

ANCHOR GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2009/005413/06)

Share code: ACG ISIN: ZAE000193389

("Anchor" or "the Company")

The logo for Anchor Group, featuring the company name in white capital letters on a dark blue rectangular background. The letter 'A' is stylized with a horizontal line extending to the left.

ACQUISITION OF AN EFFECTIVE 63% INTEREST IN M JURGENS FINANCIAL SERVICES PROPRIETARY LIMITED

1. INTRODUCTION

Anchor has entered into an agreement to acquire a 50% interest in the issued share capital ("**sale shares**") of M Jurgens Financial Services Proprietary Limited, a financial services company ("**M Jurgens**") from Mark Jurgens ("**the seller**") for a purchase price of R49 500 000 ("**the Transaction**").

Anchor will acquire a further 13% of M Jurgens ("**13% shareholding**") on 1 January 2023 based on the net after tax profit ("**NPAT**") earned by M Jurgens during the financial year ending 31 December 2022, and the purchase price for the 13% shareholding will not exceed R49 500 000.

The NPAT earned by M Jurgens during the 12-month period ending 31 December 2019 is R12 375 000.

2. RATIONALE

The Transaction is expected to increase Anchor's distribution capabilities and increase the Company's Assets under Advice by R 5 billion.

3. TERMS OF THE ACQUISITION

3.1 The Transaction

The effective date of the Transaction is, subject to the fulfilment or waiver of the condition's precedent, 1 January 2020 ("**the effective date**").

The purchase price payable for the sale shares is R49 500 000, which shall be payable in cash on signature date as follows:

- R44 500 000 payable to the seller, and
- R5 000 000 which will be held in escrow by an escrow agent ("**escrow amount**") as security for any purchase price adjustment as further set out below.

The seller warrants that M Jurgens will have a compound annual growth rate ("**CAGR**") of 12% net profit after tax ("**NPAT**") for the first three years after the effective date. In the event that the 12% CAGR is not achieved, the purchase price in respect of the sale shares shall be adjusted downwards and the adjustment amount will be received from the escrow amount and the balance shall be released to the seller ("**the demand guarantee**"). There will be no price adjustment upwards if M Jurgens exceeds the warranted CAGR.

Anchor and the seller have agreed, with effect from 1 January 2023, that the seller will dispose of a further 13% interest (“**13% shareholding**”) in M Jurgens to Anchor. The purchase price payable for the 13% shareholding will be determined based on a pre-agreed formula to be calculated on 1 January 2023, based on the NPAT earned by M Jurgens during the financial year ending 31 December 2022, and will not exceed R49,500,000.

3.2 **Conditions precedent**

All conditions precedent in the agreement have been fulfilled.

3.3 **Warranties and undertakings**

The Transaction is subject to undertakings, warranties and indemnities which are normal for a transaction of this nature.

4. **FINANCIAL INFORMATION**

As at 1 January 2020 the value of the net assets that are the subject of the transaction, is R2.3 million and the profits attributable for the period 1 January 2019 to 31 December 2019 are, R12 375 000 with assets under advice of R 5 billion.

The above financial information has been extracted from the management accounts of M Jurgens for the 12-month period ended 31 December 2019 which were prepared in terms of the M Jurgens’ accounting policies and IFRS.

5. **CATEGORISATION OF THE TRANSACTION**

The acquisition is classified as a category 2 transaction in terms of the JSE Listings Requirements. Accordingly, it is not subject to the approval by shareholders.

28 February 2020

Designated advisor

The logo for JAVACAPITAL, featuring the word "JAVACAPITAL" in a bold, sans-serif font. A blue horizontal line is drawn across the letters "A" and "V", and another blue horizontal line is drawn across the letters "A" and "P".