

ANCHOR GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2009/005413/06)

Share code: ACG ISIN: ZAE000193389

("Anchor" or "the Company")

FIRM INTENTION ANNOUNCEMENT BY ANCHOR IN RESPECT OF AN OFFER TO SHAREHOLDERS TO REPURCHASE THEIR ANCHOR SHARES SUBSEQUENT DELISTING OF ANCHOR FROM THE JSE, DISTRIBUTION OF CIRCULAR TO SHAREHOLDERS AND NOTICE OF GENERAL MEETING

1. Introduction

- 1.1 The board of directors of Anchor (the "Board") has resolved to propose a transaction (the "Transaction") to shareholders incorporating:
- 1.1.1 a scheme of arrangement ("Scheme") in terms of section 114(1)(e), read with section 115 of the Companies Act, No 71 of 2008, as amended ("Companies Act"), between Anchor and its shareholders ("Shareholders"), in terms of which Shareholders ("Repurchase Scheme Participants") will be entitled to elect that all or some of the shares held by them in the issued share capital of Anchor ("Repurchase Scheme Shares") are repurchased, in accordance with the provisions of section 48 of the Companies Act for a cash consideration of R4.25 per Repurchase Scheme Share ("Scheme Consideration"), or that they elect to retain all or some of the shares held by them in the issued share capital of Anchor (the "Shares") and, failing election by a Repurchase Scheme Participant, such Repurchase Scheme Participant shall be deemed to have elected that all of its/his/her Shares are repurchased for a cash consideration of R4.25;
 - 1.1.2 a comparable offer, in terms of section 125(2) of the Companies Act, ("Comparable Offer") by Anchor to those of its employees who are participants ("Share Scheme Participants") of Anchor's current employee share scheme ("Share Scheme") with unexercised, vested share options with an exercise price of less than R4.25 per share as more fully described in paragraph 5.7 below ("Comparable Offer Consideration"). The Comparable Offer will not be made to Share Scheme Participants who waive their rights to the Comparable Offer;
 - 1.1.3 amendments to the Share Scheme, in order to ensure that the Share Scheme is operable following implementation of the Transaction; and
 - 1.1.4 the subsequent delisting of all of the Shares from the Johannesburg Stock Exchange (and A2X) ("Delisting"), in terms of paragraph 1.17(b) of the Listings Requirements of the JSE Limited ("JSE"), pursuant to the implementation of the Scheme and the passing of the corresponding ordinary resolution necessary to approve and implement the Delisting ("Delisting Resolution").
- 1.2 Implementation of the Scheme is subject to the fulfilment, or waiver as the case may be, of the Scheme conditions precedent described in paragraph 3.3 below and including, *inter alia*, the approval by Shareholders of the special resolution necessary to approve and implement the Scheme ("Scheme Resolution").
- 1.3 The Delisting will occur if: (i) pursuant to paragraph 1.17(b) of the Listings Requirements, the Scheme becomes operative; and (ii) the Delisting is approved by Shareholders pursuant to the passing of the Delisting Resolution by Shareholders entitled to vote thereon. Anchor will be simultaneously delisted from A2X, as Anchor's A2X listing is subject to continued listing on the JSE.

- 1.4 The contents of this announcement (“Firm Intention Announcement”) constitute a firm intention by the Company to make an offer to the Repurchase Scheme Participants as contemplated in Chapter 5 of the Companies Act and Chapter 5 of the Companies Regulations, 2011, promulgated under the Companies Act (which includes the “Takeover Regulations” issued pursuant to sections 120 and 223 of the Companies Act).
- 1.5 Anchor has constituted an independent board of directors of Anchor (“Independent Board”) for purposes of the Scheme, whose responsibilities include evaluating the terms and conditions of the Scheme, the Comparable Offer and advising Shareholders thereon, as required by the Takeover Regulations. The Independent Board comprises Tinyiko Mhlari, Nick Dennis and Keneiloe Sibisi.
- 1.6 In respect of the Transaction, the Board advises Shareholders of the following:
- 1.6.1 all members of the Board have indicated that, to the extent that they may vote on the requisite resolutions and/or participate in the Transaction, they will vote in favour of all resolutions;
- 1.6.2 support has been received from significant voting Shareholders (as set out in paragraph 6 below) in respect of the Scheme and the Delisting, which Shareholders have irrevocably undertaken to vote in favour of the resolutions necessary to approve and implement the Scheme and the Delisting.
- 1.7 The purpose of this Firm Intention Announcement is to notify Shareholders of the proposed Transaction and, specifically, to advise Shareholders of the terms and conditions of the Scheme.

