

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this entire Circular, including the cover page, except where the context indicates a contrary intention.

**Action required by Shareholders**

This Circular is important and should be read in its entirety with particular attention to the section titled "Action required by Shareholders in relation to the Scheme", which commences on page 11 of this Circular. If you are in any doubt as to what action you should take, please consult your Broker, banker, legal advisor, CSDP or other professional advisor immediately. If you have disposed of all your Shares on or before Friday, 6 November 2020, this Circular should be handed to the purchaser of such Shares or to the Broker, banker, CSDP or other agent through whom the disposal was effected.

Anchor 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 any CSDP or Broker of any beneficial owner of Shares to notify such beneficial owner of the transactions as set out in this Circular or to take any action on behalf of such beneficial owner.



**ANCHOR GROUP LIMITED**

(Incorporated in the Republic of South Africa) (Registration number 2009/005413/06)

Share code: ACG ISIN: ZAE000193389

("Anchor" or "the Company" or "the Group")

**CIRCULAR TO SHAREHOLDERS**

regarding:

- a scheme of arrangement in terms of section 114(1)(e), read with section 115 of the Companies Act, proposed by the Anchor Board between Anchor and its Shareholders, in terms of which, the Shareholders will be entitled to elect that all or some of their Shares are repurchased for a cash consideration of R4.25 per Scheme Share, or that they elect to retain all or some of their Shares, and failing election shall be deemed to have elected that all of their Shares are repurchased for a cash consideration of R4.25 per Scheme Share;
- the Delisting of all Shares from the JSE and A2X pursuant to the implementation of the Scheme and the Delisting Resolution, proposed in terms of paragraphs 1.14 to 1.16 of the Listings Requirements, being approved;
- the amendment of the Share Incentive Scheme in order to allow for the Share Incentive Scheme to remain operative in the unlisted space, if the Scheme becomes operative and Anchor is delisted;
- the Comparable Offer to be made to Share Incentive Scheme Participants holding unexercised, vested Share options in terms of the Share Incentive Scheme with an exercise price of less than R4.25 per Share in terms of section 125(2) of the Companies Act;

and enclosing:

- a report prepared by the Independent Expert in terms of both section 114(3) of the Companies Act and the Listings Requirements;
- extracts of sections 114 and 115 of the Companies Act dealing with the approval requirements for fundamental transactions;
- section 164 of the Companies Act dealing with Dissenting Shareholders' Appraisal Rights and section 124 of the Companies Act dealing with compulsory acquisitions;
- the Notice of General Meeting;
- a Form of Proxy (*green*) and Election (*white*) (for use by Certificated Shareholders and Own-Name Dematerialised Shareholders only); and
- a Form of Surrender and Transfer (*blue*) in respect of the Scheme for use by Certificated Shareholders only.

**Financial Advisor and  
Transaction Sponsor**



**Legal Advisor**

**WHITE & CASE**

**Independent Expert**



Date of issue: **Monday, 16 November 2020.**

This Circular is available in English only. A copy hereof may be obtained during normal business hours from the registered office of Anchor, the address of which appears in the "Corporate Information and Advisors" section on page 1 of this Circular, from the date of issue of this Circular up to and including Thursday, 17 December 2020 both dates inclusive. An electronic version of this Circular is also available on Anchor's website <http://www.anchorgroup.co.za/#investor>

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## **IMPORTANT NOTICES**

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The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this section, except where the context indicates a contrary intention.

### **FOREIGN SHAREHOLDERS**

This Circular and the Transaction is governed by the laws of South Africa and has been prepared for the purposes of complying with the Listings Requirements, the Companies Act and the Takeover Regulations and is published in terms thereof and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa. The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

This Circular is not intended to and does not constitute or form part of an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This Circular does not constitute a prospectus or a prospectus-equivalent document. Shareholders are advised to read this Circular, which contains the full terms and conditions of the Transaction, with care.

Any decision to approve the Transaction or other response to the proposals should be made only on the basis of the information in this Circular.

The Transaction, which is the subject of this Circular, may be affected by the laws of the relevant jurisdictions of Foreign Shareholders. Foreign Shareholders must satisfy themselves as to the full observance of any applicable laws concerning the receipt of the Scheme Consideration, including (without limitation) obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes due in such jurisdiction. Foreign Shareholders who are in any doubt as to their positions should consult their professional advisors immediately.

### **FORWARD-LOOKING STATEMENTS**

This Circular contains statements about Anchor that are, or may be, forward-looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, expansion prospects or future capital expenditure levels and other economic factors, such as, *inter alia*, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Anchor cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Anchor operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions regarding Anchor, as made by Anchor, and although Anchor believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Anchor or not currently considered material by Anchor.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Anchor not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Anchor has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

Any forward-looking statement has not been reviewed nor reported on by the external auditors.

### **MATERIAL RISKS**

The Group’s detailed material risks to its businesses are available on the Company’s website at the following link:

<http://www.anchorgroup.co.za/#investor>

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## CORPORATE INFORMATION AND ADVISERS

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### Registration number and registered office

Anchor Group Limited:  
(Registration number: 2009/005413/06)  
25 Culross Road, Bryanston, Sandton, 2191  
(PO Box 1337, Gallo Manor, 2191)

Date and place of incorporation:  
18 March 2009, South Africa

### Independent Expert

DG Capital (Pty) Limited  
(Registration Number: 2005/000225/07)  
3rd Floor, 68 St Andrew Street,  
Birdhaven, 2196  
(PO Box 3061, Houghton, 2041)

### Financial Advisor and Transaction 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)

### Directors

Mike S Teke\* (Chairman)  
Peter G Armitage (Chief Executive Officer)  
Omair Z Khan (Chief Financial Officer)  
Tinyiko Mhlari\*\*  
Nick Dennis\*\*  
Keneiloe Sibisi\*\*  
Rob Fihrer\*  
\* Non-executive  
# Independent

### Legal Advisor

White & Case SA  
(incorporated in South Africa as Coetzer Whitley Inc.)  
(Registration number 2013/220413/21)  
1st Floor, Katherine Towers, 1 Park Lane,  
Wierda Valley Sandton, Johannesburg, 2196  
(PO Box 784440, Sandton 2146)

### Company Secretary

CIS Company Secretaries Proprietary Limited  
(Registration Number 2006/204994/07)  
Rosebank Towers, 15 Biermann Avenue,  
Rosebank, 2196  
(Private Bag X9000, Saxonwold, 2132)

### Transfer Secretaries

Link Market Services South Africa Proprietary  
Limited  
(Registration number 2000/007239/07)  
13th Floor, 19 Ameshoff Street,  
Braamfontein, 2000  
(PO Box 4844, Johannesburg, 2000)

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## SALIENT DATES AND TIMES

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The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this section, except where the context indicates a contrary intention.

Action	2020
Record date for Shareholders to be recorded in the Register in order to be entitled to receive this Circular (“Record Date”)	Friday, 6 November
Posting of this 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
<b>If the Scheme is approved by Shareholders at the General Meeting:</b>	
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
	<b>2021</b>
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, 4 January
<b>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:</b>	
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 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 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 Incentive 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 subject to change with the approval of the JSE and/or TRP, to the extent required. The dates have been determined based on certain assumptions regarding the dates by which certain regulatory approvals including, but not limited to, that of the JSE and TRP, will be obtained and that no Court approval of review of the Scheme Resolution will be required. Any change will be released on SENS.
2. Shareholders are referred to paragraph 4.8 of this Circular (which contains a summary of Dissenting Shareholders' Appraisal Rights in respect of the Scheme) regarding timing considerations relating to the Appraisal Rights held by Shareholders.
3. Shareholders should note that, as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore, persons who acquire Shares after close of trade on Tuesday, 8 December, will not be eligible to attend, participate in and vote at the General Meeting, as the Scheme Voting Record Date is Friday, 11 December. Provided the Scheme is approved and Shareholders acquire the Shares on or prior to the Scheme Last Day to Trade (expected to be Tuesday, 26 January), Shareholders will be eligible to participate in the Scheme, as the Scheme Consideration Record Date is Friday, 29 January.
4. In the event that a Shareholder lodges Forms of Proxy (*green*) and Election (*white*) with the Transfer Secretaries less than 48 hours (excluding Saturdays, Sundays and official public holidays) before the General Meeting, such Shareholder may submit Forms of Proxy (*green*) and Election (*white*) at any time before the due commencement of the General Meeting (or any adjournment of the General Meeting, or postponed or rescheduled General Meeting) before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting, or postponed or rescheduled General Meeting).
5. If the General Meeting is adjourned, postponed or rescheduled, Forms of Proxy (*green*) and Election (*white*) submitted for the initial General Meeting will remain valid in respect of any adjourned, postponed or rescheduled General Meeting.
6. All times given in this Circular are local times in South Africa.
7. If the Scheme becomes operative, Certificated Shares may not be Dematerialised or rematerialised after the Scheme Last Day to Trade.
8. Should sufficient Shareholders vote against the Scheme Resolution at the General Meeting so that a Shareholder may require Anchor to obtain Court approval regarding the Scheme Resolution as contemplated in section 115(3)(a) of the Companies Act, and if a Shareholder in fact delivers such a request, the dates and times set out above will need to be amended. Shareholders will be notified separately of the applicable dates and times under this process.
9. If any Shareholder who votes against the Scheme Resolution exercises its rights in terms of section 115(3)(b) of the Companies Act and applies to Court for a review of the Scheme Resolution, the dates and times set out above will need to be amended. Shareholders will be notified separately of the applicable dates and times under this process.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless the context indicates a contrary intention, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa*, and the following words and expressions bear the meanings assigned to them below:

“A2X”	means A2X Proprietary Limited (registration number 2014/147138/07), a private company incorporated in South Africa and licenced to operate an exchange under the Financial Markets Act, or the securities exchange operated by A2X Proprietary Limited, as the context may require;
“Anchor” or the “Company”	means Anchor Group Limited (Registration number: 2009/005413/06), a public company incorporated in accordance with the laws of South Africa on 18 March 2009, the Shares of which are listed on the Alternative Exchange of the JSE;
“Anchor Board” or “Anchor Directors” or “Board” or “Directors”	means the directors of Anchor as at the Last Practicable Date, whose names are set out on page 1 of this Circular;
“Anchor Capital”	Anchor Capital Proprietary Limited (Registration number: 2009/002925/07), a private company incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Anchor;
“Anchor Shareholders” or “Shareholders”	means the holders of Anchor Shares recorded in the Register at the relevant time(s);
“Anchor Shares” or “Shares”	means the ordinary shares of no par value in the share capital of Anchor;
“Annexures”	means the annexures attached to this Circular;
“Appraisal Rights”	means the rights afforded to Shareholders under section 164 of the Companies Act, as set out in Annexure 6 of this Circular;
“Authorised Dealer”	means a person authorised to deal in foreign exchange as contemplated in the Exchange Control Regulations;
“Bridge Loan”	shall bear the meaning ascribed thereto in paragraph 8.1.1;
“Bridge Loan Obligors”	means together, Anchor Capital, Anchor Securities Holdings (Pty) Ltd, Erudite Financial Services Proprietary Limited, and Anchor Stockbrokers Limited;
“Broker”	means any person registered as a “broking member (equities)” in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
“Business Day”	means any day other than a Saturday, Sunday or gazetted national public holiday in South Africa;
“Cash Guarantee”	means the irrevocable, unconditional bank guarantee (in conformity with regulations 111(4) and 111(5) of the Takeover Regulations) in respect of the maximum possible Scheme Consideration, securities transfer tax thereon and the maximum possible Comparable Offer Consideration procured from RMB by Anchor and delivered to the TRP;
“CCPI”	means Capricorn Capital Partners Investments Proprietary Limited (Registration number 2003/030529/07), a private company duly incorporated in accordance with the laws of South Africa and a 6.3% Shareholder in Anchor as described in paragraph 17.1 of this Circular;
“CCPI Subscription”	means, subject to the Scheme becoming operative and the Delisting occurring, the subscription by CCPI as described in paragraph 8.5 of this Circular;
“CCPI Subscription Agreement”	means the subscription agreement entered into between CCPI and Anchor on or about 13 November 2020, which agreement, <i>inter alia</i> , governs the CCPI Subscription;

“Certificate” or “Certificated”	means the process by which electronic records of ownership of shares are replaced with paper share certificates and/or other Documents of Title;
“Certificated Shareholders”	means all registered holders of Certificated Shares;
“Certificated Shares”	means Shares that have not been Dematerialised, the title to which is evidenced by a share certificate or other Document of Title;
“the/this Circular”	means this entire bound document dated Monday, 16 November including the Annexures hereto, the Notice and a Form of Proxy ( <i>green</i> ) and Election ( <i>white</i> ) and a Form of Surrender and Transfer ( <i>blue</i> );
“Common Monetary Area”	means South Africa, the Republic of Namibia and the Kingdoms of Lesotho and eSwatini;
“Companies Act”	means the Companies Act, No. 71 of 2008, as amended, and, where appropriate, includes a reference to the Companies Regulations;
“Companies Regulations” or “Regulations”	means the Companies Regulations 2011, promulgated in terms of section 223 of the Companies Act and Item 14 of Schedule 5 to the Companies Act under GN R351 in GG 34239 of 26 April 2011 (which include the Takeover Regulations);
“Comparable Offer”	means the comparable offer, as contemplated in section 125(2) of the Companies Act, to pay Share Incentive Scheme Participants holding unexercised, vested Share options in terms of the Share Incentive Scheme with an exercise price of less than R4.25 per Share the Comparable Offer Consideration for each unexercised, vested Share option with an exercise price of less than R4.25 per Share held by a Share Incentive Scheme Participant;
“Comparable Offer Consideration”	means, for each unexercised, vested Share option with an exercise price of less than R4.25 per Share held by a Share Incentive Scheme Participant the difference between R4.25 and the exercise price of such unexercised, vested Share option;
“Court”	means any South African court with competent jurisdiction to approve the implementation of the Scheme Resolution set out in the Notice of General Meeting pursuant to section 115 of the Companies Act and/or to review the Scheme;
“COVID-19”	means Corona 2, SARS-CoV-2, a novel respiratory tract virus that has resulted in a global pandemic and restrictions on trade and movement all around the world and in particular in South Africa in terms of a declaration of a National State of Disaster by the President of South Africa on 15 March 2020;
“CSDP”	means a Central Securities Depository Participant registered as a “participant” in terms of the Financial Markets Act;
“CTC”	in relation to a company, the contributed tax capital as defined in section 1 of the Income Tax Act of that company;
“Custody Agreement”	means the custody mandate agreement between a Dematerialised Shareholder and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held by a Dematerialised Shareholder on Anchor’s uncertificated securities register administered by a CSDP or Broker on behalf of that Dematerialised Shareholder;
“Delisting”	means the termination of the listing of the Shares on the JSE pursuant to the Scheme becoming operative;
“Delisting Resolution”	means the Ordinary Resolution to be proposed at the General Meeting to approve the Delisting in terms of paragraphs 1.15(a) and 1.16 of the Listings Requirements;
“Dematerialised” or “Dematerialisation”	means the process whereby paper share certificates or other Documents of Title are replaced with electronic records of ownership in respect of Shares or securities, with a CSDP or Broker, as contemplated in section 49(5) of the Companies Act and under the Strate system;
“Dematerialised Shareholders”	means all registered holders of Dematerialised Shares;

