assets	367	113	219
Payments for capital expenditure incurred on property, equipment and computer software	(113)	(317)	(125)
Proceeds from sale of subsidiaries and businesses	15	–	883
Cash flows from investing activities – discontinued operations	(6)	(4)	(9)
Net cash inflow/(outflow) investing activities	209	(469)	776
Cash flows from financing activities			
Repayment of borrowings	–	–	(83)
Borrowings raised	–	–	100
Payments of lease liabilities	(51)	(9)	–
Purchase of shares in terms of share buy-back transaction and share incentive schemes	(151)	(333)	–
Net proceeds from sale of treasury shares held under policyholder investment contracts	26	62	–
Purchase of treasury shares held under policyholder investment contracts	(17)	(47)	–
Proceeds from disposal of treasury shares held under policyholder investment contracts	43	109	–
Proceeds from non-controlling interests	–	–	744
Payments made to non-controlling interests	–	–	(113)
Cash flows from financing activities – discontinued operations	–	–	(117)
Net cash (outflow)/inflow from financing activities	(176)	(280)	531
(Decrease)/increase in cash and cash equivalents	(2 015)	(2 379)	538
Cash and cash equivalents at the beginning of the year	13 702	16 087	15 748
Effects of exchange rate changes on cash and cash equivalents	64	(6)	(199)
Cash and cash equivalents at the end of the year	11 751	13 702	16 087
<i>Analysed as follows:</i>			
Cash and cash equivalents of continuing operations	5 041	5 794	6 263
Cash held under multi-manager investment contracts	5 772	7 887	9 813
Cash held under insurance cell-captive contracts	–	6	–
Cash and cash equivalents of disposal group classified as held for sale	938	15	11
	11 751	13 702	16 087

Note:

- 2018 financial information has been restated – please refer to Note 48 of the FY19 Annual Financial Statements. As such, although audited, 2017 financial information as reported is not directly comparable to 2018 and 2019.

EXTRACT OF CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2019

Rm	Share capital	Treasury shares	Other reserves	Accumulated profit/(loss)	Total	Non-controlling interest	Total equity
At 31 March 2016	6 192	(181)	157	(267)	5 901	255	6 156
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)
Sale of treasury shares in policyholder assets	–	21	–	–	21	–	21
Introduction of empowerment partner	–	–	5	521	526	222	748
Loss on shareholder transaction	–	–	–	(18)	(18)	(4)	(22)
Dividends paid	–	–	–	(509)	(509)	(197)	(706)
Movement in share-based payment reserve	–	–	12	–	12	–	12
Other movements in non-controlling interest	–	–	–	–	–	(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 buyback programme and share incentive schemes	–	(333)	–	–	(333)	–	(333)
Settlement of share incentive schemes	–	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	–	–	449	(449)	–	–	–
At 31 March 2018	6 192	(392)	41	169	6 010	287	6 297
IFRS 9 transition adjustments	–	–	–	(36)	(36)	(4)	(40)
Adjusted balance – 1 April 2018	6 192	(392)	41	133	5 974	283	6 257
Total comprehensive income	–	–	60	334	394	61	455
Profit for the year	–	–	–	334	334	54	388
Other comprehensive income	–	–	60	0	60	7	67
Total transactions with owners	–	(105)	19	(531)	(617)	(45)	(662)
Shares purchased in terms of share schemes and share buyback programme	–	(151)	–	–	(151)	–	(151)
Settlement of share incentive schemes	–	20	(20)	–	–	–	–
Movement of treasury shares in policyholder assets	–	26	–	–	26	–	26
Dividends paid	–	–	–	(531)	(531)	(11)	(542)
Movement in share-based payment reserve	–	–	39	–	39	–	39
Other movements in non-controlling interest	–	–	–	–	–	(34)	(34)
At 31 March 2019	6 192	(497)	120	(64)	5 751	299	6 050