2. Rationale for the Transaction

The proposed Delisting of Anchor from the JSE is expected to provide an opportunity for the Company to pursue a number of key strategic imperatives hampered by being a “small cap” stock listed in the current environment.

The following is a list of the key reasons for, and expected benefits of, the Delisting to the Group and its stakeholders:

- 2.1 *Repurchasing Shares using debt is accretive to the business:* the use of debt in a listed environment to the extent desired is not possible, given the risk appetite of existing Shareholders. Delisting offers the opportunity to inject significant debt at a low point in the interest rate cycle, serviced by the defensive cashflow profile of the Group, as proven by Anchor’s resilience through the Covid-19 pandemic.
- 2.2 *Small-cap shares are moving sideways in a no-growth economy:* Anchor’s share price has remained stagnant for an extended period, partly as a result of modest performance but notably due to a lack of investment appetite in “small-cap” stocks in South Africa. The Scheme affords existing Shareholders the opportunity to elect to either liquidate all or part of their investment, at a 7.59% premium to the closing price of an Anchor ordinary share on the business day preceding publication of the Firm Intention Announcement and a 10.79% premium to the weighted average traded price over the 30 business days preceding the date of the Firm Intention Announcement, or to remain invested as a Shareholder in Anchor following implementation of the proposed Transaction, if doing so is in line with the Shareholder’s investment strategy.
- 2.3 *Increased business flexibility:* the Group expanded rapidly following initial listing and early capital injections leading to the creation of a complex group structure with consequent structural challenges. Delisting enables a cleaning up of these structures, keeping Anchor competitive, in order to adapt and grow in an increasingly competitive industry.

- 2.4 *Cost savings:* listing comes with significant costs, both quantitative and qualitative. The expected quantitative cost savings of the Delisting stem from annual listing fees, increased audit fees, increased governance costs, JSE sponsor fees and Group accounting and reporting costs. The qualitative cost savings are expected to be substantial, stemming from the reduced time burden placed on senior management as required for public financial reporting.
- 2.5 *Unlisted peers:* Anchor's direct competitors are unlisted and are therefore not obliged to comply with onerous public disclosures. The Delisting will therefore eliminate any existing competitive advantage over Anchor, as a consequence of the public nature of the Group's strategies and prospects.

The Scheme Consideration of R4.25 per Repurchase Scheme Share represents a 7.59% premium to the closing price of an Anchor ordinary share on the business day preceding publication of the Firm Intention Announcement on the Stock Exchange News Service ("SENS") and a 10.79% premium to the weighted average traded price over the 30 business days preceding the date of the Firm Intention Announcement.