“Dematerialised Shares”	means Shares that have been Dematerialised or have been issued in Dematerialised form, and which are held in electronic form on Anchor’s uncertificated securities register administered by a CSDP or Broker;
“Dissenting Shareholders”	means Shareholders who: (i) validly exercise their Appraisal Rights by demanding, in accordance with the requirements of sections 164(5) to 164(8) of the Companies Act, that Anchor pay them the fair value of all of their Shares; (ii) do not withdraw that demand before Anchor makes an offer to them in accordance with the requirements of section 164(11) of the Companies Act; and (iii) do not, after an offer is made to them by Anchor in accordance with the requirements of section 164(11) of the Companies Act, allow such offer to lapse in terms of section 164(12)(b) of the Companies Act;
“Documents of Title”	means valid share certificates, certified transfer deeds, balance receipts or any other proof of ownership of Shares acceptable to Anchor;
“EFT”	means an electronic funds transfer;
“Exchange Control Regulations”	means the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
“Excluded Dissenting Shareholders”	Dissenting Shareholders who accept an offer made to them by Anchor in accordance with the requirements of section 164(11) of the Companies Act or, pursuant to an order of Court, tender their Shares to Anchor in accordance with the requirements of section 164(15) of the Companies Act;
“Excluded Shareholders”	means the Excluded Dissenting Shareholders and any company within the Anchor Group that holds Treasury Shares;
“Facilities Agreement”	means the written agreement dated 13 November entitled “Facilities Agreement”, entered into, between, Anchor (as borrower) and RMB (as <i>inter alia</i> lender and facility agent);
“Finance Documents”	means each document designated as a “Finance Document” under the Facilities Agreement;
“Financial Markets Act”	means the Financial Markets Act, No. 19 of 2012, as amended;
“Firm Intention Announcement”	means the announcement by Anchor setting out the terms of a firm intention by Anchor to effect the Transaction, as released on SENS on Friday, 13 November 2020;
“Foreign Shareholders”	means a Shareholder who has a registered address outside South Africa and/or who is a national, citizen or resident of a country other than South Africa;
“Forms of Proxy and Election”	means the form of proxy ( <i>green</i> ) and election ( <i>white</i> ) attached hereto and forming part of this Circular;
“Form of Surrender and Transfer”	means the form of surrender and transfer ( <i>blue</i> ) of Documents of Title attached to this Circular;
“General Meeting”	means the general meeting of Anchor Shareholders to be held at 10:00 on Thursday, 17 December 2020 (or any rescheduled, postponed or adjourned date and time in accordance with, amongst others, the provisions of section 64 of the Companies Act and the MOI, as read with the Listings Requirements) 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, 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;
“Group”	means Anchor and its subsidiaries from time to time;
“Income Tax Act”	means Income Tax Act, No. 58 of 1962, and the regulations thereunder as amended from time to time;

“Independent Board”	means the independent Directors of the Board, being: T Mhlari, N Dennis, K Sibisi, appointed to fulfil the role of an “independent board”, as contemplated in regulation 108 of the Takeover Regulations, all of whom are independent as contemplated in regulation 108(8) of the Takeover Regulations;
“Independent Expert”	means the independent expert appointed to provide the appropriate independent advice to the Independent Board in respect of the Transaction, being DG Capital (Pty) Limited (Registration Number: 2005/000225/07), a private company incorporated in accordance with the laws of South Africa;
“Irrevocable Shareholders”	means Anchor Shareholders which have provided the Irrevocable Undertakings, as further set out in paragraph 9 of this Circular;
“Irrevocable Undertakings”	means the undertakings provided by the Irrevocable Shareholders in terms of which the Irrevocable Shareholders have undertaken, <i>inter alia</i> , in respect of their Shares to vote in favour of the Scheme Resolution and the Delisting Resolution;
“JSE”	means the JSE Limited (Registration number: 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	means Thursday, 12 November 2020, being the last practicable date prior to the finalisation of this Circular;
“Legal Advisor”	means White and Case SA, (incorporated in South Africa as Coetzer Whitley Inc.) (Registration number 2013/220413/21);
“Listings Requirements”	means the Listings Requirements of the JSE, as amended;
“Longstop Date”	has the meaning given to such term in paragraph 4.2 of this Circular;
“Masimong”	means Masimong Group Holdings Proprietary Limited (Registration number: 2013/236838/07), a private company duly incorporated in accordance with the laws of South Africa and a 11.8% Shareholder in Anchor as described in paragraph 17.1 of this Circular;
“Masimong Subscription”	means, subject to the Scheme becoming operative and the Delisting occurring, the subscription by Masimong for Shares, as described in paragraph 8.4 of this Circular;
“Masimong Subscription Agreement”	means the subscription agreement entered into between Masimong and Anchor on or about 13 November 2020, which agreement, <i>inter alia</i> , governs the Masimong Subscription;
“MOI”	means the memorandum of incorporation of Anchor;
“Non-SA Tax Resident”	means a person (natural or juristic) that does not meet the definition of “resident” in section 1 of the Income Tax Act;
“Notice of General Meeting” or “Notice”	means the notice of General Meeting attached hereto and forming part of this Circular;
“Operative Date” or “Scheme Operative Date”	means the Business Day on which Anchor will settle the Scheme Consideration to Repurchase Scheme Participants, being the first Business Day following the Scheme Consideration Record Date, which is expected to be Monday, 1 February 2021;
“Ordinary Resolution”	means a resolution adopted by Shareholders with the support of more than 50% of the voting rights exercised on the resolution or such higher percentage of voting rights as may be prescribed by the Listings Requirements;
“Own-Name Dematerialised Shareholders”	means Dematerialised Shareholders who have instructed their CSDP to hold their Shares in their own-name on the Sub-Register;
“Qualifying SA Corporate(s)”	means a Dematerialised Shareholder in respect of whom the relevant CSDP, Broker or other Regulated Intermediary has, by no later than 12:00 on the Scheme Consideration Record Date, informed the Transfer Secretaries that such Dematerialised Shareholder has submitted to it the prescribed documentation contemplated in section 64G(2)(a) of the Income Tax Act on which it has indicated that it is a SA Corporate; or

a Certificated Shareholder which has, by no later than 12:00 on the Scheme Consideration Record Date, submitted to Anchor the prescribed documentation contemplated in section 64G(2)(a) of the Income Tax Act on which it has indicated that it is a SA Corporate;

“Rand” or “R”	means South African Rand, the official currency of South Africa;
“Register”	means Anchor’s securities register maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act, including the relevant Sub-Registers and the register of disclosures of Anchor;
“Regulated Intermediary”	means a regulated intermediary as contemplated in section 64D of the Income Tax Act;
“Remaining Shareholders”	means CCPI, Masimong and, by virtue of his controlling stake in Masimong, Michael Teke (direct and indirect holdings);
“Repurchase”	means the proposed repurchase by Anchor of its own Shares in terms of section 48 of the Companies Act;
“Resolutions”	means the Ordinary Resolutions and Special Resolution to be approved by the requisite majority of Shareholders at the General Meeting as set out in the Notice, which resolutions will, <i>inter alia</i> , authorise and approve the Transaction;
“RMB”	means FirstRand Bank Limited (acting through its Rand Merchant Bank division) (Registration Number: 1929/001225/06) a public company incorporated in accordance with the laws of South Africa;
“SA Corporate”	means a person envisaged in section 64F(1)(a) of the Income Tax Act being “a company which is a resident” for tax purposes in South Africa;
“SA Tax Resident”	means a person (natural or juristic) that meets the definition of “resident” in section 1 of the Income Tax Act;
“Scheme”	means the scheme of arrangement in terms of section 114(1)(e) of the Companies Act, proposed by the Anchor Board between Anchor and Scheme Participants, in terms of which, if the such scheme of arrangement becomes operative, Anchor will repurchase the Repurchase Scheme Schemes as tendered by the Repurchase Scheme Participants, with the Repurchase Scheme Participants being obliged to transfer their rights, title and interest in and to the Repurchase Scheme Shares to Anchor in exchange for the Scheme Consideration, subject to the Scheme Participants’ Appraisal Rights;
“Scheme Conditions Precedent”	means the conditions precedent to which the Scheme is subject, as set out in paragraph 4.2 of this Circular;
“Scheme Consideration”	means the gross amount of R4.25 per Repurchase Scheme Share held by Repurchase Scheme Participants on the Scheme Consideration Record Date which constitutes a dividend for tax purposes for Repurchase Scheme Participants who are SA Corporates or a return of capital and made out of CTC for all Repurchase Scheme Participants other than SA Corporates;
“Scheme Consideration Record Date”	means the third Business Day after the Scheme Last Day to Trade, being the latest date for holders of Shares to be registered as such in the Register in order to receive the Scheme Consideration, which date is expected to be Friday, 29 January 2021;
“Scheme Last Day to Trade”	means the last day to trade Shares on the JSE in order to be registered in the Register on the Scheme Consideration Record Date, which date is expected to be Tuesday, 26 January 2021;
“Scheme Participants” or “Repurchase Scheme Participants”	means the Shareholders, other than the Excluded Shareholders, who are registered as such in the Register on the Scheme Consideration Record Date and are therefore entitled to elect whether they voluntarily tender all or some of their Shares to Anchor or elect to remain invested in Anchor in the unlisted space following Delisting (Shareholders who fail to make an election will be deemed to have elected to voluntarily tender all of their Shares to Anchor);
“Scheme Resolution”	means the Special Resolution required to be approved by Shareholders in order to implement and give effect to the Scheme;

“Scheme Shares” or “Repurchase Scheme Shares”	means all of the Shares held by Scheme Participants on the Scheme Consideration Record Date;
“Scheme Voting Record Date”	means the last date to be recorded in the Register in order for Shareholders to be eligible to attend, speak and vote at the General Meeting (or any adjourned, postponed or rescheduled General Meeting), being Friday, 11 December 2020;
“SENS”	means the Stock Exchange News Service, operated by the JSE;
“Share Incentive Scheme”	means The Anchor Group Limited Share Scheme in place as at listing of Anchor, on 16 September 2014;
“Share Incentive Scheme Amendment”	means the proposed amendment to the Share Incentive Scheme as described in paragraph 5 of this Circular (and as is set out in Annexure 1 to the Notice of General Meeting) to allow for the Share Incentive Scheme to remain operative in the unlisted space, if the Scheme becomes operative and Anchor is delisted;
“Share Incentive Scheme Amendment Resolution”	means the Ordinary Resolution (requiring at least 75% of the voting rights exercised thereon in order to be passed) to be proposed at the General Meeting to approve the Share Incentive Scheme Amendment;
“Share Incentive Scheme Participant”	means Anchor employees who are participants of the Share Incentive Scheme;
“Share Incentive Scheme Waiver Agreements”	means the waiver agreements which Anchor aims to enter into with each of the Share Incentive Scheme Participants that hold vested rights in terms of the Share Incentive Scheme in terms of which, <i>inter alia</i> , such Share Incentive Scheme Participants consent to the proposed Share Incentive Scheme Amendments and choose whether or not to waive the Comparable Offer made to him/her;
“South Africa”	means the Republic of South Africa;
“Special Resolution”	a resolution adopted by Shareholders with the support of more than 75% of the voting rights exercised on the resolution;
“Strate”	means Strate Proprietary Limited (Registration number: 1998/022242/07), a private company incorporated in accordance with the laws of South Africa, which is a registered central securities depository in terms of the Financial Markets Act and which is responsible for the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades;
“Sub-Register”	means the sub-register of Dematerialised Shareholders, maintained by a CSDP and forming part of the Register;
“Takeover Regulations”	means the regulations published in terms of section 120 of the Companies Act and set out in Chapter 5 of the Companies Regulations;
“Term Loan Obligors”	Anchor, Anchor Capital Mauritius, Anchor Securities Johannesburg Holdings Proprietary Limited, Erudite Financial Services Proprietary Limited, Anchor Securities Holdings (Pty) Ltd and Capricorn Fund Managers Proprietary Limited and all other current or future wholly owned subsidiaries;
“Transaction”	means the transactions proposed in this Circular, being collectively, the Scheme, the Delisting and Share Incentive Scheme Amendment;
“Transfer Secretaries” or “Link Market Services”	means Link Market Services South Africa Proprietary Limited (Registration number 2000/007239/07), a private company incorporated in accordance with the laws of South Africa and the Transfer Secretaries of Anchor;
“Treasury Shares”	means treasury shares defined in the Listings Requirements and including Shares held by any company within the Anchor Group (in each case which are non-voting on any resolution proposed in terms of the Listings Requirements); and
“TRP”	means the Takeover Regulation Panel, established in terms of section 196 of the Companies Act.

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## **ACTION REQUIRED BY SHAREHOLDERS**

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This Circular is important and requires your immediate attention. The actions you need to take are set out below.

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this section, except where the context indicates a contrary intention.

Please take careful note of the following provisions regarding the actions required of Shareholders:

- if you are in any doubt as to the action you should take, please consult your CSDP, Broker, legal advisor, accountant, banker or professional advisor immediately;
- if you have disposed of all your Shares, then this Circular, together with the accompanying Notice of General Meeting and Forms of Proxy (*green*) and Election (*white*) and Form of Surrender and Transfer (*blue*), should be forwarded to the purchaser to whom, or the Broker, agent, CSDP or banker through whom you disposed of your Shares;
- in order for the Scheme to become operative, among other things, the Scheme Resolution must be adopted at the General Meeting; and
- the Independent Board and the Anchor Board have recommended that Shareholders vote in favour of the Scheme Resolution.

### **1. ELECTRONIC GENERAL MEETING**

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, at 10:00 on Thursday, 17 December 2020 (or any other adjourned, postponed or rescheduled date and time in accordance with, amongst others, the provisions of section 64 of the Companies Act and the MOI, as read with the Listings Requirements) to consider and, if deemed fit, pass, with or without modification, the Resolutions required to authorise and effect the implementation of the Transaction. The Notice of General Meeting is attached to, and forms part of, this Circular. Shareholders are referred to paragraph 2.4 of this Circular for details to enable Shareholders or their proxies to access the electronic General Meeting.

### **2. ATTENDANCE AND VOTING AT THE GENERAL MEETING**

#### **2.1 Dematerialised Shareholders without own-name registration:**

If you (or the relevant holder of voting rights as contemplated in section 57(1) of the Companies Act) wish to attend the General Meeting, you (or the relevant holder of voting rights) should instruct your CSDP or Broker to issue you (or the relevant holder of voting rights) with the necessary letter of representation to attend the General Meeting in person, in the manner stipulated in the Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.

You will not be permitted to attend, participate in or vote at the General Meeting, nor to appoint a proxy to represent you at the General Meeting, without the necessary letter of representation being issued to you.

If you (or the relevant holder of voting rights) do not wish to, or are unable to attend the General Meeting, but wish to vote at the General Meeting, you (or the relevant holder of voting rights) should provide the CSDP or Broker with your voting instructions, in the manner stipulated in the Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature. If the CSDP or Broker does not obtain voting instructions, it will be obliged to vote in accordance with the instructions contained in the Custody Agreement.

If your CSDP or Broker does not obtain instructions from you, your CSDP or Broker will be obliged to act in accordance with the instructions contained in the Custody Agreement concluded between you and your CSDP or Broker.

If you have not been contacted, it would be advisable for you to contact your CSDP or Broker immediately and furnish your CSDP or Broker with your instructions.

#### **2.1.1 Election to voluntarily tender all or some of your Shares or remain invested in Anchor**

If you do not wish to receive the default option as defined in paragraph 4.1.1 of this Circular to elect to voluntarily tender all of your Shares to Anchor, you must, by informing your Broker or your CSDP, advise whether you elect to voluntarily tender all or some of your Shares to Anchor or elect to remain invested in Anchor in the unlisted space following Delisting.

Subject to the passing of the Scheme Resolution and to the Scheme becoming unconditional, in the absence of an election being received by the Transfer Secretaries by 12:00 on Friday, 29 January 2021, you will be deemed to have elected the default option as noted above.

You must NOT complete the attached Forms of Proxy (*green*) and Election (*white*).

## 2.2 Own-Name Dematerialised Shareholders:

Subject to section 57(1) of the Companies Act, you may attend, participate and vote at the General Meeting in person. Alternatively, if you (or the person entitled to do so in terms of section 57(1) of the Companies Act, as the case may be) do not wish to or are unable to attend the General Meeting and wish to be represented thereat, you (or such person) must complete the attached Forms of Proxy (*green*) and Election (*white*) in accordance with the instructions therein and return it to the Transfer Secretaries, to be received preferably by no later than 48 hours before the General Meeting, i.e. by 10:00 on Monday, 14 December 2020. Should the Forms of Proxy (*green*) and Election (*white*) not be lodged with the Transfer Secretaries by 10:00 on Monday, 14 December 2020, it may be handed to the chairperson of the General Meeting before the proxy exercises the voting rights of the Shareholder at the General Meeting or adjourned, postponed or rescheduled General Meeting (as the case may be).

### 2.2.1 Election to voluntarily tender all or some of your Shares or remain invested in Anchor

If you do not wish to receive the default option as defined in paragraph 4.1.1 of this Circular to elect to voluntarily tender all of your Shares to Anchor, you must, by completing the relevant section of the attached Forms of Proxy (*green*) and Election (*white*), advise whether you elect to voluntarily tender all or some of your Shares to Anchor or elect to remain invested in Anchor in the unlisted space following Delisting.

Subject to the passing of the Scheme Resolution and to the Scheme becoming unconditional, in the absence of an election being received by the Transfer Secretaries by 12:00 on Friday, 29 January 2021, you will be deemed to have elected the default option as noted above.