EXTRACT OF CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 September 2019

Rm

Continuing operations	
Fee and commission revenue	2 028
Fee and commission expenses	(440)
Operating income net of direct expenses	1 588
Operating expenses	(1 185)
Profit from operations before non-trading and capital items	403
Non-trading and capital items	(42)
Operating profit	361
Investment income	84
Finance costs	(72)
Reported (loss)/profit arising from accounting for policyholder investments in treasury shares	(6)
Share of net loss of associate (net of income tax)	–
Profit before taxation	367
Income tax expense	(117)
Income tax expense relating to corporate profits	(112)
Income tax expense relating to policyholder investment returns	(5)
Profit for the period from continuing operations	250
Discontinued operations	
Profit/(loss) from discontinued operations (net of tax)	92
Profit/(loss) for the period	342
<i>Attributable to:</i>	
Owners of the company	296
Non-controlling interest	46
	342
Basic earnings/(loss) per share (cents)	24.2
Diluted earnings/(loss) per share (cents)	23.9
Weighted average number of shares in issue (net of treasury shares) (millions)	1 223

EXTRACT OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 September 2019

Rm

ASSETS	
Financial assets held under multi-manager investment contracts	302 179
Financial assets of insurance cell-captive facilities	–
Property and equipment	686
Purchased and developed computer software	179
Goodwill	2 537
Intangible assets	289
Investment in associates	–
Deferred tax assets	246
Financial assets	108
Insurance receivables	–
Trade and other receivables	471
Cash and cash equivalents	4 896
Assets of disposal group classified as held for sale	3 748
Total assets	315 339
EQUITY AND LIABILITIES	
Owners of the company	5 413
Non-controlling interest	273
Total equity	5 686
Financial liabilities held under multi-manager investment contracts	302 208
Financial liabilities of insurance and cell-captive facilities	–
Borrowings	719
Employee benefits	162
Deferred tax liabilities	105
Provisions	365
Lease liabilities	882
Insurance payables	2 026
Trade and other payables	505
Liabilities of disposal group classified as held for sale	2 681
Total liabilities	309 653
Total equity and liabilities	315 339

EXTRACT OF CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 September 2019

Rm

Cash flows from operating activities	
Cash generated from operations	489
Net interest received	5
Interest received	77
Finance costs paid on property leases	(38)
Finance costs paid on revolving credit facility and other	(34)
Net cash flows received from/(paid to) insurance and policyholder contracts	275
Net cash flows received from/(paid to) policyholder investment contracts	578
Taxation paid	(156)
Dividends paid	(526)
Dividends paid to non-controlling interests	(72)
Cash flows from operating activities – discontinued operations	78
Net cash inflow/(outflow) from operating activities	671
Cash flows from investing activities	
Net cash inflow on financial assets	2
Payments for capital expenditure incurred on property, equipment and computer software	(84)
Proceeds from sale of subsidiaries and businesses	–
Cash flows from investing activities – discontinued operations	(29)
Net cash (outflow)/ inflow from investing activities	(111)
Cash flows from financing activities	
Purchase of shares in terms of share buy-back transaction and share incentive schemes	(22)
Payments of lease liabilities	(52)
Net proceeds from sale of treasury shares held by policyholder investment contracts	10
Purchase of treasury shares held under policyholder investment contracts	(4)
Proceeds from disposal of treasury shares held under investment contracts	14
Cash flows from financing activities – discontinued operations	(4)
Net cash outflow from financing activities	(68)
Increase/(decrease) in cash and cash equivalents	492
Cash and cash equivalents at the beginning of the period	11 751
Effects of exchange rate changes on cash and cash equivalents	(3)
Cash and cash equivalents at the end of the period	12 240
<i>Analysed as follows:</i>	
Cash and cash equivalents of continuing operations	4 896
Cash held under multi-manager investment contracts	6 360
Cash held under insurance cell-captive contracts	–
Cash and cash equivalents of disposal group classified as held for sale	984
	12 240