3. Terms and Conditions of the Scheme

3.1 Terms of the Scheme

- 3.1.1 Repurchase Scheme Participants are entitled to elect whether to voluntarily tender all or some of their Shares to Anchor or to remain invested in the Company following implementation of the Scheme and the Delisting. Repurchase Scheme Participants who make no election shall be deemed to have elected to have voluntarily tendered all of their Shares to Anchor in terms of the Scheme.
- 3.1.2 The Scheme will be subject to the fulfilment, or waiver as the case may be, of the Scheme conditions precedent set out in paragraph 3.3 below.
- 3.1.3 In the event that the Scheme becomes operative, the Repurchase Scheme Participants, excluding:
- 3.1.3.1 those Shareholders who validly exercise their appraisal rights in accordance with section 164 of the Companies Act as a consequence of the approval of the Scheme and whose Shareholder rights have not been reinstated as contemplated in sections 164(9) and 164(10) of the Companies Act or who have not been ordered by any South African court of competent jurisdiction ("Court") to withdraw their demands in terms of section 164(15)(c)(v)(aa) of the Companies Act; and
- 3.1.3.2 treasury shares (as defined in the Listings Requirements) in the issued ordinary share capital of Anchor;
- will be deemed to have disposed of their Repurchase Scheme Shares in exchange for the Scheme Consideration, such that Anchor will acquire (and immediately cancel) all of the Repurchase Scheme Shares previously held by such Repurchase Scheme Participants.
- 3.1.4 Following implementation of the Scheme and the approval of the Delisting Resolution by Shareholders, the listing of all Anchor's Shares on the JSE will be terminated in accordance with paragraph 1.17(b) of the Listings Requirements. Consequently, the listing of all Anchor's Shares on A2X will likewise be terminated.

3.2 Scheme Consideration

Repurchase Scheme Participants will receive the Scheme Consideration, being R4.25 per Repurchase Scheme Share on the business day on which Anchor will settle the Scheme Consideration to Repurchase Scheme Participants ("Operative Date").

3.3 Scheme Conditions Precedent

3.3.1 The implementation of the Scheme is subject to the fulfilment or waiver, as the case may be, of the following conditions precedent ("Scheme Conditions Precedent") that:

3.3.1.1 by no later than Friday, 16 April 2021, being the Transaction longstop date ("Longstop Date"):

3.3.1.1.1 all approvals, consents or waivers from those South African regulatory authorities as may be necessary for Anchor to implement the Scheme, including the Takeover Regulation Panel ("TRP") (by means of the issue of a compliance certificate in terms of section 121(b)(i) of the Companies Act), and the South African Reserve Bank, are obtained on an unconditional basis or, to the extent that any such regulatory approvals, consents or waivers are obtained subject to any condition or qualification, Anchor (to the extent that it is adversely affected by the condition or qualification) confirms in writing that the condition or qualification is acceptable to it, which confirmation shall not be unreasonably withheld or delayed;

3.3.1.1.2 all necessary Shareholder approvals and/or resolutions as may be necessary to give effect to the Scheme have been obtained, including, but not limited to, the Scheme Resolution and the Delisting Resolution;

3.3.1.1.3 Anchor has not elected to treat the Scheme Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act;

3.3.1.1.4 in the circumstances where Anchor has not elected to treat the Scheme Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act, a Court has granted its approval pursuant to section 115(3) of the Companies Act in circumstances where:

3.3.1.1.4.1 the Scheme Resolution is opposed by 15% or more of the voting rights that were exercised in respect of the Scheme Resolution; and

3.3.1.1.4.2 a Shareholder who voted against the Scheme Resolution requires Anchor, within five business days after the vote, to seek Court approval pursuant to section 115(3)(a) of the Companies Act;

3.3.1.1.5 no Shareholder who voted against the Scheme Resolution applies to Court within 10 business days after the vote for leave to apply for a review of the Scheme in accordance with the requirements of section 115(3)(b) of the Companies Act and section 115(6) of the Companies Act;

3.3.1.1.6 Anchor waives the Scheme Condition Precedent in paragraph 3.3.1.1.5 above and the Court does not grant leave to any Shareholder to apply to Court for a review of the Scheme, as contemplated in sections 115(3)(b), 115(6) and 115(7) of the Companies Act;

3.3.1.1.7 Anchor waives the Scheme Condition Precedent in paragraph 3.3.1.1.6 and the Court approves the Scheme Resolution pursuant to section 115(7) of the Companies Act and paragraph 3.1.3 above with regard to Shareholders entitled to and exercising their appraisal rights, either: (i) Shareholders give notice objecting to the Scheme as contemplated in section 164(3) of the Companies Act and vote against the Scheme at the