The Forms of Proxy (*green*) and Election (*white*) may be delivered by hand or sent by email or mail to the following addresses:

If delivered by hand

Link Market Services South Africa Pty Limited  
13th Floor, 19 Ameshoff Street, Braamfontein, 2000

If sent by email

meetfax@linkmarketservices.co.za

## 2.3 Certificated Shareholders:

Subject to sections 56 and 57 of the Companies Act, you may attend, participate and vote at the General Meeting in person.

Alternatively, if you (or the person entitled to do so in terms of section 57(1) of the Companies Act, as the case may be) do not wish to or are unable to attend the General Meeting and wish to be represented thereat, you (or such person) must complete the attached Forms of Proxy (*green*) and Election (*white*) in accordance with the instructions therein and return it to the Transfer Secretaries, to be received preferably by no later than 48 hours before the General Meeting, i.e. by 10:00 on Monday, 14 December 2020. Should the Forms of Proxy (*green*) and Election (*white*) not be lodged with the Transfer Secretaries by 10:00 on Monday, 14 December 2020, it may be handed to the chairperson of the General Meeting or adjourned, postponed or rescheduled General Meeting before the proxy exercises the voting rights of the Shareholder at the General Meeting or adjourned, postponed or rescheduled General Meeting (as the case may be).

### 2.3.1 Election to voluntarily tender all or some of your Shares or remain invested in Anchor

If you do not wish to receive the default option as defined in paragraph 4.1.1 of this Circular to elect to voluntarily tender all of your Shares to Anchor, you must, by completing the relevant section of the attached Forms of Proxy (*green*) and Election (*white*), advise whether you elect to voluntarily tender all or some of your Shares to Anchor or elect to remain invested in Anchor in the unlisted space following Delisting.

Subject to the passing of the Scheme Resolution and to the Scheme becoming unconditional, in the absence of an election being received by the Transfer Secretaries by 12:00 on Friday, 29 January 2021, you will be deemed to have elected the default option as noted above.

The Forms of Proxy (*green*) and Election (*white*) may be delivered by hand or sent by email or mail to the following addresses:

If delivered by hand  
Link Market Services South Africa Pty Limited  
13th Floor, 19 Ameshoff Street, Braamfontein, 2000  
If sent by email  
meetfax@linkmarketservices.co.za

#### 2.4 Electronic participation and voting at the General Meeting

The General Meeting will only be accessible via electronic facility/communication in terms of section 63(2)(a) of the Companies Act, and as permitted in terms of the Listings Requirements and the Company's MOI.

Shareholders who wish to electronically participate in and/or vote at the General Meeting are required to contact Link Market Services on meetfax@linkmarketservices.co.za as soon as possible, but in any event, for administrative purposes only, by no later than 10:00 on Monday, 14 December 2020. However, this will not in any way affect the rights of Shareholders to register for the General Meeting after this date, provided, however, that only those Shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the General Meeting will be allowed to participate in and/or vote by electronic means. Shareholders are strongly encouraged to submit votes by proxy before the General Meeting. If Shareholders wish to attend the General Meeting, they should instruct their CSDP or Broker to issue them with the necessary letter of representation to attend the General Meeting in person, in the manner stipulated in your Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.

Link Market Services will assist Shareholders with the requirements for electronic participation in, and/or voting at, the General Meeting. Link Market Services is further obliged to validate (in correspondence with Anchor and, in particular, the Transfer Secretaries and your CSDP) each such Shareholder's entitlement to participate in and/or vote at the General Meeting, before providing it with the necessary means to access the General Meeting and/or the associated voting forms.

Shareholders will be liable for their own network charges and expenses in relation to electronic participation in the General Meeting. Any such charges will not be for the account of Anchor or the Transfer Secretaries. None of Anchor or the Transfer Secretaries can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which may prevent any such Shareholder from participating in the General Meeting.

Notwithstanding the above, Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the General Meeting. Shareholders are strongly encouraged to submit votes by proxy in advance of the General Meeting.

Please forward all relevant information to the below mentioned:

Link Market Services South Africa Pty Limited  
13th Floor, 19 Ameshoff Street, Braamfontein  
Email: meetfax@linkmarketservices.co.za

#### 2.5 Tax

##### **Repurchase Scheme Participants**

###### *General*

The Scheme Consideration constitutes:

1. a dividend for tax purposes for Repurchase Scheme Participants who are SA Corporates; or
2. a return of capital out of CTC as defined in the Income Tax Act for all Repurchase Scheme Participants other than SA Corporates.

###### *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 Repurchase Scheme Participant. It is recommended that Repurchase Scheme Participants should consult their professional advisors immediately, if they are in any doubt as to their tax position.

### **Share Incentive Scheme Participants**

To the extent that a Share Incentive 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 Incentive Scheme Participant and the tax jurisdiction applicable to such Share Incentive Scheme Participant. It is recommended that Share Incentive Scheme Participants seek advice from appropriate professional advisors if they are in any doubt whatsoever about their tax position.

## **3. GENERAL**

### **3.1 Approval of the Scheme at the General Meeting**

Without derogating from the quorum requirements set out in the MOI (which are reflected under the “QUORUM” section of the Notice of General Meeting), the Scheme and Repurchase of Shares must be approved by a Special Resolution of Shareholders, in accordance with sections 48(8)(a), 48(8)(b), 114(1)(e) and 115(2)(a) of the Companies Act, at the General Meeting at which sufficient Shareholders must be present to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on the Scheme Resolution. In order to be approved, the Scheme Resolution must be supported by at least 75% of the voting rights exercised on the resolution. CCPI, Masimong and Michael Teke will not vote on the Scheme Resolution.

### **3.2 Court approval**

Shareholders are advised that, in terms of section 115(3) of the Companies Act, Anchor may in certain circumstances not proceed to implement the Scheme without the approval of the Court, despite the fact that Scheme Resolution has been adopted at the General Meeting. A copy of section 115 of the Companies Act pertaining to the required approval for the Scheme is set out in Annexure 5 to this Circular and a summary is contained in paragraph 4.5 of this Circular.

### **3.3 Dissenting Shareholders**

A Shareholder who is entitled to vote at the General Meeting is entitled to seek relief in terms of section 164 of the Companies Act if that Shareholder:

- notified Anchor in advance and in writing of its intention to oppose the Scheme Resolution;
- was present at the General Meeting;
- voted against the Scheme Resolution; and
- sent Anchor a demand contemplated in section 164(5) of the Companies Act.

A copy of section 164 of the Companies Act pertaining to Dissenting Shareholders’ Appraisal Rights is set out in Annexure 6 to this Circular and a summary is contained in paragraph 4.8 of this Circular.

## **4. TRP APPROVALS**

Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of “affected transactions”, as defined in section 117(1)(c) of the Companies Act, when it approves such transactions.

## **5. LOST OR DESTROYED DOCUMENTS OF TITLE IN RESPECT OF CERTIFICATED SHAREHOLDERS**

If Documents of Title have been lost or destroyed, Certificated Shareholders should nevertheless return the Form of Surrender and Transfer (*blue*) duly signed and completed. The Transfer Secretaries shall issue a suitable indemnity form to such Certificated Shareholder, such indemnity form to be in a form and substance acceptable to Anchor (in its sole and absolute discretion) and Anchor and the Transfer Secretaries must be satisfied that the Documents of Title have been lost or destroyed.

Only upon receipt of such indemnity form duly completed and signed by such Certificated Shareholder, to be received by 12:00 on the Scheme Consideration Record Date, will Anchor consider the action taken by such Certificated Shareholder in terms of the Scheme.

## 6. SURRENDER OF DOCUMENTS OF TITLE

### 6.1 Dematerialised Shareholders

You do not have to surrender any Documents of Title. This will be done by your CSDP or Broker. You must NOT complete the attached Form of Surrender and Transfer (*blue*).

### 6.2 Certificated Shareholders

If the Scheme becomes operative, you will be required to surrender your Documents of Title in respect of all your Repurchase Scheme Shares in order to claim the Scheme Consideration payable or deliverable to you based on your election. If you wish to expedite receipt of the Scheme Consideration and surrender your Documents of Title in anticipation of the Scheme becoming operative, you should complete the attached Form of Surrender and Transfer (*blue*) and return it, together with the relevant Documents of Title relating to all your Shares, in accordance with the instructions contained therein, to the Transfer Secretaries, Link Market Services South Africa Pty Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2000 or PO Box 4844, Johannesburg, 2000, by 12:00 on the Scheme Consideration Record Date.

If Documents of Title relating to any Shares to be surrendered are lost or destroyed, Anchor may dispense with the surrender of such Documents of Title upon production of evidence satisfactory to Anchor that the Documents of Title to the Shares in question have been lost or destroyed and upon provision of a suitable indemnity on terms satisfactory to Anchor. Accordingly, if the Documents of Title in respect of any of your Shares have been lost or destroyed, you should nevertheless return the attached Form of Surrender and Transfer (*blue*), duly signed and completed, together with a duly signed and completed indemnity form which is obtainable from the Transfer Secretaries.

Should you surrender your Documents of Title in anticipation of the Scheme becoming operative and the Scheme then does not become operative, the Transfer Secretaries shall, within five Business Days, from the date upon which it becomes known that the Scheme will not be implemented, or on receipt by the Transfer Secretaries of the relevant Documents of Title, return the Documents of Title to you, by registered post, at your own risk.

## 7. DEMATERIALISATION OR REMATERIALISATION OF AND TRADING IN SCHEME SHARES

You are not required to Dematerialise your Shares in order to participate in the Scheme. If you wish to Dematerialise your Scheme Shares, please contact the Transfer Secretaries or your CSDP or Broker. You should note that, once you have surrendered your Documents of Title in respect of your Scheme Shares, in anticipation of the Scheme becoming operative, you may not Dematerialise or trade any of the Scheme Shares to which those Documents of Title relate.

No Dematerialisation or re-materialisation of Scheme Shares may take place:

- from the Business Day following the last day to trade prior to the General Meeting up to and including the Scheme Voting Record Date in respect of the General Meeting; and
- if the Scheme becomes operative, on or after the Business Day following the Scheme Last Day to Trade.

Should the Scheme not become operative, the Transfer Secretaries shall, within five Business Days of receipt by the Transfer Secretaries of the required Documents of Title, return the Documents of Title to you, by registered post, at your own risk.

## 8. POSTING FORMS OF SURRENDER AND TRANSFER AND DOCUMENTS OF TITLE

Forms of Surrender and Transfer (*blue*) and Documents of Title that are sent through the post are sent at the risk of the Shareholder concerned. Accordingly, Shareholders should take note of postal delivery times so as to ensure that the forms and relevant Documents of Title are received timeously. It is therefore recommended that such forms and Documents of Title rather be sent by registered post or delivered by hand to the Transfer Secretaries.

## 9. OTHER

The contents of this Circular do not purport to constitute legal advice or to comprehensively deal with the legal, regulatory and tax implications of the Scheme or any other matter for each Shareholder. Shareholders are accordingly advised to consult their professional advisors about their personal legal, regulatory and tax positions regarding the Scheme or any other matter and, in particular, the receipt of the Scheme Consideration, as applicable.

Anchor does not accept responsibility and will not be held liable for any act of, or omission by, any CSDP or Broker, including, without limitation, any failure on the part of the CSDP or Broker or any registered holder of Scheme Shares to notify the holder of any beneficial interest in those Scheme Shares in respect of the Scheme or any other matter set out in this Circular.

## **CIRCULAR TO SHAREHOLDERS**

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### **1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR**

Shareholders are referred to the Firm Intention Announcement published on SENS on Friday, 13 November 2020, wherein Shareholders were advised that the Anchor Board had resolved to propose:

- 1.1 a scheme of arrangement in terms of section 114(1)(e), read with section 115 of the Companies Act, between Anchor and its Shareholders, in terms of which Shareholders will be entitled to elect that all or some of their Shares are repurchased for a cash consideration of R4.25 per Scheme Share, or that they elect to retain all or some of their Shares, and failing election shall be deemed to have elected that all of their Shares are Repurchased for a cash consideration of R4.25;
- 1.2 the Comparable Offer will be made to the Share Incentive Scheme Participants;
- 1.3 the subsequent Delisting of all Shares from the JSE, in terms of paragraph 1.17(b) of the Listings Requirements, pursuant to the implementation of the Scheme and the Delisting Resolution being passed; and
- 1.4 amendments to the current Share Incentive Scheme to ensure that the Share Incentive Scheme is operable following the Delisting.

Implementation of the Scheme is subject to the fulfilment or waiver, as the case may be, of the Scheme Conditions Precedent including, *inter alia*, approval of the Scheme Resolution by Shareholders.

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.

The Independent Board and the Anchor Board are in unanimous support of the Scheme and recommend that Shareholders vote in favour of the Resolutions, including the Scheme Resolution, the Delisting Resolution and the Share Incentive Scheme Amendment Resolution.

In the event that the Scheme becomes operative and the Delisting is approved by Shareholders entitled to vote on the Delisting Resolution, the JSE has granted approval for the suspension of the listing of the Shares on the JSE with effect from the commencement of trade on the JSE on the day following the Scheme Last Day to Trade, which is expected to be Wednesday, 27 January 2021, and the termination of the listing of the Shares on the JSE from the commencement of trade on the day following the Operative Date, which is expected to be Tuesday, 2 February 2021.

The purpose of this Circular is to provide Shareholders with terms and conditions of the Scheme, Delisting and the Share Incentive Scheme Amendment including, *inter alia*, the report of the Independent Expert prepared in terms of section 114(3) of the Companies Act and the Listings Requirements, the recommendation of the Independent Board in respect of the Scheme, and to give notice convening the General Meeting in order to consider and, if deemed fit, to pass, with or without modification, the Resolutions necessary to approve and implement the Scheme, the Delisting and the Share Incentive Scheme Amendment in accordance with the Companies Act and the Takeover Regulations. A Notice of General Meeting is attached to, and forms part of, this Circular.

To obtain a full understanding of the terms and conditions of the Scheme and the Share Incentive Scheme Amendment, this Circular should be read in its entirety.

## 2. NATURE OF THE BUSINESS OF ANCHOR AND PROSPECTS FOR THE GROUP

Anchor Group is an asset manager and began managing assets in 2012. Anchor Group has grown to reach group-wide assets under management and advice at 30 June 2020 of R64.9 billion, up 13% from R57.4 billion at 31 December 2019.

Anchor has three primary divisions – Private Clients, Asset Management and Stockbroking. The long-term strategy of Anchor is to become a major player in South African asset and wealth management, with an increasing focus on offshore investment. This will be achieved by both organic and acquisitive growth.

## 3. RATIONALE FOR THE TRANSACTION

The Delisting of Anchor from the JSE provides an opportunity for Anchor 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 to the group and stakeholders of, the Delisting;

- 3.1 *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 a defensive cashflow profile of the Group as proven in Anchor’s resilience through COVID-19.
- 3.2 *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 the 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 the Shares on the Business day preceding publication of the Firm Intention Announcement and a premium of 10.79% 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 of Anchor once delisted if doing so is in line with the Shareholder’s investment strategy.
- 3.3 *Increased business flexibility:* the Group has 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 in an efficient and timely manner, keeping Anchor competitive in order to adapt and grow in an increasingly competitive industry.
- 3.4 *Cost savings:* listing comes with significant costs, both quantitative and qualitative. The quantitative cost savings 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.
- 3.5 *Unlisted peers:* Anchor’s direct competitors are not listed and are therefore not obliged to comply with onerous public disclosure. The Delisting will eliminate any existing competitive advantage over Anchor, as a consequence of the public nature of the Group’s strategies and prospects.

The Repurchase will cost Anchor approximately R446 296 266, consisting of the Scheme Consideration (excluding the Shares for which Irrevocable Undertakings have been received), securities transfer tax thereon, the Comparable Offer and the estimated transaction expenses.

The Scheme Consideration of R4.25 per Share represents a 7.59% premium to the closing price on the Business Day preceding publication of the Firm Intention Announcement on 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.

## 4. TERMS AND CONDITIONS OF THE SCHEME

In terms of section 114(1) of the Companies Act, the Anchor Board proposes the Scheme, as set out in this paragraph 4, between Anchor and the Scheme Participants.