EXTRACT OF CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Rm	Share capital	Treasury shares	Other reserves	Accumulated profit/(loss)	Total	Non-controlling interest	Total equity
At 30 September 2018	6 192	(471)	135	(325)	5 531	283	5 814
Total comprehensive income	–	–	(21)	379	358	51	409
Profit for the period	–	–	–	379	379	51	430
Other comprehensive income	–	–	(21)	–	(21)	–	(21)
Total transactions with owners	–	(26)	6	(224)	(244)	(35)	(279)
Shares purchased in terms of share buyback programme ¹	–	(60)	–	–	(60)	–	(60)
Settlement of share incentive schemes ²	–	16	(16)	–	–	–	–
Movement of treasury shares in policyholder assets	–	18	–	–	18	–	18
Dividends paid	–	–	–	(224)	(224)	(1)	(225)
Movement in share-based payment reserve	–	–	22	–	22	–	22
Other movements in non-controlling interest ³	–	–	–	–	–	(34)	(34)
At 31 March 2019	6 192	(497)	120	(170)	5 645	299	5 944
Total comprehensive income	–	–	(6)	296	290	46	336
Profit for the period	–	–	–	296	296	46	342
Other comprehensive income	–	–	(6)	–	(6)	–	(6)
Total transactions with owners	(318)	320	2	(526)	(522)	(72)	(594)
Share cancellation ⁴	(318)	318	–	–	–	–	–
Shares purchased in terms of share incentive schemes	–	(22)	–	–	(22)	–	(22)
Settlement of share incentive schemes ⁵	–	14	(14)	–	–	–	–
Movement of treasury shares in policyholder assets	–	10	–	–	10	–	10
Dividends paid	–	–	–	(526)	(526)	(72)	(598)
Movement in share-based payment reserve	–	–	16	–	16	–	16
At 30 September 2019	5 874	(177)	116	(400)	5 413	273	5 686

Note:

1. AFH shares to the value of R60 million were purchased during the period, at an average price of R4.90 per share, in a general buyback approved by shareholders.
2. Shares amounting to R16 million relating to the 2018 tranche of the retention share scheme were settled.
3. This amount relates to changes in non-controlling interests following the disposal of the Group's Kenyan operations.
4. The Group cancelled 53,568,809 shares which were withdrawn on the JSE on 26 August 2019.
5. Shares amounting to R3 million relating to the 2016 tranche of the forfeitable share scheme were settled. In addition, R11 million relating to the 2018 retention share scheme was also settled.



ALEXANDER FORBES GROUP HOLDINGS LIMITED

Incorporated in the Republic of South Africa
Registration Number: 2006/025226/06
Ordinary share code: AFH and ISIN: ZAE000191516
(Alexander Forbes or the Company)

NOTICE OF GENERAL MEETING OF ALEXANDER FORBES SHAREHOLDERS

Notice is hereby given that a General Meeting of Alexander Forbes Shareholders will be held (subject to any adjournment, postponement or cancellation) at the registered office of Alexander Forbes in the Auditorium, Ground Floor at 115 West Street, Sandown, Sandton, South Africa at 10:00 on Tuesday, 31 March 2020 for the purposes of considering, and, if deemed fit, passing, with or without modification, the Resolutions set out in this notice.

All terms defined in the Circular which includes this notice of General Meeting of Shareholders shall bear the same meanings in this notice of General Meeting of Shareholders.

Resolutions:

1. SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE SPECIFIC REPURCHASE

“**Resolved that** the Company be and is hereby authorised, by way of a specific authority in accordance with the applicable provisions of the Companies Act, the Listings Requirements and its Memorandum of Incorporation, to repurchase the Specific Repurchase Shares from Mercer at the Specific Repurchase Price per share for the Specific Repurchase Consideration.”

Once the Specific Repurchase has been implemented, the Specific Repurchase Shares will be cancelled and restored to the authorised, but unissued, share capital of Alexander Forbes and will be delisted from the JSE.

Voting requirement

In terms of sections 48(8)(b) and 115 of the Companies Act and paragraphs 5.69(b) and 10.4(e) of the Listings Requirements read with the Memorandum of Incorporation of the Company, the requisite percentage of voting rights for the resolution to be adopted is at least 75% of the voting rights exercised on the resolution, excluding the votes attached to Alexander Forbes Shares beneficially held by Mercer and its associates.

2. SPECIAL RESOLUTION NUMBER 2 – REVOCATION OF SPECIAL RESOLUTION NUMBER 1 IF THE SPECIFIC REPURCHASE IS TERMINATED

“**Resolved that** subject to and in the event of: (i) Special Resolution Number 1 being approved at the General Meeting in terms of the Companies Act; (ii) the Specific Repurchase being cancelled or terminated for any reason, Special Resolution Number 1 is revoked with effect from the date that such termination or cancellation is announced, as contemplated in section 164(9) of the Companies Act, and accordingly any Dissenting Shareholder that has sent a demand to the Company in terms of sections 164(5) to (8) of the Companies Act to be paid the fair value of the its Alexander Forbes Shares, shall have no right to be so paid under section 164 of the Companies Act.