General Meeting (as defined in paragraph 6 below) in respect of less than or equal to 5% of all of the Scheme Shares; or (ii) if Shareholders give notice objecting to the Scheme and vote against the Scheme at the General Meeting in respect of more than 5% of all of the Scheme Shares, then, within the time period permitted in terms of the Companies Act, dissenting shareholders have exercised appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of less than or equal to 5% of all the Scheme Shares, or not at all;

3.3.1.2 no Material Adverse Change having occurred on or before the business day immediately preceding the finalisation date of the Scheme (such finalisation date being 8 business days prior to the Scheme Consideration Record Date). For these purposes a "Material Adverse Change" shall mean the average of JSE All Share Index closing price, or any equivalent or replacement thereof, calculated for the consecutive trading days commencing on the day before the date on which this firm intention announcement is published by Anchor until the trading day before the business day immediately preceding the finalisation date of the Scheme (such finalisation date being 8 business days prior to the Scheme Consideration Record Date) is below the average of the JSE All Share Index closing price calculated for the 3 (three) consecutive trading days prior to the day on which Anchor publishes this firm intention announcement multiplied by 70% (seventy percent) (the JSE All Share Index closing price will be as published on the applicable Bloomberg screen (JALSH Index HP)). The JSE All Share Index level for the 3 (three) consecutive trading days prior to the day on which Anchor publishes this firm intention announcement was 57,437;

3.3.1.3 on or before the business day immediately preceding the finalisation date of the Scheme (such finalisation date being 8 business days prior to the Scheme Consideration Record Date), it has not become unlawful for any party to implement or perform any of its obligations under the Transaction or any of the Transaction Documents (For the purposes hereof "Transaction Documents" shall mean any agreements to the Transaction or any documents ancillary thereto (specifically those agreements set out in paragraph 4 below)) nor have any of the Transaction Documents or any obligations assumed thereunder ceased to be legal, valid, binding or enforceable.

3.3.2 Anchor shall be entitled to waive (in whole or in part) in writing any one or more of the Scheme Conditions Precedent stipulated in paragraphs 3.3.1.1.3, 3.3.1.1.4, 3.3.1.1.5, 3.3.1.1.6 and 3.3.1.1.7. The Scheme Conditions Precedent stipulated in paragraphs 3.3.1.1.1 and 3.3.1.1.2 above are not capable of waiver. The Longstop Date may be extended by Anchor, subject to any approval as may be required from the TRP. Any extension of the Longstop Date will be announced on SENS and published in the South African press.

3.3.3 The Scheme Condition Precedent stipulated in paragraph 3.3.1.2 is not capable of being waived or of being altered.

3.3.4 Anchor shall not be entitled to either waive (in whole or in part) the Scheme Condition Precedent stipulated in paragraph 3.3.1.3 and/or confirm fulfilment of this Scheme Condition Precedent unless it has received the prior written consent the Lender (as issuer of the Cash Guarantee).

4. Facilities Agreement, Masimong and CCPI Subscriptions

4.1 The maximum aggregate amount that Anchor will be required to pay to the Repurchase Scheme Participants and the Share Scheme Participants pursuant to the implementation of

the Scheme and the Comparable Offer is approximately R430 979 062.69, consisting of the aggregate Scheme Consideration, securities transfer tax thereon and the aggregate Comparable Offer Consideration.