### 4.1 The Scheme

- 4.1.1 Election by shareholders to voluntarily tender all or some of their Shares or remain invested in Anchor
  - 4.1.1.1 Scheme Participants are entitled to elect whether to voluntarily tender all or some of their shares to Anchor or remain invested in Anchor following the Delisting in the unlisted space. Scheme Participants who make no election shall be deemed to have elected to voluntarily tender all of their Shares to Anchor.
  - 4.1.1.2 Shareholders are referred to the Actions Required by Shareholders section on page 11 of this Circular which sets out the action to be taken by them for purposes of making their elections.

- 4.1.2 Subject to all of the Scheme Conditions Precedent being fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible) thereof, Anchor will repurchase the tendered Repurchase Scheme Shares from the Repurchase Scheme Participants in exchange for the Scheme Consideration.
- 4.1.3 Subject to all of the Scheme Conditions Precedent being fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible) thereof, with effect from 09:00 on the Operative Date:
- 4.1.3.1 the Repurchase Scheme Participants shall and shall be deemed to have disposed of (and shall be deemed to have undertaken to transfer) their tendered Repurchase Scheme Shares, free of encumbrances, to Anchor, in exchange for the Scheme Consideration, and Anchor shall be deemed to have acquired registered and beneficial ownership of all the Scheme Shares;
  - 4.1.3.2 the disposal and transfer by each tendered Repurchase Scheme Participant of the Repurchase Scheme Shares held by each such Repurchase Scheme Participant to Anchor, and the acquisition and ownership of those tendered Repurchase Scheme Shares by Anchor, pursuant to the provisions of the Scheme, will be effected;
  - 4.1.3.3 each Repurchase Scheme Participant shall be deemed to have transferred to Anchor the Repurchase Scheme Shares as elected to be tendered by such Repurchase Scheme Participant without any further act or instrument being required; and
  - 4.1.3.4 Repurchase Scheme Participants shall be entitled to receive the Scheme Consideration, subject to the remaining provisions of this paragraph 4.
- 4.1.4 Each Repurchase Scheme Participant, irrevocably and in its place and stead, and for and on its behalf, authorises Anchor, as principal, with power of substitution, to cause the tendered Repurchase Scheme Shares disposed of by any Scheme Participant in terms of the Scheme to be transferred to, and registered in the name of, Anchor on or at any time after the Operative Date, and to do all such things and take all such steps (including the signing of any transfer form) as Anchor in its discretion considers necessary in order to effect that transfer and registration.
- 4.1.5 The Scheme Consideration shall be settled, in full, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Anchor may otherwise be, or claim to be, entitled against a Repurchase Scheme Participant.
- 4.1.6 The rights of the Repurchase Scheme Participants to receive the Scheme Consideration will be rights enforceable by Repurchase Scheme Participants as against Anchor only.
- 4.1.7 The effect of the Scheme will, *inter alia*, be that Anchor will, with effect from the Operative Date, become the beneficial owner of all the Repurchase Scheme Shares, upon which such Shares shall be immediately cancelled and have the status of authorised but unissued shares. Anchor shall have its Register updated accordingly.
- 4.1.8 As a consequence of the Scheme becoming operative, an application will be made to the JSE for the Delisting of all of the Shares from the JSE.

#### 4.2 Scheme Conditions Precedent

- 4.2.1 The implementation of the Scheme is subject to the fulfilment or waiver, as the case may be, of the following Scheme Conditions Precedent that:
- 4.2.1.1 by no later than Friday, 16 April 2021, being the Longstop Date:
    - 4.2.1.1.1 all approvals, consents or waivers from those South African regulatory authorities as may be necessary for Anchor to implement the Scheme, including the 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;
    - 4.2.1.1.2 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;

- 4.2.1.1.3 Anchor has not elected to treat the Scheme Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act;
- 4.2.1.1.4 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:
  - 4.2.1.1.4.1 the Scheme Resolution is opposed by 15% or more of the voting rights that were exercised in respect of the Scheme Resolution; and
  - 4.2.1.1.4.2 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;
- 4.2.1.1.5 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;
- 4.2.1.1.6 Anchor waives the Scheme Condition Precedent in paragraph 4.2.1.1.5 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;
- 4.2.1.1.7 Anchor waives the Scheme Condition Precedent in paragraph 4.2.1.1.6 and the Court approves the Scheme Resolution pursuant to section 115(7) of the Companies Act and 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 relevant meeting 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 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;
- 4.2.1.2 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 the Firm Intention Announcement was 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 the 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 published the Firm Intention Announcement was 57,437;
- 4.2.1.3 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 8 below)) nor have any of the Transaction Documents or any obligations assumed thereunder ceased to be legal, valid, binding or enforceable.

- 4.2.2 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 4.2.1.1.3, 4.2.1.1.4, 4.2.1.1.5, 4.2.1.1.6, and 4.2.1.1.7. The Scheme Conditions Precedent stipulated in paragraphs 4.2.1.1.1 and 4.2.1.1.2 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.
- 4.2.3 The Scheme Condition Precedent stipulated in paragraph 4.2.1.2 is not capable of being waived or of being altered.
- 4.2.4 Anchor shall not be entitled to either waive (in whole or in part) the Scheme Condition Precedent stipulated in paragraph 4.2.1.3 and/or confirm fulfilment of this Scheme Condition Precedent unless it has received the prior written consent RMB (as issuer of the Cash Guarantee).

#### 4.3 Scheme Consideration

In the event of the Scheme Conditions Precedent being fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible) thereof and the Scheme becoming operative, Repurchase Scheme Participants will receive the Scheme Consideration, being R4.25 per Repurchase Scheme Share.

#### 4.4 Settlement of the Scheme Consideration

- 4.4.1 Subject to paragraphs 4.4.2 and 4.4.4 below and subject to the Scheme becoming operative, Repurchase Scheme Participants will be entitled to receive the Scheme Consideration.
- 4.4.2 Settlement of the Scheme Consideration is subject to the Exchange Control Regulations, the salient provisions of which are set out in paragraph 11 of this Circular.
- 4.4.3 Anchor or the Transfer Secretaries will administer and effect payment of the Scheme Consideration to Repurchase Scheme Participants.
- 4.4.4 If the Scheme becomes operative:
  - 4.4.4.1 Dematerialised Shareholders who become Repurchase Scheme Participants will have their accounts at their CSDP or Broker credited with the Scheme Consideration and debited with the Repurchase Scheme Shares on the Operative Date or, in the case of Dissenting Shareholders who subsequently become Repurchase Scheme Participants as envisaged in paragraph 4.8.9, on the date contemplated in paragraph 4.8.10; and
  - 4.4.4.2 Certificated Shareholders who become Repurchase Scheme Participants:
    - 4.4.4.2.1 who have submitted their Documents of Title and submitted a Form of Surrender and Transfer (*blue*) to the Transfer Secretaries on or before 12:00 on the Scheme Consideration Record Date, will receive the Scheme Consideration by way of EFT on, in which case, the Scheme Consideration will be paid into the bank account nominated by them in Part C of the Form of Surrender and Transfer (*blue*) on or about the Operative Date. If Part C on the Form of Surrender and Transfer (*blue*) is left blank or partially completed, the Scheme Consideration will be withheld until the correct details are provided by the Certificated Shareholder; or
    - 4.4.4.2.2 who fail to submit their Documents of Title and completed Form of Surrender and Transfer (*blue*) to the Transfer Secretaries or in respect of a Dissenting Shareholder who subsequently becomes a Repurchase Scheme Participant as envisaged in paragraph 4.8.9, the Scheme Consideration payable to such Repurchase Scheme Participant will be held in trust by Anchor (or any third party nominated by it for this purpose) for the benefit of the Repurchase Scheme Participant concerned, for a maximum period of five years, after which period such funds shall be paid over to the Guardians Fund of the Court. No interest will accrue on any such funds held by Anchor.
- 4.4.5 The Scheme Consideration will be paid to Repurchase Scheme Participants, in full, in accordance with the terms of the Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which Anchor may otherwise be, or claim to be entitled.

#### 4.5 Required approvals for the Scheme

- 4.5.1 Pursuant to section 115(2) of the Companies Act, a scheme of arrangement in terms of section 114 of the Companies Act must be approved by a Special Resolution adopted by Shareholders entitled to exercise voting rights on such matter, at a meeting called for that purpose. Without derogating from the quorum requirements set out in the MOI (which are reflected under the "QUORUM" section of the Notice of General Meeting), at least 25% of the voting rights that are entitled to be exercised must be present at the meeting.
- 4.5.2 In the event that at least 15% of the voting rights exercised oppose the aforesaid resolution, Anchor may not proceed to implement the resolution unless a Court of competent jurisdiction approves the Scheme, provided that a Shareholder who voted against the resolution requires, within five Business Days after the vote, that Anchor seek Court approval for the Scheme. If the Scheme requires Court approval, Anchor must either apply to Court for approval within 10 Business Days after the vote and bear the costs of the application or treat the Scheme as a nullity.
- 4.5.3 Alternatively, the resolution may only be implemented where any person who voted against the resolution, applies to Court within 10 Business Days of the vote for leave to review the transaction. A Court may grant leave only if the applicant is acting in good faith, appears to be able to sustain proceedings and alleges facts that support the order being sought. A Court may only set aside a resolution that is manifestly unfair to Shareholders, or if the vote was materially tainted by a conflict of interest, for inadequate disclosure, failure to comply with the Companies Act or MOI or if there is a significant and material irregularity.
- 4.5.4 In relation to the Scheme, in the interest of good governance CCPI, Masimong and Michael Teke, respectively, will not vote on the Scheme Resolution.

#### 4.6 Effects of the Scheme and prospects of Anchor in the unlisted environment

- 4.6.1 The effect of the Scheme will be that Anchor will, with effect from the Operative Date, become the beneficial owner of all the Repurchase Scheme Shares upon which such Shares shall be immediately cancelled and have the status of authorised but unissued shares. Anchor shall have its Register updated accordingly.
- 4.6.2 The nature of Anchor's business is not likely to change pursuant to the Delisting. The composition of the Anchor Board will be considered and may be reconstituted in light of the governance requirements for an unlisted company in accordance with the Companies Act requirements following the Delisting.
- 4.6.3 The unlisted environment may not meet certain Shareholders' investment objectives and the Shareholders are given the opportunity to elect to dispose of all or some of their Shares prior to the Delisting in terms of the Scheme.

#### 4.7 Amendments, variations and modifications to the Scheme

- 4.7.1 Subject to compliance with the Companies Act, the Takeover Regulations and the Listings Requirements and consent from the TRP, Anchor will be entitled to (i) before or at the General Meeting, but prior to Shareholders casting their votes, make any amendment, variation or modification to the Scheme; or (ii) after the General Meeting, make any amendment, variation or modification to the Scheme, provided that no amendment, variation or modification made after the General Meeting may have the effect of negatively affecting the rights which will accrue to a Scheme Participant in terms of the Scheme.
- 4.7.2 Shareholders will be notified of any changes on SENS and published in the South African press.
- 4.7.3 All dates and times referred to in this Circular are subject to change. Any such change shall be published on SENS and in the South African press.

#### 4.8 Dissenting Shareholders

- 4.8.1 Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act. This paragraph 4.8 only provides a summary of the provisions relating to Shareholders' Appraisal Rights in terms of section 164 of the Companies Act, the full provisions of which are contained in Annexure 6 to this Circular.
- 4.8.2 Shareholders who wish to exercise their Appraisal Rights in terms of the aforementioned section of the Companies Act are required, before the Scheme Resolution to approve the Scheme is voted on at the General Meeting, to give notice to Anchor in writing objecting to the Scheme Resolution in terms of section 164(3) of the Companies Act.

- 4.8.3 Within 10 Business Days after the Scheme Resolution has been adopted, Anchor must send a notice to each Shareholder who gave Anchor the notice referred to in paragraph 4.8.2 of this Circular and has neither withdrawn that notice nor voted in favour of the Scheme Resolution, informing them that the Scheme Resolution has been adopted.
- 4.8.4 A Shareholder who gave written notice to Anchor in terms of paragraph 4.8.2 (and has not withdrawn that notice) and who has complied with all the procedural requirements set out in section 164 may, in terms of sections 164(5) to 164(8) of the Companies Act, if the Scheme Resolution is adopted, deliver a written notice to Anchor demanding that Anchor pay to that Shareholder the fair value for all the Shares held by that Shareholder (“Demand”). The Demand must be delivered:
- 4.8.4.1 within 20 Business Days after receipt of the notice from Anchor referred to in paragraph 4.8.3 of this Circular; or
- 4.8.4.2 if the Shareholder does not receive the notice from Anchor referred to in paragraph 4.8.3 of this Circular, within 20 Business Days after learning that the Scheme Resolution has been adopted.
- 4.8.5 The Demand above must also be delivered to the TRP and must set out:
- 4.8.5.1 the Dissenting Shareholder’s name and address;
- 4.8.5.2 the number of Shares in respect of which the Dissenting Shareholder seeks payment; and
- 4.8.5.3 a demand for payment of the fair value of those Shares. The fair value of the Shares is determined as at the date on which, and the time immediately before, the Scheme Resolution was adopted.
- 4.8.6 A Dissenting Shareholder may withdraw its Demand before Anchor makes an offer in accordance with section 164(11) of the Companies Act or if Anchor fails to make such an offer. If a Dissenting Shareholder voluntarily withdraws its Demand, it will cease to be a Dissenting Shareholder and will become a Scheme Participant whose Shares will be repurchased by Anchor, in accordance with paragraph 4.4 above, with retrospective effect from the Operative Date.
- 4.8.7 If Anchor receives a Demand and such Demand is not withdrawn by the Dissenting Shareholder before the Operative Date, Anchor shall, in accordance with section 164(11) of the Companies Act, within five Business Days of the Operative Date, make an offer to the Dissenting Shareholder to purchase such Shares.
- 4.8.8 Anchor’s offer made in accordance with section 164(11) of the Companies Act will, in accordance with the requirements of section 164(12)(b) of the Companies Act, lapse if it is not accepted by the Dissenting Shareholder within 30 Business Days after it was made.
- 4.8.9 A Dissenting Shareholder that, pursuant to the exercise of its Appraisal Rights, has sent a Demand to Anchor has no further rights in respect of the Shares in respect of which it has made such Demand, other than to be paid the fair value of such Shares. Such Dissenting Shareholder will be excluded from the Scheme and will not receive the Scheme Consideration, unless:
- 4.8.9.1 that Dissenting Shareholder withdraws that Demand before Anchor makes an offer in accordance with section 164(11) of the Companies Act or allows any offer made by Anchor to lapse;
- 4.8.9.2 Anchor fails to make an offer in accordance with section 164(11) of the Companies Act and that Dissenting Shareholder withdraws its Demand; or
- 4.8.9.3 Anchor revokes the Scheme Resolution by a subsequent Special Resolution, in which case that Dissenting Shareholder’s rights in respect of the relevant Shares shall, in terms of section 164(10) of the Companies Act, be reinstated without interruption.
- 4.8.10 If the Scheme becomes operative, any Dissenting Shareholder whose shareholder rights are reinstated as envisaged in paragraph 4.8.9 of this Circular:
- 4.8.10.1 before 12:00 on the Scheme Consideration Record Date, shall be deemed to be a Repurchase Scheme Participant and be eligible to participate in the Scheme and be subject to the ordinary terms and conditions of the Scheme; or
- 4.8.10.2 after 12:00 on the Scheme Consideration Record Date, shall be deemed to have been a Repurchase Scheme Participant with retrospective effect from the Scheme Record Date, provided that settlement of the Scheme Consideration and transfer of that Dissenting Shareholder’s Repurchase Scheme Shares to Anchor shall take

place in accordance with paragraph 4.4.4.1 or paragraph 4.4.4.2 of this Circular, as the case may be, and such Dissenting Shareholder, as a term of the Scheme, authorises Anchor and/or the Transfer Secretaries in its place and stead, and for and on its behalf, to transfer its Scheme Shares to Anchor against payment of the Scheme Consideration and to take all other action and steps necessary to give effect to the foregoing.