Voting requirement

The requisite percentage of voting rights for this Special Resolution Number 2 to be adopted is at least 75% of the voting rights exercised in favour of the passing of this resolution, present in person or by proxy at the General Meeting.

3. ORDINARY RESOLUTION NUMBER 1 – MANDATORY OFFER WAIVER

“**Resolved that** in the event ARC is able to exercise, through the implementation of the Flip-Up Agreement, at least 35% of all the voting rights attached to Alexander Forbes Shares, the benefit of a Mandatory Offer from ARC to the extent required in terms of section 123 of the Act to acquire any remaining Alexander Forbes Shares on terms determined in accordance with the Act and the Regulations, be and is hereby irrevocably waived as contemplated in regulation 86(4) of the Regulations.”

Voting requirement

By reference to regulation 86(4) of the Regulations, the requisite percentage of voting rights for this Ordinary Resolution Number 1 to be adopted is at least 50% of the voting rights exercised in favour of the passing of this resolution by the independent Alexander Forbes Shareholders (excluding the votes attached to Alexander Forbes Shares beneficially held by ARC and its associates), present in person or by proxy at the General Meeting.

IDENTIFICATION, VOTING AND PROXIES

In terms of section 63(1) of the Companies Act any person attending or participating in the General Meeting must present reasonably satisfactory identification and the person presiding at the 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, 20 March 2020 will be entitled to attend and vote at this General Meeting. Accordingly, the last date to trade in order to be able to participate and vote at the General Meeting is Tuesday, 17 March 2020. The record date for Shareholders to be entitled to receive notice of this General Meeting is Friday, 21 February 2020. Each Shareholder entitled to attend and vote at the 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 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 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 General Meeting but who wishes to be represented thereat. Additional forms may be obtained on request from the Meeting Scrutineers of the Company or from the Company's registered office.

Dematerialised Shareholders who wish to attend the 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 Meeting Scrutineers, whose details appear below, by 10:00 on Friday, 27 March 2020. Any Forms of Proxy not lodged by this time must be handed to the Meeting Scrutineers or Chair of the General Meeting immediately prior to the proxy exercising a shareholder's right at the General Meeting.

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 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).

Equity securities held by a share trust or scheme [and unlisted securities will not have their votes taken into account at the General Meeting for the purposes of resolutions proposed in terms of the Listings Requirements.

CSDPs, Brokers or their nominees, as the case may be, recorded in the Company's Sub-register 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 General Meeting or by completing the attached Form of Proxy in accordance with the instructions thereon and returning it to the Company's Meeting Scrutineers, provided that, should a CSDP, Broker or their nominee return such Form of Proxy to the Meeting Scrutineers less than 48 hours before the General Meeting, they will also be required to furnish a copy of such Form of Proxy to the Chair of the General Meeting or her nominee before the appointed proxy exercises any shareholder rights at the General Meeting.

ELECTRONIC PARTICIPATION

Shareholders wishing to participate electronically at the General Meeting are required to deliver written notice to the Executive: Governance, Legal and Compliance (Company Secretary), with a copy to the Meeting Scrutineers, at the applicable addresses as set out in this notice, by no later than Friday, 20 March 2020, stating that they wish to participate via electronic communication at the 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:

1. if the Shareholder is an individual, a certified copy of his/her identity document and/or passport;
2. 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 General Meeting via electronic communication;
3. in the case of (1) and (2) above, the Shareholders should indicate that their shareholding has been voted and the manner in which it has been cast, so as to provide the Company with assurance that they have understood that their participation is not in order to vote; and
4. a valid email address and telephone number of the participant (by no later than 48 hours prior to the time of the General Meeting, the Company shall use its reasonable endeavours to communicate with each Shareholder who has delivered a valid electronic 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 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

Executive: Governance, Legal and Compliance (Company Secretary)

27 February 2020
Sandton

Registered office

115 West Street

Sandown

2196

(PO Box 787240, Sandton, 2146)



ALEXANDER FORBES GROUP HOLDINGS LIMITED

Incorporated in the Republic of South Africa
Registration Number: 2006/025226/06
Ordinary share code: AFH and ISIN: ZAE000191516
(Alexander Forbes or the Company)

FORM OF PROXY

For use only by Shareholders who:

- hold shares in certificated form (Certificated Shareholders); or
- have dematerialised their shares (Dematerialised Shareholders) and are registered with “own-name” registration, at the General Meeting of Shareholders of the Company to be held at 10:00 on Tuesday, 31 March 2020 at 115 West Street, Sandown, 2196, and any adjournment thereof.