- 4.2 Anchor has entered into a facilities agreement (the "Facilities Agreement") with FirstRand Bank Limited (acting through its Rand Merchant Bank division) (the "Lender" or "RMB") (as original Lender and facility agent) and FirstRand Bank Limited (acting through RMB Corporate Banking) and in terms of which, *inter alia*, RMB will lend and advance to Anchor the aggregate Scheme Consideration, securities transfer tax thereon and the aggregate Comparable Offer Consideration that Anchor is required to pay pursuant to the Transaction.
- 4.3 Subject to the Scheme becoming operative and the Delisting taking place, CCPI and Masimong have undertaken to subscribe for additional Shares, following implementation of the Delisting, which subscription proceeds Anchor will use to partially settle the debt raised by Anchor as contemplated in paragraph 4.2 above.
- 4.4 It is the intention of the Anchor board that Anchor will have at least 26% BBBEE ownership following the aforesaid subscriptions and, accordingly, the aforesaid subscription by Masimong will be for that number of Shares which will result in it holding (in aggregate with the shares that it held before such subscription and following the issuance to CCPI of the shares subscribed for by CCPI) 26% (excluding the shares held by any company within the Anchor group as treasury shares) of Anchor's issued ordinary share capital.
- 4.5 Shareholders will be asked to vote on special resolutions (in terms of sections 41(1) and 41(3) of the Companies Act and the Company's memorandum of incorporation) to approve the aforesaid issue of Shares to CCPI and Masimong, which are subject to the Scheme becoming operative and Delisting implemented.
- 4.6 As soon as reasonably practical following the subscriptions the Board must declare excess cash in Anchor as a dividend to its shareholders subject to: solvency and liquidity test under the Companies Act being passed; prior written consent having been obtained from the Lenders; declaration / payment of the dividend not resulting in any contractual breaches by the Group; and the Board being satisfied that there will be sufficient cash available to the Group for its business following declaration and payment of the dividend.
- 4.7 CCPI, Masimong and Mike Teke (the controlling shareholder of Masimong) will not vote on the special resolutions contemplated in paragraph 4.5 above, the Scheme Resolution, the Delisting Resolution, or the Share Scheme Amendment resolution as noted in paragraph 5.5 below.

5. Share Scheme Amendments / Comparable Offer

- 5.1 Anchor has in place a Share Scheme with the purpose to attract, motivate, reward and retain participants in the Share Scheme who are able to influence the performance of the Group, on a basis which aligns their interests with those of Anchor's Shareholders. As at the date of this Firm Intention Announcement, Share Scheme Participants hold 15 777 965 vested share options and 7 170 699 unvested share options.
- 5.2 Subject to the Scheme becoming operative and the Delisting taking place, the current Share Scheme requires amendment in order to remain operative in the unlisted space. As the shares will no longer be listed, the references in the Share Scheme rules to the JSE traded price or value weighted average price need to be replaced to allow for the determination of the share price in terms of the Share Scheme. It is proposed that these references to the JSE traded price and value weighted average price are replaced with a multiple of the adjusted headline earnings per share (i.e. the core and sustainable, cash-flow earnings per share of the Company) which is calculated annually by the Board based on audited annual financials.

- 5.3 The Anchor Board believes that the proposed amendments are fair and reasonable to Share Scheme Participants, as the proposed amendments to the Share Scheme are proposed so as to allow the Share Scheme to operate effectively in the unlisted space.
- 5.4 Share Scheme Participants who are also Shareholders will not vote on the ordinary resolution (requiring a 75% majority of the votes cast in favour of such resolution) necessary to approve and implement the proposed Share Scheme amendments.
- 5.5 In accordance with the Share Scheme rules, all Share Scheme Participants with vested rights under the Share Scheme are required to provide written consent to the proposed Share Scheme amendments and, accordingly, the amendments to the Share Scheme, if approved by the requisite Shareholders' resolution will only take effect after both all such consents have been obtained and the Delisting has occurred.
- 5.6 Share Scheme Participants holding unexercised, vested share options with an exercise price of less than R4.25 per share and who waive their right to a comparable offer under section 125(2) of the Companies Act, will not be made the Comparable Offer pursuant to the Scheme and they will retain their unexercised, vested Share options post the Delisting.
- 5.7 In relation to those Share Scheme Participants holding unexercised, vested share options with an exercise price of less than R4.25 per share and who do not waive their rights to a comparable offer under section 125(2) of the Companies Act, Anchor will make the Comparable Offer (in cash) to them at a price equal to the difference between the Scheme Consideration and the exercise price payable by each such Share Scheme Participant in respect of each such unexercised vested share option.
- 5.8 There are 11 656 467 unexercised vested Share options with exercise prices of less than R4.25. If all Share Scheme Participants elect not to waive their rights to the Comparable Offer, the aggregate Comparable Offer Consideration will be R14 421 676.21.