- 4.8.11 A Dissenting Shareholder who accepts an offer made in terms of section 164(11) of the Companies Act will become an Excluded Dissenting Shareholder and will not participate in the Scheme. The Excluded Dissenting Shareholder must thereafter, if it: (i) holds Certificated Shares tender the Documents of Title in respect of such Certificated Shares to Anchor or the Transfer Secretaries; or (ii) holds Dematerialised Shares, instruct its CSDP or Broker to transfer those Shares to Anchor or the Transfer Secretaries. Anchor must pay that Excluded Dissenting Shareholder the offered amount within 10 Business Days after the Excluded Dissenting Shareholder has accepted the offer and tendered the Documents of Title or directed the transfer to Anchor of the Dematerialised Shares, as the case may be.
- 4.8.12 A Dissenting Shareholder who considers the offer made by Anchor in accordance with section 164(11) of the Companies Act to be inadequate, may, in accordance with section 164(14) of the Companies Act, apply to a Court to determine a fair value in respect of the Shares that were the subject of the Demand, and an order requiring Anchor to pay the Dissenting Shareholder the fair value so determined. The Court will, in accordance with section 164(15)(v) of the Companies Act, be required to make an order relating to:
- 4.8.12.1 the Dissenting Shareholders to either withdraw their respective demands or to tender their Shares as contemplated in paragraph 4.8.13; or
  - 4.8.12.2 Anchor to pay the fair value in respect of the Shares (as determined by the Court) to each Dissenting Shareholder who tenders its Shares, subject to any conditions the Court considers necessary to ensure that Anchor fulfils its obligations under section 164 of the Companies Act.
- 4.8.13 If, pursuant to the order of the Court, any Dissenting Shareholder withdraws its Demand, the Dissenting Shareholder will cease to be a Dissenting Shareholder and will become a Repurchase Scheme Participant whose Shares will be repurchased by Anchor, in accordance with paragraph 4.4 above, with retrospective effect from the Operative Date.
- 4.8.14 If, pursuant to the order of the Court, a Dissenting Shareholder tenders its Shares to Anchor, such Dissenting Shareholder will become an Excluded Dissenting Shareholder and will not participate in the Scheme.
- 4.8.15 Shareholders should have regard to the fact that, in appropriate circumstances as detailed in section 164 of the Companies Act, the Court is empowered to grant a costs order in favour of, or against, a Dissenting Shareholder, as may be applicable.
- 4.8.16 Shareholders wishing to exercise their Appraisal Rights are strongly advised to take professional advice in connection with such decision.
- 4.8.17 A copy of section 164 of the Companies Act, which sets out the Appraisal Rights, is included in Annexure 6 to this Circular.

#### 4.9 Termination Events

The Scheme will terminate and the Scheme Resolution will be treated as a nullity with immediate effect upon the Anchor Board's determination that any or all of the Scheme Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible) thereof.

#### 4.10 Agreements regarding the Scheme

Save for the Irrevocable Undertakings which are available for inspection as envisaged in paragraph 24 of this Circular, no agreements are in place between Anchor or any person acting in concert with Anchor and: (i) the Directors (as at the Last Practicable Date or any persons who were Directors in the preceding 12 months); and/or (ii) Shareholders (as at Last Practicable Date or persons who were Shareholders in the last preceding 12 months) with regard to the Scheme, other than as included in paragraph 17.3.5.

#### 4.11 Tax consequences for Repurchase Scheme Participants

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

## 5. SHARE SCHEME AMENDMENTS / COMPARABLE OFFER

Anchor has in place a Share Incentive Scheme with the purpose to attract, motivate, reward and retain participants to the Share Incentive 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 Last Practicable Date Anchor employees hold 15 777 965 vested share options and 7 170 699 unvested share options granted in terms of the Share Incentive Scheme.

### 5.1 Proposed Amendments

5.1.1 Subject to the Scheme becoming operative and the Delisting occurring, the current Share Incentive Scheme requires amendments to remain operative in the unlisted space. As the Shares will no longer be listed, the references 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 Incentive Scheme.

5.1.2 The Share Incentive Scheme Amendments primarily result in the following amendments to the Share Incentive Scheme:

5.1.2.1 instead of a Share price contemplated in the Share Incentive Scheme being calculated with reference to JSE traded price or the volume weighted average price of a Share on the JSE ("**VWAP**") it will be replaced with a principle that once a year the adjusted headline earnings per share (i.e. the core and sustainable, cash-flow earnings per Share of Anchor) are calculated by the Anchor Board based on the audited annual financial statements of Anchor for the previous year ("**AHEPS**");

5.1.2.2 in relation to Share appreciation rights under the Share Incentive Scheme, instead of the "Allocation Price" being linked to the 30-day VWAP it shall be 10 x AHEPS for the year immediately prior to the year in which the allocation occurs;

5.1.2.3 in relation to Share options under the Share Incentive Scheme, instead of the "Option Price" being linked to the 30-day VWAP discounted by up to 30% it shall be 10 x AHEPS discounted by up to 30%;

5.1.2.4 instead of the "Closing Price" referring to the Share price at close on a trading day on the JSE it now refers to 10 x AHEPS. The "Closing Price" is used to calculate:

5.1.2.4.1 the appreciation of the Share appreciation rights of Share appreciation rights participants; and

5.1.2.4.2 the cash amount payable by Anchor to a Share option participant if Anchor exercises its rights to settle such participant in cash instead of Shares. Prior to such amendment, if Anchor elected to settle in cash, the cash amount payable to an Anchor Share option participant would be calculated with reference to the market value of the Shares in respect of which the option was exercised.

5.1.3 The detailed amendments are included in Annexure 1 to the Notice.

### 5.2 Approval of Proposed Amendments to the Share Incentive Scheme

5.2.1 The Anchor Board believes that the proposed amendments are fair and reasonable to Share Incentive Scheme Participants, as the proposed amendments to the Share Incentive Scheme (the salient terms of which are explained in paragraph 5.1 above) are proposed so as to allow the Share Incentive Scheme to operate effectively in the unlisted space.

5.2.2 In accordance with the Share Incentive Scheme rules all Share Incentive Scheme Participants with vested rights under the Share Incentive Scheme are required to provide prior written consent to the Share Incentive Scheme Amendments and, accordingly, the Share Incentive Scheme Amendments, if approved by the requisite Shareholders' resolution will only take effect after both all such consents have been obtained and the Delisting has occurred.

5.2.3 The Share Incentive Scheme Participants, who are also Shareholders will not vote on the Share Incentive Scheme Amendment Resolution.

### 5.3 Waiver of right to the Comparable Offer

5.3.1 Anchor will approach Share Incentive Scheme Participants holding unexercised, vested Share options in terms of the Share Incentive Scheme with an exercise price of less than R4.25 per Share, in order to obtain their written consent to the waiver of their right to the Comparable Offer by having them sign the Share Incentive Scheme Waiver Agreements.

5.3.2 Share Incentive Scheme Participants are entitled to elect to accept the Comparable Offer in respect of all or some of the unexercised, vested Share options in terms of the Share Incentive Scheme with an exercise price of less than R4.25 per Share held by them.

- 5.3.3 Share Incentive Scheme Participants holding unexercised, vested Share options in terms of the Share Incentive Scheme with an exercise price of less than R4.25 per Share and who waive their right to the Comparable Offer, will not be made the Comparable Offer pursuant to the Scheme in respect of that portion of the Comparable Offer waived by him/her and will continue to hold their unexercised, vested Share options in terms of the Share Incentive Scheme post Delisting.
- 5.3.4 Subject to the Scheme Conditions Precedent being fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible) thereof those Scheme Participants holding unexercised, vested Share options in terms of the Share Incentive Scheme with an exercise price of less than R4.25 per Share and who do not waive their right to the Comparable Offer will be paid the Comparable Offer Consideration in cash on the Operative Date.
- 5.3.5 Anchor will make application to the TRP for an exemption, in terms of section 119(6) of the Companies Act, from, *inter alia*, the requirement (i) to make the Comparable Offer to those Share Incentive Scheme Participants that sign Share Incentive Scheme Waiver Agreements; and (ii) to comply with the provisions of Part B and C of Chapter 5 of the Companies Act and the Takeover Regulations in this regard.

#### 5.4 Comparable Offer

- 5.4.1 The Comparable Offer Consideration of R4.25 is identical to the Scheme Consideration offered to all Repurchase Scheme Participants that voluntarily elect to tender some or all of their Shares to Anchor.
- 5.4.2 The Scheme Consideration has been declared fair and reasonable by the Independent Expert and the Independent Board as described in paragraph 16. Accordingly, the Board believes that it is fair and reasonable to offer the same Comparable Offer Consideration to those Share Incentive Scheme Participants holding unexercised, vested Share options in terms of the Share Incentive Scheme, with exercise prices of less than R4.25.
- 5.4.3 Unvested Share options are not subject to the Comparable Offer and remain subject to the rules of the Share Incentive Scheme until vested.
- 5.4.4 The cash amount due to each Share Incentive Scheme Participant holding unexercised, vested Share options with exercise prices of less than R4.25 and who elect not to waive their rights to the Comparable Offer will be determined as follows:
  - 5.4.4.1 Number of unexercised, vested Share options with exercise prices of less than R4.25 held by the Share Incentive Scheme Participant multiplied by the difference between R4.25 and the respective exercise prices of such unexercised, vested Share options.
- 5.4.5 The tax implications of the Comparable Offer will depend on the individual tax circumstances of each Share Incentive Scheme Participant and the tax jurisdiction applicable to such Share Incentive Scheme Participant (Anchor will, however, (on behalf each Share Incentive Scheme Participant who accepts the Comparable Offer) pay the tax on a gain so realised by him/her through payroll IRP code 3707). It is recommended that Share Incentive Scheme Participants seek advice from appropriate professional advisors if they are in any doubt whatsoever about their tax position.
- 5.4.6 There are 11 656 467 unexercised, vested Share options with exercise prices of less than R4.25. If all Share Incentive Scheme Participants elect not to waive their rights to the Comparable Offer, the maximum aggregate Comparable Offer Consideration payable by Anchor to the affected Share Incentive Scheme Participants will be R14 421 676.21.

## 6. TERMINATION EVENTS

The Scheme will terminate and the Scheme Resolution will be treated as a nullity, with immediate effect, upon the Board's determination that any or all of the Scheme Conditions have not been fulfilled (or waived, to the extent possible) on or before the relevant date(s) for fulfilment (or waiver, to the extent possible).

In the event that either the Scheme does not become unconditional or is otherwise not implemented for whatsoever reason, the Shares held by the Dissenting Shareholders will not be purchased by Anchor in terms of section 164 of the Companies Act.

7. **AUTHORITY TO IMPLEMENT THE SCHEME, DELISTING AND SHARE INCENTIVE SCHEME AMENDMENTS**

At the General Meeting, the following resolutions regarding approvals required to implement the Scheme, the Delisting and the Share Incentive Scheme Amendment will be proposed to Shareholders:

7.1 as a Special Resolution:

- 7.1.1 the approval of the Scheme Resolution in accordance with sections 48(8)(a), 48(8)(b);
- 7.1.2 the approval of the issue of Shares to Masimong in terms of the Masimong Subscription and the issue of Shares to CCPI in terms of the CCPI Subscription in accordance with section 41(1) and 41(3) of the Companies Act and the MOI;

7.2 as an Ordinary Resolution:

- 7.2.1 (requiring at least 75% of the voting rights exercised thereon in order to be passed) the approval of the Share Incentive Scheme Amendments in accordance with the Share Incentive Scheme rules;
- 7.2.2 (requiring more than 50% of the voting rights exercised thereon in order to be passed):
  - 7.2.2.1 the Delisting of all the Shares on the Alternative Exchange of the JSE in accordance with paragraphs 1.15(a) and 1.16 of the Listings Requirements; and
  - 7.2.2.2 authorising any of the Directors to do all things and sign all documents required to give effect to and implement the aforesaid Special Resolution and Ordinary Resolutions.

8. **BRIDGE LOAN, CCPI SUBSCRIPTION AND MASIMONG SUBSCRIPTION AND TERM LOAN**

8.1 Bridge loan

8.1.1 Anchor will fund the Scheme Consideration, the Comparable Offer Consideration and securities transfer tax payable by it with a bridge loan (the “**Bridge Loan**”) that RMB will grant to Anchor in terms of the Facilities Agreement and in terms of which, *inter alia*, RMB will lend and advance to Anchor an amount of up to R467 447 329.31, which Anchor will use to discharge the Scheme Consideration, the Comparable Offer Consideration and securities transfer tax payable by it (in addition, RMB will provide a Cash Guarantee to the TRP in an amount of R467 447 329.31 and, for this purpose, RMB will also provide Anchor with a facility in the amount of R467 447 329.31). The Bridge Loan shall bear interest at a variable rate of 3-month JIBAR + a margin of 375bps and shall be repayable quarterly over 18 months (on the last day of March, June, September and December) with the capital outstanding under the aforesaid bridge loan becoming repayable as a bullet payment at the end of the aforesaid 18-month period.

8.1.2 As security for the obligations of Anchor under the aforesaid Bridge Loan:

- 8.1.2.1 Anchor will provide a security cession of its rights and claims under the Masimong Subscription Agreement and the CCPI Subscription Agreement;
- 8.1.2.2 Anchor and the Bridge Loan Obligors will provide:
  - 8.1.2.2.1 pledge and cession of all shares owned by it;
  - 8.1.2.2.2 cession of all claims against any person;
  - 8.1.2.2.3 cession of bank accounts and cash balances; and
  - 8.1.2.2.4 cession of insurance policies and proceeds.
- 8.1.2.3 each Group member will provide:
  - 8.1.2.3.1 subordination of all claims in favour of RMB.

8.2 Repayment of the Bridge Loan

The Bridge Loan contemplated in paragraph 8.1 above shall be repaid as follows:

- 8.2.1 Cash flow generated by Anchor from its business operations;
- 8.2.2 Subscription proceeds received from Masimong pursuant to the Masimong Subscription Agreement (the salient terms of which are set out in paragraph 8.4 below);

8.2.3 R250 000 000.00 will be settled from proceeds drawn down by Anchor Capital under a Term Loan facility agreement which is still to be negotiated and agreed between Anchor Capital and RMB (and on-lent by Anchor Capital to Anchor) in due course (paragraph 8.6 below sets out some of the salient terms that Anchor is aiming to finalise with RMB in this regard); and

8.2.4 Subscription proceeds received from CCPI pursuant to the CCPI Subscription Agreement (the salient terms of which are set out in paragraph 8.5 below).

### 8.3 Subscriptions

Subject to the Scheme becoming operative and the Delisting occurring CCPI and Masimong have undertaken to, on the 90th day following the date upon which the Delisting occurs, subscribe for additional Shares to partially settle the Bridge Loan.

### 8.4 Masimong Subscription salient terms

#### 8.4.1 Issuance of Subscription Shares

8.4.1.1 It is the intention of the Anchor board that Anchor will have at least 26% BBEE ownership following the Delisting. Accordingly, on the 90th day following the date upon which the Delisting occurs Masimong will subscribe (at a subscription price of R4.25 per Share) for such number of Shares in the authorised but unissued Share capital of Anchor which, following the issue thereof and the issue of Shares to CCPI in terms of the CCPI Subscription Agreement, will result in Masimong holding, in aggregate (together with the Shares held by it prior to the issue of Shares to it in terms of the Masimong Subscription Agreement), 26% (excluding Treasury Shares) of Anchor's entire issued Share capital (the "**Masimong Subscription Shares**").

8.4.1.2 Anchor, shall against payment by Masimong to Anchor of the total Subscription price owing by it:

8.4.1.2.1 update the Company's Register, or cause it to be updated, so as to reflect Masimong as the beneficial owner of the Masimong Subscription Shares; and

8.4.1.2.2 deliver an original share certificate to Masimong in respect of the Masimong Subscription Shares.

#### 8.4.2 Declaration of a dividend

As soon as reasonably practical following the subscriptions by Masimong and CCPI respectively, the Anchor Board will assess whether Anchor has physical cash reserves available which are in excess of the Group's current and future anticipated requirements at that stage and, if so, it will declare such excess cash as a dividend to Shareholders, subject to the solvency and liquidity test under the Companies Act being passed, prior written consent having been obtained from debt providers, declaration/payment of the dividend not resulting in any contractual breaches by the Group and the Anchor Board being satisfied that there will be sufficient cash available to the Group for its business purposes following declaration and payment of the dividend.

#### 8.4.3 Conditions Precedent

8.4.3.1 The Masimong Subscription Agreement is subject to the fulfilment of the conditions precedent that by no later than the Longstop Date, or such later date as may be agreed between Masimong and Anchor in writing:

8.4.3.1.1 all of the Scheme Conditions Precedent have been fulfilled or waived (as the case may be);

8.4.3.1.2 the CCPI Subscription Agreement has been entered into and has become unconditional in accordance with its terms (save for any condition contained therein relating to the Masimong subscription agreement being concluded and becoming unconditional); and

8.4.3.1.3 all authorising board and shareholders' resolutions that are required to be passed by the board of directors of Anchor and the shareholders of Anchor for the entering into and/or implementation of the Masimong Subscription Agreement, have been passed.