Dematerialised Shareholders holding shares other than with “own-name” registration, who wish to attend the General Meeting must inform their Central Securities Depository Participant (CSDP) or Broker of their intention to attend the General Meeting and request their CSDP or Broker to issue them with the relevant Letter of Representation to attend the General Meeting in person or by proxy and vote. If they do not wish to attend the General Meeting in person or by proxy, they must provide their CSDP or Broker with their voting instructions in terms of the relevant Custody Agreement entered into between them and the CSDP or Broker. **These Shareholders must not use this Form of Proxy.**

I/We (full name/s in block letters)

of (address)

Telephone work ()

Telephone home ()

Cellphone number

Email address

being the holder/custodian of

shares of the Company, hereby appoint (see note):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chair of the General Meeting,

as my/our proxy to attend and speak for me/us and on my/our behalf at the General Meeting and at any adjournment thereof and to vote or abstain from voting as indicated on the resolutions to be considered at the General Meeting:

	Number of shares		
	For	Against	Abstain
Special Resolution Number 1 Approval of the Specific Repurchase			
Special Resolution Number 2 Revocation of Special Resolution Number 1			
Ordinary Resolution Number 1 Approval of the Mandatory Offer Waiver			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A Shareholder entitled to attend and vote at the General Meeting may appoint one or more proxies to attend and act in his/her stead. A proxy so appointed need not be a Shareholder of the Company

Signed at

on

2020

Signature

Assisted by (where applicable)

NOTES TO PROXY

1. Summary of Rights Contained in section 58 of the Companies Act

In terms of section 58 of the Companies Act:

- a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders meeting on behalf of such shareholder;
 - a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
 - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
 - any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
 - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the Company; and
 - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7).
2. The Form of Proxy must only be used by shareholders who hold shares in certificated form or who are recorded on the Sub-register in electronic form in "own-name".
 3. All other beneficial owners who have dematerialised their shares through a CSDP or Broker and wish to attend the General Meeting must provide the CSDP or Broker with their voting instructions in terms of the relevant Custody Agreement entered into between them and the CSDP or Broker.
 4. A shareholder entitled to attend and vote at the General Meeting may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chair of the General Meeting". The person whose name stands first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.
 5. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the 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 the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
 6. 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 Meeting Secretaries not less than 48 (forty-eight) hours before the commencement of the General Meeting.
 7. If a 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, such proxy shall be entitled to vote as he/she thinks fit.
 8. The Chair of the General Meeting may reject or accept any Form of Proxy which is completed and/or received other than in compliance with these notes.
 9. A shareholder's authorisation to the proxy including the Chair of the General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the General Meeting.
 10. The completion and lodging of this Form of Proxy will not preclude the relevant shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
 11. Documentary evidence establishing the authority of a person signing the Form of Proxy in a representative capacity must be attached to this Form of Proxy, unless previously recorded by the Company's Meeting Secretaries or is waived by the Chair of the General Meeting.
 12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Meeting Secretaries of the Company.
 13. Where there are joint holders of shares:
 - any one holder may sign the Form of Proxy;
 - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
 14. Forms of Proxy should be lodged with or mailed to the Meeting Scrutineers:

Hand deliveries to:

The Meeting Specialist Proprietary Limited
One Exchange Square
2 Gwen Lane
Sandown, 2196

Postal deliveries to:

PO Box 62043, Marshalltown, 2107

Email deliveries to:

proxy@tmsmeetings.co.za

to be received by no later than 10:00 on 27 March 2020 (or 48 (forty-eight) hours before any adjournment of the General Meeting which date, if necessary, will be notified on SENS) or may be handed to the Chair of the General Meeting immediately before the appointed proxy exercises any of the Shareholder's votes at the General Meeting.

A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.