6. Irrevocable Undertakings

As at the date of this Firm Intention Announcement, Shareholders holding 79 156 385 Shares, being 37.23% of the issued ordinary share capital of Anchor (based on the number of Anchor shares in issue of 217 386 093 (less treasury shares of 4 753 181), being 212 632 912) have provided irrevocable undertakings to vote their shares, which are either held as principal or on behalf of clients, in favour of all the special and ordinary resolutions in respect of the Scheme and the Delisting to be proposed at the general meeting to be convened in connection with the Transaction for the purpose of considering and if deemed fit, approving, with or without modification, the resolutions contained in the notice of general meeting ("General Meeting") and such additional number of shares as they may hold at the time of the General Meeting and/or to elect not to tender all or some of their shares held. Shareholders holding 114 863 832 shares, being 47.72% of the issued ordinary share capital of Anchor (based on the number of Anchor shares in issue of 217 386 093 (less treasury shares of 4 753 181), being 212 632 912) have provided irrevocable undertakings to not to elect tender their shares to Anchor. As noted in paragraph 4.5 above, CCPI, Masimong and Mike Teke will not vote on the resolutions in respect of the Scheme and the Delisting. However, CCPI, Masimong and Mike Teke have provided an undertaking to elect not to tender their Shares to Anchor.

Further detail will be provided to Shareholders in the Circular (as defined in paragraph 13 below) to be posted on or about Monday, 16 November 2020.

7. Taxation

Repurchase Scheme Participants

General

The Scheme Consideration constitutes:

- 1) a dividend for tax purposes for Repurchase Scheme Participants who are Shareholders that are SA Corporates as contemplated in section 64F(1)(a) of the Income Tax Act, No. 58 of 1962 (“Income Tax Act”); or
- 2) a return of capital out of contributed tax capital (“CTC”) as defined in the Income Tax Act for all Repurchase Scheme Participants other than SA Corporates.

SA Corporates

Repurchase Scheme Participants who are Shareholders that have submitted the prescribed documentation contemplated in section 64G(2)(a) of the Income Tax Act on which they have indicated to the relevant regulated intermediary that they are SA corporates (“Qualifying SA Corporates”) will have met the requirements for exemption from dividends tax (that was introduced with effect from 1 April 2012) in terms of the Income Tax Act. However, where the SA Corporate fails to provide the prescribed documentation contemplated in section 64G(2)(a) of the Income Tax Act to the relevant regulated intermediary, and therefore fails to be a Qualifying SA Corporate, such SA Corporate will receive its Scheme Consideration as a dividend on which the 20% dividends tax will be withheld.

SA tax residents other than SA Corporates and non-SA tax residents

All other Repurchase Scheme Participants who are not SA Corporates will receive their Scheme Consideration as a return of capital out of CTC. Accordingly, the Scheme Consideration will be regarded as “proceeds” as defined in Part VI of the Eighth Schedule of the Income Tax Act.

The tax implications of the Scheme Consideration will depend on the individual tax circumstances of each Repurchase Scheme Participant and the tax jurisdictions applicable to such Scheme Participant. It is recommended that the Scheme Participants consult their professional advisors immediately if they are in any doubt as to their tax position.

Share Scheme Participants

To the extent, that a Share Scheme Participant elects not to waive his/her right to the Comparable Offer he/she will still be required to pay taxes due on the proceeds paid to him/her under the Comparable Offer.

The tax implications of the Comparable Offer will depend on the individual tax circumstances of each Share Scheme Participant and the tax jurisdiction applicable to such Share Scheme Participant. It is recommended that Share Scheme Participants seek advice from appropriate professional advisors if they are in any doubt whatsoever about their tax position.