#### 8.4.4 Warranties

Each of Masimong and Anchor will grant general warranties as to their authority and legal capacity to enter into the subscription agreement. Anchor grants further warranties to Masimong relating to the title of the Masimong Subscription Shares.

#### 8.4.5 Breach

On breach by either party to the Masimong Subscription Agreement, the aggrieved party is entitled to (i) sue for specific performance; (ii) sue for damages or (iii) cancel the agreement in the case of a material breach which goes to the root of the agreement provided that no party shall be entitled to cancel the Masimong Subscription Agreement at any time after the date upon which such agreement is implemented.

#### 8.4.6 Governing Law

South African law.

#### 8.4.7 Following the Masimong Subscription and CCPI Subscription, Masimong will hold 26.00% of Anchor's issued Share capital.

### 8.5 CCPI Subscription salient terms

#### 8.5.1 Issuance of Subscription Shares

8.5.1.1 The balance (the "**Balance**") of the Bridge Loan that is not settled pursuant to the proceeds received by Anchor as contemplated in paragraphs 8.2.1 to 8.2.3 above will be funded pursuant to subscription proceeds received by Anchor from CCPI under the CCPI Subscription Agreement. In this regard, on the 90th day following the date upon which the Delisting occurs CCPI will subscribe (at a subscription price of R4.25 per Share) for such number of Shares in respect of which the aggregate subscription price is equal to the Balance (the "**CCPI Subscription Shares**").

8.5.1.2 Anchor shall, against payment by CCPI to Anchor of the total Subscription price:

8.5.1.2.1 update the Company's Register, or cause it to be updated, so as to reflect the CCPI as the beneficial owner of the CCPI Subscription Shares; and

8.5.1.2.2 deliver an original share certificate to CCPI in respect of the CCPI Subscription Shares.

#### 8.5.2 Declaration of a dividend

As soon as reasonably practical following the subscriptions by Masimong and CCPI respectively, the Anchor Board will assess whether Anchor has physical cash reserves available which are in excess of the Group's current and future anticipated requirements at that stage and, if so, it will declare such excess cash as a dividend to Shareholders, subject to the solvency and liquidity test under the Companies Act being passed, prior written consent having been obtained from debt providers, declaration/payment of the dividend not resulting in any contractual breaches by the Group and the Anchor Board being satisfied that there will be sufficient cash available to the Group for its business purposes following declaration and payment of the dividend.

#### 8.5.3 Conditions Precedent

8.5.3.1 The subscription is subject to the fulfilment of the conditions precedent that by no later than the Longstop Date, or such later date as may be agreed between CCPI and Anchor in writing:

8.5.3.1.1 all of the Scheme Conditions Precedent have been fulfilled or waived (as the case may be);

8.5.3.1.2 the Masimong Subscription Agreement has been entered into and has become unconditional in accordance with its terms (save for any condition contained therein relating to the CCPI subscription agreement being concluded and becoming unconditional); and

8.5.3.1.3 all authorising board and shareholders' resolutions that are required to be passed by the board of directors of Anchor and the shareholders of Anchor for the entering into and/or implementation of the CCPI Subscription Agreement, have been passed.

#### 8.5.4 Warranties

Each of CCPI and Anchor will grant general warranties as to their authority and legal capacity to enter into the subscription agreement. Anchor grants further warranties to CCPI relating to the title of the CCPI Subscription Shares.

#### 8.5.5 Breach

On breach by either party to the CCPI Subscription Agreement, the aggrieved party is entitled to (i) sue for specific performance; (ii) sue for damages or (iii) cancel the agreement in the case of a material breach which goes to the root of the agreement provided that no party shall be entitled to cancel the CCPI Subscription Agreement at any time after the date upon which such agreement is implemented.

#### 8.5.6 Governing Law

South African law.

### 8.6 Term loan

#### 8.6.1 In terms of the non-legally binding term sheet it is planned that:

8.6.1.1 an amount of R280 000 000 (R90 000 000 of which is provided as a revolving credit facility (“**Facility A**”) and R190 000 000 of which is provided as a step down bullet (“**Facilities B and C**”)) will be made available to Anchor Capital as a five-year term loan facility, of which R250 000 000 may be used for purposes of settling the Bridge Loan;

8.6.1.2 amounts drawn down under such term facility shall bear interest at a variable rate of 3-month JIBAR + a margin of 375bps and shall be repayable quarterly in arrears (on the last day of March, June, September and December).

8.6.1.3 the capital owing in respect of:

8.6.1.3.1 Facility A will be repayable at the end of the five-year term as a single bullet payment; and

8.6.1.3.2 Facilities B and C will be repayable over the five-year term in accordance with a repayment schedule;

8.6.1.4 the security to be provided in favour of RMB will include:

8.6.1.4.1 in respect of Anchor Capital:

8.6.1.4.1.1 cession of its rights and claims under, *inter alia*, the Masimong Subscription Agreement and the CCPI Subscription Agreement;

8.6.1.4.2 in respect of Anchor Capital and each Term Loan Obligor:

8.6.1.4.2.1 pledge and cession of all shares owned by it;

8.6.1.4.2.2 cession of all claims against any person;

8.6.1.4.2.3 cession of bank accounts and cash balances; and

8.6.1.4.2.4 cession of insurance policies and proceeds.

8.6.1.4.3 In respect of all Group members:

8.6.1.4.3.1 subordination of all claims in favour of RMB.

## 9. IRREVOCABLE UNDERTAKINGS

9.1 As at the Last Practicable Date, the following Shareholders have provided Irrevocable Undertakings to vote their Shares, which are either held as principal or on behalf of clients, in favour of all Resolutions to be proposed at the 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. The Remaining Shareholders have provided an undertaking to elect not to tender their Shares to Anchor:

	Shares voteable at General Meeting	Undertaking to vote in favour of Scheme Resolution and Delisting Resolution	% of total issued Shares outstanding <sup>1</sup>	% of total issued Shares excluding Shares held by Remaining Shareholders <sup>2</sup>	Undertaking to elect not to tender their Shares	% of total issued Shares outstanding <sup>1</sup>
CCPI	No				13 403 027	6.30%
CV Partners Holdings Limited	Yes	35 316 306	16.61%	20.86%	35 316 306	16.61%
Masimong (Michael Teke holds 72.58% in Masimong)	No				25 071 405	11.79%
Michael Teke (direct and indirect holdings)	No				4 849 772	2.28%
Peter Armitage (direct, indirect and associate holdings)	Yes	14 729 083	6.93%	8.70%	10 500 000	4.94%
AG Holdings (Pty) Ltd	Yes	10 587 674	4.98%	6.25%	7 500 000	3.53%
Brad Gauldie	Yes	1 800 000	0.85%	1.06%	1 500 000	0.71%
Brendan Gace	Yes	621 107	0.29%	0.37%	621 107	0.29%
Dale Franklin	Yes	1 037 432	0.49%	0.61%	1 037 432	0.49%
Darryl Hannington	Yes	900 000	0.42%	0.53%	900 000	0.42%
Ferdi Schenck	Yes	900 000	0.42%	0.53%	900 000	0.42%
Henry Biddlecombe	Yes	2 987 661	1.41%	1.76%	2 987 661	1.41%
Lee Cairns	Yes	1 683 345	0.79%	0.99%	1 683 345	0.79%
Matthew Norwood Young	Yes	4 391 880	2.07%	2.59%	4 391 880	2.07%
Neil Brown	Yes	1 046 565	0.49%	0.62%	1 046 565	0.49%
Nolan Wapenaar	Yes	320 000	0.15%	0.19%	320 000	0.15%
Todd Kaplan	Yes	2 835 332	1.33%	1.67%	2 835 332	1.33%
		<b>79 156 385</b>	<b>37.23%</b>	<b>46.75%</b>	<b>114 863 832</b>	<b>47.72%</b>

- Based on the number of Anchor Shares in issue of 217 386 093 as at the Last Practicable Date (less treasury shares of 4 753 181), being 212 632 912.
- Based on the number of Anchor Share as per note 1 above less the shareholdings of CCPI (13 403 027 Shares), Masimong (25 071 405 Shares) and Michael Teke (direct and indirect holdings) (4 849 772 Shares), being 169 308 708 Shares.

9.2 Details of the aforementioned Shareholders' dealings in Shares in the period beginning six months before the date of the Firm Intention Announcement and ending on the Last Practicable Date are set out in Annexure 7.

9.3 Copies of these Irrevocable Undertakings are available for inspection as stated in paragraph 24 below.

## 10. FINANCIAL INFORMATION

10.1 The extracts of the consolidated audited historical financial statements of Anchor for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 are included in Annexure 2.

10.2 Full copies of the last three years' audited historical financial statements will: (i) be made available to Shareholders, on request; (ii) are accessible on Anchor's website ([www.Anchorgroup.co.za](http://www.Anchorgroup.co.za)), as follows:

- for the year ended 31 December 2017– <http://www.Anchorgroup.co.za/wp-content/uploads/2015/12/Anchor-Integrated-Annual-Report-2017-Final.pdf>;
- for the year ended 31 December 2018 – <http://www.Anchorgroup.co.za/wp-content/uploads/2019/04/Anchor-Integrated-Annual-Report-2018.pdf>; and
- for the year ended 31 December 2019 – <http://www.Anchorgroup.co.za/wp-content/uploads/2015/12/Anchor-Integrated-Annual-Report-2019.pdf>,

and (iii) are available for inspection, at the registered office of Anchor.

10.3 In terms of regulation 106(6)(d) of the Takeover Regulations, since the Scheme Consideration is a cash offer and not an offer for shares, no *pro forma* financial effects are required.

10.4 The Scheme will result in a decrease of cash resources of Anchor, equal to the Offer Consideration, with a corresponding decrease in stated capital.

- 10.5 The maximum expected cost of the Transaction will be approximately R446 296 266, consisting of the maximum Scheme Consideration (excluding the Shares for which Irrevocable Undertakings have been received) and securities transfer tax thereon, the maximum Comparable Offer Consideration and the estimated Transaction expenses.
- 10.6 Accordingly (assuming that the maximum Scheme Consideration and the maximum Comparable Offer Consideration is paid by Anchor), following implementation of the Transaction, the following financial effects are expected:
- 10.6.1 the Company's liabilities will increase by R429 940 266 (as a result of it drawing down such amount under the Facilities Agreement in order to make payment to the Repurchase Scheme Participants and the Share Incentive Scheme Participants);
  - 10.6.2 cash resources will decrease by R16 356 000;
  - 10.6.3 share capital will decrease by R415 518 590 (in respect of 97 769 080 Shares, being the maximum number of Shares available for repurchase, excluding the Shares for which Irrevocable Undertakings have been received); and
  - 10.6.4 earnings will decrease by R30 777 676 (being the aggregated amount of the maximum Comparable Offer Consideration, the securities transfer tax and the estimated Transaction expense).
- 10.7 Subject to the Scheme becoming operative and the Delisting occurring, it is Anchor's aim for the Bridge Loan advanced by RMB (assumed to be in the sum of R446 296 266 as described in paragraph 10.6.1 above and not the maximum quantum as defined in paragraph 8.1 above) to Anchor under the Facilities Agreement will be settled through a combination of cash flow generated by Anchor from its business operations, R250 million from proceeds drawn down by Anchor Capital under the term loan facility agreement to be negotiated and agreed between Anchor Capital and RMB (and on-lent by Anchor Capital to Anchor) and the remainder through proceeds received from the CCPI Subscription and the Masimong Subscription.
- 10.8 Accordingly, it is Anchor's aim for the Bridge Loan to be settled in full, with the effect being that Anchor's liabilities will reduce from R429 940 266 to R250 million, share capital will increase by R179 940 266 (being an aggregate of 42 338 887 Shares to be issued to Masimong and Capricorn) and earnings will decrease by the after tax cost of the interest expense (the term loan bearing interest at a variable rate of three-month JIBAR + a margin of 375bps, being R18 125 000). To the extent the Bridge Loan is greater than R446 296 266, the CCPI Subscription and the Masimong Subscription will increase accordingly and in order to ensure full settlement of the Bridge Loan.
- 10.9 Subject to the Scheme becoming operative and the Delisting occurring, the financial effects of the Scheme, the Comparable Offer and the CCPI Subscription and the Masimong Subscription are expected to be as follows (with reference to the interim financial results for the six months ended 30 June 2020 and published on SENS 21 September 020):
- 10.9.1 A R37 302 676 decrease in earnings, as a consequence of one-off Transaction expenses, securities transfer tax and after tax interest expense for six months.
  - 10.9.2 A 19.1 cents decrease in earnings per Share, as a consequence of one-off Transaction expenses, securities transfer tax and after tax interest expense for six months and an overall decrease in the issued Share capital of Anchor.
  - 10.9.3 A 19.1 cents decrease in headline earnings per Share, as a consequence of one-off Transaction expenses, securities transfer tax and after tax interest expense for six months and an overall decrease in the issued Share capital of Anchor.
- 10.10 The financial information in this paragraph 10 has not been reviewed or reported on by the Company's external auditors.

## 11. FOREIGN SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS

The settlement of the Scheme Consideration for both Certificated Shareholders and Dematerialised Shareholders will be subject to the Exchange Control Regulations. Annexure 4 to this Circular contains a summary of the relevant Exchange Control Regulations. Shareholders who are not resident in South Africa, or who have registered addresses outside South Africa, must satisfy themselves as to the full observance of the laws of the relevant jurisdiction concerning the receipt of the Scheme Consideration, including obtaining any required governmental or other consents, observing any other required formalities and paying any issue, transfer or other taxes due in that jurisdiction. If in any doubt, Shareholders should consult their professional advisors without delay.

## 12. RESTRICTED JURISDICTIONS

To the extent that the release, publication or distribution of this Circular in certain jurisdictions outside of South Africa may be restricted or prohibited by the laws of such jurisdiction, then this Circular is deemed to have been provided for information purposes only and the Anchor Board accepts no responsibility for any failure by Foreign Shareholders to inform themselves about, and to observe, any applicable legal requirements in any such relevant foreign jurisdiction. Shareholders who are in doubt as to their position should consult their professional advisors immediately.

## 13. A2X LISTING

Currently Anchor has a secondary listing on A2X, subject to the Scheme Resolution and Delisting Resolution being passed, Anchor will be delisted from A2X. As an issuer's listing on A2X is dependent on its continued JSE listing. The delisting on A2X will be effective on the same day as the delisting from the JSE. All shareholder documents prepared in terms of the Listings Requirements will be released on simultaneously on SENS and on the A2X News Service.

## 14. ADEQUACY OF CAPITAL

14.1 Anchor has raised bridge funding from RMB to fund the Scheme Consideration, Comparable Offer Consideration and securities transfer tax payable by Anchor.

14.2 Subject to the Scheme becoming operative and the Delisting Resolution being approved, the bridge funding will be settled through a combination of R250 million term funding from RMB and the remainder through proceeds received from the CCPI Subscription and the Masimong Subscription;

14.3 The Anchor Board has considered the impact of the Scheme and is of the opinion that:

14.3.1 the relevant provisions of sections 4, 46 and 48 of the Companies Act in relation to the Scheme have been complied with or will be complied with. Namely, the Board has passed a resolution authorising the Repurchase in terms of the Scheme and the Company and the Group have passed the solvency and liquidity test and, since the test was performed, there have been no material changes to the financial position of the Group;

14.3.2 the Company and the Group will be able, in the ordinary course of business, to pay their debts for a period of 12 months from the date of this Circular;

14.3.3 the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months from the date of this Circular, as recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the Company and the Group, which are in compliance with the Companies Act;

14.3.4 the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months from the date of this Circular; and

14.3.5 the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months from the date of this Circular.

## 15. GUARANTEE

The maximum aggregate number of Repurchase Scheme Shares to be repurchased for the Scheme Consideration will be 97 769 080 Repurchase Scheme Shares, and accordingly the maximum aggregate Scheme Consideration payable by Anchor will be R415 518 590 and the maximum aggregate securities transfer tax payable will be R1 038 797.

The maximum aggregate Comparable Offer consideration will be R14 421 676.21.

Anchor has procured from RMB and has delivered to the TRP the Cash Guarantee, being, an irrevocable, unconditional bank guarantee (in conformity with regulations 111(4) and 111(5) of the Takeover Regulations) in respect of the maximum possible Scheme Consideration, the maximum possible Comparable Offer Consideration and the securities transfer tax payable by Anchor.

