

**ANCHOR GROUP LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 2009/005413/06)  
("Anchor" or "the Company")  
ISIN Code: ZAE000193389 JSE Code: ACG

---

**ANNOUNCEMENT RELATING TO THE ACQUISITION OF 47.41% OF THE ISSUED SHARE CAPITAL OF CAPRICORN FUND MANAGERS PROPRIETARY LIMITED ("CFM SOUTH AFRICA") AND CFM MALTA LIMITED ("CFM MALTA") AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

---

**1. INTRODUCTION AND RATIONALE**

1.1 Further to the renewal of the cautionary announcement published on 30 September 2015, shareholders are advised that Anchor is at an advanced stage of negotiations, having agreed the commercial terms for the acquisition of 47.41% of the issued share capital of CFM South Africa and 47.41% of the issued share capital of CFM Malta (together "CFM Group"), with the representatives of the ultimate shareholders, namely CCFM Limited, The Capricorn Fund Managers Executive Trust, CV Cinque Limited, CV5 Limited, CFM Founders Limited and Capricorn Holdings International Limited (collectively "the Sellers"), further details of which are set out below ("the Acquisition"). The Sellers are not related parties to Anchor.

1.2 The Acquisition is earnings enhancing for Anchor and is in line with its strategy of acquisitions of quality and successful businesses of similar culture in order to attract key talent to Anchor, whilst at the same time being able to offer clients new local and offshore product offerings with outstanding past performance records.

## 2. DESCRIPTION OF THE CFM GROUP

- 2.1 CFM is a leading global emerging markets hedge fund business, with over R6 billion (US\$450 million) of assets under management ("AUM"). CFM was one of the pioneers of the South African hedge fund industry and has been active in managing hedge funds since 2003 with the launch of the Hollard Stable Strategy in South Africa. CFM established an office in London in 2008 which coincided with the launch of the global emerging market fund, Capricorn GEM Fund LP/Inc (recently launched on the Lyxor UCITS platform). This Fund now represents more than half the AUM of the CFM Group, has an excellent track record and recently won the HFM Award for the best five year track record in Europe for a fund under US\$500 million. The compound return of the fund since inception is 11.9% per annum in US\$.
- 2.2 In addition to the Hollard Stable Strategy and the Capricorn Gem Fund, the CFM Group manages a South African Market Neutral Strategy with over ZAR 200 million AUM and a CAGR of 16.5% since launch, as well as the Capricorn Performer Fund (a South African long short equity hedge fund), which includes a Cayman USD class, with over ZAR 500 million AUM and a CAGR of 29% since launch.
- 2.3 CFM focusses on identifying transformative companies which fit into its country themes, based on experiences in South Africa. CFM covers and invests in companies situated in, among others, South America, Malaysia, Russia, Turkey, Indonesia, India, Mexico and the Philippines.

### 3. TERMS OF THE ACQUISITION

- 3.1 The effective date of the acquisition is 1 February 2016 or alternatively the date on which the last condition precedent is fulfilled ("the effective Date").
- 3.2 The purchase consideration payable by Anchor to the sellers is an amount of R348.4 million ("the purchase consideration").
- 3.3 The purchase consideration will be reduced by Anchor's pro-rata share of profit after tax for the period 1 July 2015 to 1 February 2016, or alternatively the effective date.
- 3.4 The aggregate purchase consideration will be settled on the effective date as follows:
- 3.4.1 R256 million in cash from existing Anchor resources; and
- 3.4.2 The balance of R92.4 million through the issue of 7 698 782 Anchor shares at R12.00 per share to the Sellers (the "Anchor shares").
- 3.5 There is provision for a price adjustment which will take into account various factors over a period of 24 months until 30 June 2017, which has been derived and agreed upon, subject to:
- 3.5.1 A maximum additional payment in cash of R59.6 million may be made to the sellers; alternatively
- 3.5.2 a maximum amount of R34.2 million to be recovered by Anchor.
- 3.6 The managers have committed to reinvest a significant portion of the cash proceeds back into CFM funds for a period of two years, receiving both the upside and downside of the funds' performance.

3.7 The Sellers will cede and pledge certain, or a portion of, the Anchor shares as security for their warranties and performance in terms of the agreement.

3.8 The agreement will provide for warranties and indemnities that are normal for an acquisition of this nature.

#### 4. **CONDITIONS PRECEDENT**

4.1 The agreement will be subject to the fulfilment or waiver, as the case may be, of the following conditions precedent, *inter alia*:

4.1.1 the completion of a restructuring of the CFM Group;

4.1.2 Anchor and the Sellers obtaining all JSE and other regulatory approval as may be required for the implementation of the acquisition; to the extent that such approvals are necessary, including, but not limited to, the unconditional approval of:-

4.1.2.1 the South African Competition Authorities;

4.1.2.2 Take-Over Regulation Panel;

4.1.2.3 the Exchange Control Department of the South African Reserve Bank;

4.1.2.4 the Financial Services Board; and

4.1.2.5 the Financial Conduct Authority of the United Kingdom.

4.1.3 the Board of Directors, as the case may be, of Anchor and the CFM Group passing all such resolutions as are required for the implementation of the acquisition;

- 4.1.4 the shareholders of each of the Sellers approving and passing all such resolutions as are required for the implementation of the acquisition;
- 4.1.5 Addendums to the employment agreements being concluded with certain key executives of the CFM Group;
- 4.1.6 Anchor acknowledging completion of the due diligence investigation to its satisfaction;
- 4.1.7 The parties concluding various transaction documents, which shall include, *inter alia*:
  - 4.1.7.1 Shareholder agreement; and
  - 4.1.7.2 Memorandum of Incorporation.
- 4.1.8 No material adverse change in relation to the restructuring of the CFM Group having occurred between signature date and the effective date.

## 5. **CATEGORISATION**

The acquisition is a category 2 acquisition in accordance with the JSE Listings Requirements and accordingly does not require approval by shareholders.

## 6. **FINANCIAL INFORMATION**

6.1 Had the acquisition been in effect for the 6 months ended 30 June 2015, the pro forma effect on Anchor, assuming the payment of the purchase consideration on 1 January 2015, would have been:

- 6.1.1 To increase Earnings Per Share and Headline Earnings Per Share by 32%; and

6.1.2 To increase Adjusted Headline Earnings Per Share by 32%.

6.2 The profit after taxation for the CFM Group for the 12 months ended 30 June 2015 amounted to R68.6 million.

7. The tangible net asset value of the business will be determined by the take-on balance sheet at 1 February 2016, which will be the minimum regulatory capital of approximately R15 million, plus net profit after tax for the period commencing 1 July 2015 to the Effective Date, less any dividends declared.

8. **WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

The cautionary announcement is hereby withdrawn.

Further detail regarding the acquisition is included on [www.anchorgroup.co.za](http://www.anchorgroup.co.za).

Johannesburg  
14 October 2015

---

**Designated Advisor**

Arbor Capital Sponsors Proprietary Limited