8. Solvency and Liquidity

The Board has concluded that Anchor will: (i) satisfy the solvency and liquidity test contemplated in section 4 of the Companies Act immediately after completing the repurchase of the Repurchase Scheme Shares in terms of the Scheme as required in terms of sections 48 of the Companies Act; and (ii) for purposes of paragraph 5.69(c) of the Listings Requirements, that after considering the effect of the repurchase, the provisions of sections 4 and 48 of the Companies Act have been complied with and that:

- 8.1 the Anchor Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the approval of the Circular (as defined in paragraph 13.1 below);
- 8.2 the assets of the Anchor Group will exceed the liabilities of the Anchor Group for a period of 12 months after the date of the approval of the Circular (as defined in paragraph 13.1 below) (for this purpose the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the Anchor Group which comply with the Companies Act and the Listings Requirements);
- 8.3 the share capital and reserves of the Anchor Group will be adequate for ordinary business purposes for a period of 12 months after the date of the Circular (as defined in paragraph 13.1 below); and
- 8.4 the working capital of the Anchor Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of the Circular (as defined in paragraph 13.1 below).
- 8.5 the Board will provide a resolution that it has authorised the repurchase, that the Company and the Anchor Group have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Anchor Group.

9. Guarantee

In accordance with regulation 111(4) and 111(5) of the Takeover Regulations, Anchor has procured from RMB, and has delivered to the TRP, an irrevocable, unconditional bank guarantee in respect of the maximum possible Scheme Consideration and maximum possible Comparable Offer Consideration.

10. Independent Expert and Fair and Reasonable Opinion

- 10.1 In accordance with paragraph 1.15(d) and, to the extent applicable, paragraph 5.69(e) of the Listings Requirements and section 114(2) of the Companies Act, DG Capital (Pty) Limited has been appointed as the independent expert in terms of section 114(2) of the Companies Act, regulation 90 of the Companies Regulations and Schedule 5 to the Listings Requirements ("Independent Expert") to provide the Board and the Independent Board with external advice in relation to the Scheme, in the form of an independent expert report as required in terms of section 114(3) of the Companies Act, a fair and reasonable opinion as required by and in compliance with the Takeover Regulations, and a fairness opinion as required by and in compliance with paragraph 1.15(d) of the Listings Requirements.
- 10.2 The full substance of the Independent Expert's report in connection with the Scheme, once procured, will be more fully set out in the Circular (as defined in paragraph 13.1 below) to be distributed to Shareholders as referred to in paragraph 13 below.

11. Board Support

All members of the Board have indicated that, to the extent that they may vote on the special and ordinary resolutions necessary to approve and implement the Transaction, they will vote in favour of all such resolutions proposed at the General Meeting.

12. Responsibility Statement

- 12.1 The Independent Board and the Board, individually and collectively, accept full responsibility for the accuracy of the information contained in this Firm Intention Announcement which

relates to Anchor, the Scheme, the Delisting and the Share Scheme amendments, and certify that, to the best of their knowledge and belief, such information is true and this Firm Intention Announcement does not omit any facts that would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Firm Intention Announcement.

- 12.2 The Independent Board and the Board have made all reasonable enquiries to ascertain that no facts have been omitted and this Firm Intention Announcement contains all information required by law, the Companies Act and the Listings Requirements.

13. Circular to Shareholders

- 13.1 A circular providing full details of the Transaction and containing a notice of the General Meeting, the report by the Independent Expert, the recommendations of the Independent Board and the Board, the salient dates and times relating to the Scheme and the Delisting, and the necessary forms in order to effect the Scheme (“Circular”), will be distributed to Shareholders on Monday, 16 November 2020.
- 13.2 The General Meeting will be held entirely via electronic facility/communication in terms of section 63(2)(a) of the Companies Act given the impact of COVID-19 on in-person meetings and is expected to be held on or about Thursday, 17 December 2020. A further announcement setting out details to enable Shareholders or their proxies to access the electronic General Meeting will be published in due course.