## 16. RECOMMENDATIONS AND UNDERTAKINGS

16.1 Appointment of the Independent Expert

The Independent Expert, being an independent advisor acceptable to the TRP and the JSE, has been appointed to provide a fair and reasonable opinion regarding the terms of the Scheme, and to make appropriate recommendations to the Independent Board and the Anchor Board in the form of a report contemplated in section 114(3) of the Companies Act and as contemplated in regulation 90 of the Takeover Regulations. Similarly, in accordance with paragraph 1.15(d), the Independent Expert

was appointed for the purposes of providing external advice in regard to the fairness of the terms of the Scheme in respect of the Delisting. The Independent Expert's report on the terms of the Scheme is set out in Annexure 1 to this Circular.

## 16.2 Report of the Independent Expert

- 16.2.1 The Independent Expert has, as contemplated in regulation 90 of the Takeover Regulations, performed a valuation of the Shares.
- 16.2.2 The report of the Independent Expert also includes the items required by section 114(3) of the Companies Act.
- 16.2.3 Taking into consideration the terms and conditions of the Scheme, the Independent Expert is of the opinion that such terms and conditions are fair and reasonable to Repurchase Scheme Participants and to the Share Incentive Scheme Participant in terms of the Comparable Offer. Shareholders are referred to Annexure 1 to this Circular which sets out the full text of the report of the Independent Expert.

## 16.3 Views of the Independent Board

- 16.3.1 Anchor has constituted an Independent Board to consider the terms and conditions of the Scheme, the Delisting and the Comparable Offer.
- 16.3.2 The Independent Board, having considered the terms and conditions of the Scheme and Comparable Offer and having taken into account the fair and reasonable opinion prepared by the Independent Expert, is of the opinion that the that the terms and conditions of the Scheme are [fair] and [reasonable] to Shareholders and that the terms and Conditions of the Comparable Offer are fair and reasonable to the Share Incentive Scheme Participants.
- 16.3.3 The Independent Board therefore recommends that Shareholders vote in favour of all the Resolutions necessary to approve and implement the Transaction.

## 16.4 Views of the Anchor Board

- 16.4.1 Shareholders should take note that the Anchor Board, taking into account the report of the Independent Expert, has considered the terms and conditions thereof, and is unanimously of the opinion that the terms and conditions of the Scheme are fair and reasonable to Shareholders and to the Share Incentive Scheme Participants in terms of the Comparable Offer and unanimously recommends that Shareholders vote in favour of the Resolutions.
- 16.4.2 In terms of paragraph 1.15(d) of the Listings Requirements, the Anchor Board taking into account the report of the Independent Expert, insofar as it relates to the terms of the Scheme in respect of the Delisting, has considered the terms and conditions thereof, and is unanimously of the opinion that the terms and conditions of the terms of the Scheme in respect of the Delisting is fair to the Shareholders and recommends that Shareholders vote in favour of the Delisting Resolution

## 16.5 Voting of the Board

All members of the Anchor Board have indicated that, to the extent that they may vote on and/or participate in the Transaction, they will vote in favour of all Resolutions.

## 17. INFORMATION RELATING TO ANCHOR

### 17.1 Major Shareholders of Anchor

At the Last Practicable Date, insofar as it is known to Anchor, the following Shareholders, were, directly or indirectly, beneficially interested in 5% or more of the Shares:

	<b>Number of shares</b>	<b>%<sup>1</sup></b>
CV Partners Holdings Limited	35 316 306	16.61%
Masimong	25 071 405	11.79%
AG Holdings (Pty) Ltd	10 587 674	4.98%
CCPI	13 403 027	6.30%
P. Armitage (including direct, indirect and associate holdings)	14 729 083	6.93%
<b>Total shares for shareholders in excess of 5%</b>	<b>99 107 495</b>	<b>46.61%</b>

1. Based on the number of Anchor Shares in issue of 217 386 093 as at the Last Practicable Date (less treasury shares of 4 753 181), being 212 632 912.

## 17.2 Share capital of Anchor

The authorised and issued ordinary share capital of Anchor before and after the Transaction are set out below:

<b>Before the Scheme</b>	R
<i>Authorised</i>	
1 000 000 000 ordinary shares of no par value	
<i>Issued</i>	
217 386 093 Shares of no par value	996 872 000
<i>Treasury shares</i>	
4 753 181 Shares of no par value	(18 632 470)
<b>After the Scheme</b>	
<i>Authorised</i>	
1 000 000 000 ordinary shares of no par value	
<i>Issued</i>	
125 999 613 Shares of no par value	608 479 459
<i>Treasury shares</i>	
4 753 181 Shares of no par value	(18 632 470)

## 17.3 Information on Directors

### 17.3.1 Directors' interests in Anchor

The direct and indirect beneficial interests of the Anchor Directors and their associates (as such term is defined in the Listings Requirements) in Anchor Shares, including Directors who have resigned over the last 18 months, as at the Last Practicable Date, are set out in the table below.

	Direct	Indirect	Associates	Total	% of Shares <sup>1</sup>	Share options (vested and unexercised)	Share options (unvested)
P. Armitage	6 231 583	5 420 000	3 087 500	14 729 083	6.93%	1 399 429	480 002
O. Khan	281 424			281 424	0.13%	453 870	230 001
N. Dennis	1 212 460			1 212 460	0.57%		
M. Teke	1 729 552	3 120 220	25 071 405	29 921 177	14.07%		
K. Sibisi					0.00%		
T. Mhlari					0.00%		
R. Fihrer <sup>2</sup>			13 403 027	13 403 027	6.30%		
T. Kaplan <sup>3</sup>	2 835 332			2 835 332	1.33%	496 016	198 334
A. Adams <sup>3</sup>	24 000			24 000	0.01%		
<b>Total</b>	<b>12 314 351</b>	<b>8 530 220</b>	<b>39 674 432</b>	<b>60 529 003</b>	<b>29.34%</b>	<b>2 349 315</b>	<b>908 337</b>

Notes:

- Based on the number of Anchor Shares in issue of 217 386 093 as at the Last Practicable Date (less treasury shares of 4 753 181), being 212 632 912.
- Appointed to the Board with effect from 4 September 2019. The interest held relates to the shareholding by CCPI in Anchor.
- Resigned from the Board with effect from 4 September 2019.

### 17.3.2 Directors' dealings in Shares

Other than as noted in the below table, no Directors dealt in Shares in the period beginning six months before the date of the Firm Intention Announcement and ending on the Last Practicable Date:

Director	Type	Date of trade	Direct	Associate	Per share (R)	Total (R)
M Teke <sup>1</sup>	Purchase	9 June 2020		100 000	3.39	339 000.00
M Teke <sup>1</sup>	Purchase	18 June 2020		85 000	3.39	288 239.60
M Teke <sup>1</sup>	Purchase	23 June 2020		107 056	3.40	363 830.82
M Teke <sup>1</sup>	Purchase	24 June 2020		416 539	3.67	1 526 699.74

Notes:

- Michael Teke's dealings were through his associate, Masimong. Michael Teke is the controlling shareholder of Masimong.

### 17.3.3 Directors' interests in the Scheme

Michael Teke is the controlling shareholder of Masimong. Masimong will be subscribing for additional Shares in terms of the Masimong Subscription, subject to the Scheme becoming operative and the Delisting being approved and will therefore not participate in the Scheme.

Rob Fihrer is the CEO of CCPI. CCPI will be subscribing for additional Shares in terms of the CCPI Subscription, subject to the Scheme becoming operative and the Delisting being approved and will therefore not participate in the Scheme.

Save for their direct and/or indirect participation in the Scheme as Shareholders, the other Directors do not have any direct or indirect beneficial interest in the Scheme.

### 17.3.4 Remuneration of Directors

The remuneration of Anchor Directors in their capacity as Anchor Directors will not be affected as a result of the Transaction. However, the Anchor Board may be reconstituted in line with the requirements of an unlisted company pursuant to the Delisting. The Directors' remuneration and benefits are set out in the consolidated audited historical financial statements of Anchor for the financial year ended 31 December 2019, which is available on Anchor's website. There will be no change to the remuneration of the Directors as a result of the Transaction.

### 17.3.5 Service Agreements

There are no service contracts in place between any Anchor Director and the Group other than the existing employment contracts.

## 18. MATERIAL CHANGES

As the full impact of the COVID-19 pandemic are still being understood and are expected to be felt for an extended period to come, both in operating practices and in financial markets, Anchor continues to operate proactively with a focus on the preservation of client wealth, client communication and identification of new opportunities. Anchor's financial performance continues to show resilience to the uncertainty resulting from COVID-19, with no material changes in operations or profitability since the publication of the interim financial results for the six months ended 30 June 2020 on SENS on Wednesday, 21 September 2020.

There have been no material changes in the business since the 30 June 2020 unaudited interim financial results were published on SENS on Wednesday, 21 September 2020.

## 19. NOTICE OF GENERAL MEETING AND REMAINING SHAREHOLDERS

The General Meeting will be held entirely via electronic facility/communication given the impact of COVID-19 on in-person meetings, at 10:00 on Thursday, 17 December 2020 (or any other rescheduled, adjourned or postponed date and time in accordance with the provisions of, amongst others, section 64(11) of the Companies Act and the MOI, as read with the Listings Requirements) to consider and, if deemed fit, approve, with or without modification, the Resolutions. For further information on how Shareholders can participate in the electronic General Meeting, Shareholders are referred to the sections titled "Action required by Shareholders in relation to the Scheme", which commences on page 11 of this Circular.

Subject to the Scheme becoming operative and the Delisting being approved by Shareholders on the 90th day following the fulfilment or waiver (as the case may be) of all of the conditions precedent to the subscription agreements referred to in paragraph 8.3, CCPI and Masimong have undertaken to subscribe for additional Shares to partially settle the Bridge Loan as described in paragraph 8.1. In the interests of good corporate governance, CCPI, Masimong and Michael Teke will not vote on the Scheme Resolution, the Delisting Resolution, Share Incentive Scheme Amendment Resolution or the special resolutions in respect of the Masimong Subscription and the CCPI Subscription.

## 20. SUSPENSION AND TERMINATION OF THE ANCHOR LISTING

Subject to the Scheme becoming unconditional and being implemented, the Delisting is currently envisaged to take place with effect from Tuesday, 2 February 2020, subject to the events set out in the section titled "Salient Dates and Times" of this Circular.

## 21. COSTS

It is estimated that the total expenses relating to the Transaction (which will be borne by Anchor) will amount to approximately R17 806 000 (costs are exclusive of value added tax, levied in terms of the provisions of the Value-Added Tax Act No. 89 of 1991, as amended) and include the following:

	Estimated amount R'000
Transaction Advisor and Sponsor – RMB	12 000
Independent Expert – DG Capital	450
Legal Advisor – White & Case	2 700
Documentation Review – JSE	100
Documentation Review – A2X	20
Documentation Review – TRP	200
Transfer Secretaries – Link Market Services	200
Securities Transfer Tax – South Africa Revenue Service	1 166
Exchange Control – the South African Reserve Bank	20
Printing & Postage – Ince	200
Contingency	200
<b>Total</b>	<b>17 256</b>

## 22. RESPONSIBILITY STATEMENTS

The Independent Board and the Anchor Board, individually and collectively, accept full responsibility for the accuracy of the information contained in this Circular which relates to the Transaction as well as the extracts of information relating to Anchor and certify that, to the best of their knowledge and belief, such information is true and this Circular 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 Circular. The Independent Board and the Anchor Board have made all reasonable enquiries to ascertain that no facts have been omitted and this Circular contains all information required by law, the Companies Act and the Listings Requirements.

## 23. ADVISORS' CONSENTS

The advisors whose names appear in the sections "Corporate Information and Advisors" have all consented in writing to act in the capacities stated in this Circular and to their names being stated, and where applicable, inclusion of their reports, in this Circular and have not withdrawn their consent prior to the publication of this Circular.

## 24. CONFLICT OF INTEREST

Shareholders are advised that RMB acts as Transaction Sponsor in relation to this Circular.

RMB (through its corporate finance team) will furthermore act as Financial Advisor and (through its leveraged finance team) will act as lender in terms of the Facilities Agreement.

In its capacity as Transaction Sponsor, RMB has confirmed to the JSE and to Anchor that there is no matter that would impact on its ability to exercise reasonable care and judgement in order to achieve and maintain independence and objectivity in its professional dealings in relation to the Company or that would impact on its ability to act within the Code of Conduct as set out in the Listings Requirements.

RMB has appropriate internal procedures in place to ensure that its ability to act independently as Transaction Sponsor in relation to this Circular, as Financial Advisor to Anchor in respect of the Transaction and as lender in terms of the Facilities Agreement is not compromised. Pursuant to these internal procedures, RMB identifies and manages the risks of perceived conflict and maintains strict "Chinese Walls" to ensure that, as JSE sponsor, it is able to act independently from other divisions within RMB. RMB also maintains and enforces restrictions around access to information, in order that such access is limited to deal teams for whom the information is relevant, for the purposes of the Transaction.

**25. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be accessible on Anchor's website ([www.Anchorgroup.co.za](http://www.Anchorgroup.co.za)) and will furthermore be available for inspection by Shareholders at Anchor's registered office (the address of which appears in the sections "Corporate Information and Advisors") during normal office hours, from the date of posting of this Circular up to and including the date of the General Meeting, being Thursday, 17 December 2020, both days inclusive:

- 25.1 a signed copy of this Circular;
- 25.2 a copy of the signed report of the Independent Expert as set out in Annexure 1;
- 25.3 copies of the signed Irrevocable Undertakings;
- 25.4 final form, unsigned Share Incentive Scheme Waiver Agreement;
- 25.5 the Company's MOI;
- 25.6 Anchor's consolidated audited historical annual financial statements for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019;
- 25.7 the TRP approval; and
- 25.8 the written consents by the advisors.

SIGNED AT JOHANNESBURG ON BEHALF OF THE ANCHOR BOARD IN TERMS OF RESOLUTIONS PASSED BY THE ANCHOR BOARD.

By order of the Anchor Board

ANCHOR GROUP LIMITED

Tinyiko Mhlari Lead independent director

Friday, 13 November 2020



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## REPORT OF THE INDEPENDENT EXPERT

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**PRIVATE AND CONFIDENTIAL**

The Independent Directors  
 Anchor Group Limited  
 25 Culross Road  
 Bryanston  
 Sandton  
 2191

13 November 2020

**INDEPENDENT EXPERT REPORT REGARDING THE SCHEME OF ARRANGEMENT (THE “SCHEME”) TO BE PROPOSED BY THE BOARD OF DIRECTORS OF ANCHOR GROUP LIMITED (“ANCHOR” OR THE “COMPANY”) BETWEEN ANCHOR AND ITS SHAREHOLDERS (THE “TRANSACTION” OR “SCHEME”) TO ACQUIRE ALL OR A PORTION OF THE ISSUED SHARE CAPITAL OF ANCHOR FOR A CASH CONSIDERATION OF R4.25 AND THE COMPARABLE OFFER TO BE MADE TO SHARE INCENTIVE SCHEME PARTICIPANTS HOLDING UNEXERCISED, VESTED SHARE OPTIONS IN TERMS OF THE SHARE INCENTIVE SCHEME WITH AN EXERCISE PRICE OF LESS THAN R4.25 PER SHARE AND WHO HAVE ELECTED NOT TO WAIVE THEIR RIGHT TO A COMPARABLE OFFER IN TERMS OF SECTION 125(2) OF THE COMPANIES ACT**

*Capitalised terms contained herein shall bear the meanings ascribed thereto in the circular to Anchor shareholders dated on or about 16 November 2020, unless otherwise defined herein.*

Dear Independent Directors,

### 1. INTRODUCTION

In an announcement published by Anchor on the Stock Exchange News Service of the Johannesburg Stock Exchange (“SENS”) on Friday, 13 November 2020 (the “Announcement”), holders of ordinary shares in the issued share capital of Anchor (“Anchor Shares” or “Shares”) were advised that the Board of directors of Anchor (“the Board”) had proposed a scheme of arrangement between Anchor and its shareholders (the “Shareholders”) in terms of which, the Shareholders will be entitled to elect that all or some of their Shares are repurchased for a cash consideration of R4.25 per Scheme Share (the “Scheme Consideration”), or that they elect to retain all or some of their Shares, and failing election shall be deemed to have elected that all of their Shares are repurchased for a cash consideration of R4.25 per Scheme Share.

Following implementation of the Scheme and the Delisting Resolution being approved by Shareholders Anchor will be delisted from the JSE Limited (“JSE”).