14. Salient Dates and Times

At the date of this Firm Intention Announcement, the salient dates and times in relation to the Scheme are anticipated to be as follows:

Action	2020
Record date for Shareholders to be recorded in the register in order to be entitled to receive the Circular (“Record Date”)	Friday, 6 November
Posting of the Circular to Shareholders	Monday, 16 November
Last day to trade in Shares in order to be recorded in the Register to attend, participate in and vote at the General Meeting on (refer to note 3 below)	Tuesday, 8 December
Record date for Shareholders to be recorded in the register in order to be eligible to attend, participate in and vote at the General Meeting, being the “Scheme Voting Record Date”, by close of trade on	Friday, 11 December
Forms of Proxy (<i>green</i>) and Election (<i>white</i>) to be received by the transfer secretaries preferably by 10:00 on (refer to note 4 below) on	Monday, 14 December
Last date and time for Shareholders to give notice to Anchor objecting to the Scheme in terms of section 164(3) of the Companies Act, by 10:00 on	Thursday, 17 December
Forms of Proxy (<i>green</i>) and Election (<i>white</i>) not lodged with the Transfer Secretaries to be handed to the chairperson of the General Meeting at any time before the proxy exercises any rights of the Shareholder at the General Meeting on	Thursday, 17 December
General Meeting to be held at 10:00 on	Thursday, 17 December
Results of General Meeting published on SENS on	Thursday, 17 December

Results of General Meeting published in the South African press on	Friday, 18 December
If the Scheme is approved by Shareholders at the General Meeting:	
Last day for Shareholders who voted against the Scheme to require the Company to seek Court approval for the Scheme in terms of section 115(3)(a) of the Companies Act, if at least 15% of the total votes of Shareholders at the General Meeting were exercised against the Scheme on	Thursday, 24 December
2021	
Last day for the Company to send notice of adoption of the Scheme Resolution to dissenting shareholders, in accordance with section 164(4) of the Companies Act on	Monday, 4 January
Last day for a Shareholder who voted against the Scheme to apply to Court for leave to apply to Court for a review of the Scheme in terms of section 115(3)(b) of the Companies Act on	Monday, 04 January
The following dates assume that no Court approval or review of the Scheme is required and will be confirmed in the finalisation announcement if the Scheme becomes unconditional:	
Finalisation announcement expected to be published on SENS on	Tuesday, 19 January
Finalisation announcement expected to be published in the South African press on	Wednesday, 20 January
Last day to trade, being the last day to trade Shares on the JSE in order to be eligible to participate in the Scheme (Scheme Last Day to Trade)	Tuesday, 26 January
Suspension of listing of Shares on the JSE and A2X on or about	Wednesday, 27 January
Scheme Consideration Record Date, being the date on which Repurchase Scheme Participants must be recorded in the Register in order to be eligible to receive the Scheme Consideration, by close of trade on Elections to be received by 12:00 on	Friday, 29 January
Scheme Operative Date on or about	Friday, 29 January
Scheme Consideration to be settled by EFT or by cheque to Repurchase Scheme Participants who are Certificated Shareholders and who have lodged their Form of Surrender and Transfer (<i>blue</i>) with the Transfer Secretaries on or prior to 12:00 on the Scheme Consideration Record Date, on	Monday, 1 February
Dematerialised Repurchase Scheme Participants to have their accounts (held at their CSDP or Broker) credited with the Scheme Consideration on	Monday, 1 February
Comparable Offer Consideration settled by EFT to Share Scheme Participants who elected not to waive their right to a Comparable Offer on	Monday, 1 February
Termination of listing of Shares on the JSE and A2X at the commencement of trade on	Tuesday, 2 February

Notes

1. All dates and times are local in South Africa, and are subject to change with the approval of the JSE and/or TRP to the extent required. Any change will be released on SENS.

2. The dates and times applicable to the Scheme assume that no Court approval or review of the Scheme Resolution, is required and will be confirmed in the finalisation announcement if the Scheme becomes unconditional.
3. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate Proprietary Limited, settlement of trades takes place three business days after such trade.

By order of the Board
Johannesburg
13 November 2020

Rand Merchant Bank (A division of FirstRand Bank Limited)
Transaction Advisor and Transaction Sponsor

White and Case SA
Legal Advisor

DG Capital (Pty) Limited
Independent Expert