The Scheme will be implemented with reference to paragraphs 1.14 to 1.16 of the JSE Listings Requirements and in terms of section 114(1)(e), read with section 115 of the Companies Act 71 of 2008 (“the Companies Act”), to be proposed by the Anchor Board of directors between Anchor and Anchor shareholders (the “Scheme Participants”), at the Scheme Consideration and upon the terms and subject to the conditions set out in the circular to Anchor shareholders to be dated on or about 16 November 2020 (the “Circular”) which will include a copy of this Independent Expert Report.

Anchor Shares forming the subject matter of the Scheme are collectively referred to as the “Scheme Shares”.

Subject to the Scheme becoming operative and the Delisting approved by shareholders Capricorn Capital Partners Investments Proprietary Limited (“CCPI”) and Masimong Group Holdings Proprietary Limited (“Masimong”) have undertaken to subscribe for additional shares in Anchor to partially settle the bridge loan to be raised by Anchor to fund the Scheme Consideration. In the interest of good governance, CCPI, Masimong, and Michael Teke, will not vote on the Scheme. The salient terms of the Masimong and CCPI subscription and the bridge loan have been set out in paragraph 8 of the Circular.

As at the date of this opinion, the share capital of the Company comprises of the following:

- Authorised share capital comprising 1 000 000 000 Anchor Shares.
- Issued share capital comprising 217 386 093 Anchor Shares.
- 4 753 181 Treasury Shares.

The material interests of the directors of Anchor are set out in paragraph 17.3.1 of the Circular and the effect of the Scheme on those interests are set out in paragraph 17.3.3 of the Circular.

## 2. **SCOPE**

The Scheme will constitute an “affected transaction” as defined in section 117(1)(c)(iii) of the Companies Act. It will be implemented in accordance with the Companies Act and the Companies Regulations, 2011 (the “Regulations”) and will be regulated by the Takeover Regulation Panel (“TRP”).

An Independent Expert Report is required to be obtained by the Independent Board of Anchor (the “**Independent Board**”) to express an opinion dealing with the matters set out in sections 114 of the Companies Act and regulations 90 and 110 (1) of the Regulations, on whether the terms and conditions of the Scheme are fair and reasonable to Anchor shareholders (“**Fair and Reasonable Opinion**”). The Independent Expert must meet all the requirements of section 114(2) of the Act.

In addition, in terms of paragraph 1.15(d) as read with Schedule 5 of the JSE Listings Requirements the board of directors of Anchor is required to appoint an independent expert to provide a fairness opinion with regard to the fairness of the Scheme (“Fairness Opinion”).

DG Capital Proprietary Limited (“**DG Capital**”) has been appointed by the Independent Board as the independent expert to advise, in accordance with the Companies Act on whether the terms of the Scheme are fair and reasonable as far as the Anchor Shareholders and the Share Incentive Scheme Participants are concerned and by the Anchor Board as the independent expert to provide the Fairness Opinion.

The Fair and Reasonable Opinion and the Fairness Opinion are collectively referred to as the “Independent Expert Report” or “Opinion”.

## 3. **RESPONSIBILITY**

Compliance with the JSE Listings Requirements, the Companies Act and the Regulations is the responsibility of the directors of the Company. DG Capital’s responsibility is to report on the terms and conditions of the Scheme as they relate to the Anchor Shareholders.

We confirm that our Independent Expert Report has been provided to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion with regard to the Scheme for the benefit of the Anchor Shareholders and the Share Incentive Scheme Participants.

We understand that the Independent Expert Report will be used by the Independent Board and the Board to satisfy the requirements of the Companies Act and the Regulations and the JSE Listings Requirements.

## 4. **DEFINITION OF THE TERMS “FAIR” AND “REASONABLE”**

The “fairness” of a transaction is based on quantitative considerations. A transaction may be said to be fair if benefits received by shareholders, as a result of a transaction, are equal to or greater than the value ceded by shareholders.

In the Transaction, the Scheme would be considered “fair” if the Scheme Consideration is greater than or equal to the fair value of one Anchor share or unfair if the Scheme Consideration is less than the value of one Anchor share.

The “reasonableness” of a transaction is based on both quantitative and qualitative considerations. The terms of the Scheme will be considered reasonable if the Scheme Consideration is greater than the market price of the Company’s securities at the time that the corporate action was announced. In addition, other qualitative considerations may be taken into account when considering the reasonableness of the terms of the Scheme. Therefore, even though the Scheme Consideration may differ to the market price of the Company’s securities, the Scheme may still be considered “reasonable” after considering other significant qualitative factors.

This Independent Expert Report does not purport to cater for an individual Anchor Shareholder’s position but rather the general body of Anchor Shareholders being asked to vote in favour of the Scheme. An Anchor Shareholder’s decision in this regard may be influenced by their particular circumstances (for example taxation and the original price paid for the shares).

## 5. **SOURCES OF INFORMATION**

In arriving at our Opinion, we have relied on information from the following sources:

- We obtained an understanding of the terms and conditions of the Scheme, as set out in the Announcement, the Circular and Anchor Presentations;
- The audited and unaudited draft financial information of Anchor and its subsidiary companies (“**Group**”) comprising the annual financial statements for the years ended 31 December 2019, 2018 and 2017;
- The unaudited interim financial results of Anchor for the six months ended 30 June 2020;
- The Anchor management accounts for the 8 months ending 30 August 2020;

- Forecast financial information for Group for the financial years ending 31 December 2020 to 31 December 2025 as provided by Anchor management;
- Discussions with Anchor management regarding the historic and forecast financial information;
- Discussions with Anchor management and its advisors on prevailing market, economic, legal and other conditions which may affect underlying value;
- Publicly available information relating to Anchor that we deemed to be relevant, including Company announcements, analysts' reports and media articles;
- The Anchor Shares 30-, 60- and 90-day VWAP as at 12 November 2020, being the date preceding the date of the Announcement;
- Publicly available information relating to industries and companies that we deemed relevant and comparable; and
- Information and assumptions made available by and discussions held with the directors, the Independent Board, management of the Company and their advisors.

Where practical, we have verified the reasonability of the information provided to us for the purpose of supporting our Opinion, whether in writing or obtained through discussions with the directors and management of Anchor and its advisors. Where possible, such information has been substantiated by reference to supporting documentation and other corroborating evidence.

Whilst our work has involved an analysis of the financial information, as provided to us, our engagement does not constitute, nor does it include an audit or review in accordance with International Standards on Auditing. We have not and we do not assume responsibility or liability for such information.

## 6. PROCEDURES

In arriving at our Opinion, we have, amongst others, undertaken the following procedures in evaluating the fair and reasonableness of the Scheme:

- Considered the rationale for the Scheme, as represented by Anchor management and set out in the Circular;
- Reviewed the terms and conditions of the Scheme as set out in the Announcement and the Circular;
- Held discussions with Anchor management on the prospects of the underlying businesses within the Group;
- Reviewed the Anchor presentation with regard to the Transaction prepared by Anchor management and their advisors;
- Reviewed publicly available information relating to Anchor that we have deemed relevant;
- Reviewed and analysed the historic financial information of Anchor;
- Reviewed and analysed the Group management accounts, budget and forecast financial information for the Group for the financial years ending 31 December 2020 to 31 December 2025. In this regard, we assessed the forecast trends in line with historical performance as well as held discussions with management to assess the reasonableness of the assumptions applied in the forecast;
- Compiled forecast free cash flows for each of Anchor's underlying operations by using the historic and forecast financial information as detailed above and applied DG Capital's assumptions of weighted average cost of capital ("**WACC**") to the forecast cash flows to produce discounted cash flow ("**DCF**") valuations for each of underlying operations;
- Performed sensitivity analyses on key assumptions included in the DCF valuations;
- Compiled forecast cash flows for Anchor's head office costs by using historic and forecast information provided by Anchor management and applied DG Capital's assumptions on working capital requirements, regulatory capital requirements and cost of capital;
- Aggregated the valuations of Anchor's subsidiary and associate companies and head office to determine a sum-of-the-parts ("**SOTP**") valuation;
- Reviewed and analysed the Group's balance sheet at 31 August 2020 and adjusted the SOTP valuation for non-operating assets, non-operating liabilities and interest-bearing liabilities;
- Performed a market approach valuation for Anchor utilising local South African listed peer comparable companies;
- Reviewed Anchor's historic traded share price and trading volumes on the JSE to ascertain liquidity and volatility of the Anchor share price. Compared historical and current share prices of Anchor to the Scheme Consideration;

- Evaluated the specific risks associated with Anchor and its underlying operations.
- Considered the fact that Anchor's shares are tightly held and trading volumes are low;
- Considered the fact that the Scheme Consideration is to be settled in cash;
- Considered the fact that Scheme participants will be given the election to retain all or some of their Anchor shares. In this regard it was noted that there are no proposed amendments to the MOI of Anchor to provide for any minority protections other than the protections provided for in terms of the Companies Act and there is no guaranteed future liquidity event;
- Considered the fact that Anchor shareholders representing 46.75% of the Anchor Shareholders (excluding the Remaining Shareholders) have provided irrevocable undertakings to vote in favour of the Scheme and 47.72% of the Anchor Shareholders (including the Remaining Shareholders) have provided irrevocable undertakings that they intend to retain their Shares;
- Evaluated the relative risks associated with the Company, its business model and the industries in which it operates;
- Considered the terms and conditions and vesting profile of the Anchor Share Incentive Scheme as well as the impact of the Anchor Share Incentive Scheme on the valuation of Anchor;
- Considered the impact of COVID-19 on Anchor's recent trading performance and the forecast financial information provided by Anchor management. It was noted that Anchor's financial performance has shown resilience to the uncertainty resulting from COVID-19 with no material changes in operations or profitability as a result thereof to date;
- Obtained letters of representation from Anchor management asserting that we have been provided with all relevant information, that no material information was omitted and that all such information provided to us is accurate in all respects; and
- Considered other relevant facts and information relevant to concluding this Independent Expert Report.

Based on the results of the procedures mentioned above, we determined the fairness and reasonableness of the Scheme to Anchor shareholders. We believe the above considerations justify the Opinion outlined below.

## 7. VALUATION METHODOLOGY

In considering the Scheme, DG Capital performed an independent valuation of Anchor to determine whether the Scheme Consideration represents fair value to Anchor shareholders.

Anchor is a financial services holding company providing *inter alia*, asset management, wealth management, investment advice and stock broking services. Anchor provides a broad range of local and international investment solutions to individuals, financial advisors and institutions. It has three primary divisions – Private Clients, Asset Management and Stockbroking. Anchor has R65 billion of assets under management and advice as at 30 June 2020.

DG Capital performed a valuation of Anchor on a SOTP basis aggregating the DCF valuation of each of Anchor's underlying subsidiary and associate companies and head office (taking into account specific considerations of each operating entity) to determine whether the Scheme Consideration represents fair value to the Anchor Shareholders.

The discounted cash flow ("DCF") valuation (income approach) was the primary valuation methodology utilised. Our DCF valuation was supplemented with the market approach (based on financial data for comparable publicly traded South African peer companies) as a secondary methodology to support the results of the DCF valuation.

The DCF valuation was performed taking cognisance of risk and other market and industry factors affecting Anchor's operations, including but not limited to the operating environment in which Anchor operates, the current economic climate and the overall returns of asset managers in the current environment and how these might impact on forecast yield on assets under management and advice and operating margins. Prevailing market and industry conditions were also considered in assessing the risk profile of Anchor.

Key value drivers for the DCF included the WACC (discount rate), specifically:

A South African market risk premium was applied in our calculations;

- A risk-free rate based on 10-year South African government bonds;
- Beta, based on selected comparable companies;
- Current gearing (in this regard cognisance was taken of the fact that Anchor has almost no debt on its balance sheet both historically and as at 30 August 2020); and
- Company-specific risks associated with each underlying operation.

Other key value drivers included the future growth rate of the business (including market growth and net new inflows of assets under management and advice), yield achievable on assets under management and advice, profit margins, an assessment of non-recurring transactions included in historical results and working capital investment.

External value drivers considered include key macro-economic parameters such as GDP growth, inflation and prevailing market and industry conditions in which Anchor operates.

We have applied a minority discount to the equity value of Anchor as no controlling interest is being acquired.

We performed sensitivity analyses in respect of the key assumptions and WACC. This included stress testing the material assumptions applied in the valuation such as, *inter alia*, WACC assumptions, revenue assumptions of market growth in assets under management and advice, net new inflows of assets under management and advice and yield achieved on assets under management and advice, terminal growth rate and minority discount applied.

## 8. UNDERLYING INFORMATION AND ASSUMPTIONS AND REASONABLENESS THEREOF

Our Opinion is based on the following key assumptions:

- Anchor's businesses to be ongoing under current business plans and management;
- The Scheme will be legally enforceable; and
- The Scheme will have the legal, accounting and taxation consequences described in discussions with and materials furnished to us by representatives and advisors of Anchor.

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at the Opinion by:

- Placing reliance on audit reports in the financial statements of Anchor;
- Conducting analytical reviews of historical and forecast financial information;
- Determining the extent to which representations from management were confirmed by documentary and audited financial evidence, as well as our understanding of Anchor and the economic environment in which it operates.

## 9. QUALITATIVE CONSIDERATIONS

In arriving at our Opinion with respect to the reasonability of the Scheme, we considered, *inter alia*, the following key qualitative considerations:

- Rationale for the transaction as set out in the Circular and based on discussions with members of the Anchor Board and Independent Board;
- Historic trading prices of Anchor in the 30-day, 60-day and 90-day period prior to the date of the Announcement;
- The trading liquidity of Anchor shares;
- Reliance can be placed on the financial information of Anchor as presented by Anchor management;
- The Scheme provides Anchor shareholders with the opportunity to exit an illiquid share at a premium; and
- The Scheme provides Anchor shareholders with an election to retain all or some of their Anchor shares in the unlisted entity.

## 10. OPINION

We have considered the terms and conditions of the Scheme as set out above and based on the aforementioned, we are of the opinion, subject to the limiting conditions set out below, that the indicative market value per Anchor Share as of the date of the Opinion on a going-concern basis is between R3.65 and R4.23 per Anchor Share with a most likely value of R3.94 per Anchor Share.

The Scheme consideration falls [above] our valuation range per Anchor share.

The valuation range above is provided solely in respect of this Independent Expert Report and should not be used for any other purposes.

Based on our analysis and after taking into consideration all qualitative and quantitative considerations, we are of the opinion that the terms of the Scheme are fair and reasonable to the Anchor shareholders.

This Independent Expert Report is based on the information available to us up to 6 November 2020, including in respect of the financial, regulatory and other conditions and circumstances existing and disclosed to us at the date thereof. Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

## 11. COMPARABLE OFFER TO SHARE INCENTIVE SCHEME PARTICIPANTS

As set out in paragraph 5.3 of the Circular, Anchor has approached the Share Incentive Scheme Participants with unexercised vested Share options with an exercise price of less than R4.25 per Share in order to obtain their written consent to the waiver of their right to a comparable offer under section 125(2) of the Companies Act (“Comparable Offer”).

The Share Incentive Scheme Participants with unexercised vested Share options with an exercise price of less than R4.25 per Share who waive their right to a Comparable Offer, will not be made a Comparable Offer pursuant to the Scheme. In relation to those Scheme Participants with unexercised vested Share options with an exercise price of less than R4.25 per Share who do not waive their rights to a Comparable Offer, Anchor will make a Comparable Offer (in cash) to them at an offer price equal to the difference between the Scheme Consideration and the exercise price payable by each such Scheme Participant in respect of each unexercised vested share option with an exercise price of less than R4.25.

As the Comparable Offer price of R4.25 is the same as the Scheme Consideration offered to all Scheme Participants it is considered to be fair and reasonable to offer the same consideration to the Share Incentive Scheme Participant with unexercised vested Share options with exercise prices of less than R4.25 who elect not to waive their rights to the Comparable Offer.

## 12. LIMITING CONDITIONS

This Independent Expert Report is provided to the Independent Board in connection with and for the purpose of the Scheme for the sole purpose of assisting the Independent Board in forming and expressing an opinion for the benefit of the Anchor Shareholders. This Independent Expert Report is prepared solely for the Independent Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The forecasts on which we have relied relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this 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 actual results will correspond to those forecasted by the management of Anchor.

We relied upon the accuracy of the information used by us in deriving our Opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent, our knowledge and understanding and discussions on the assumptions inherent therein with management.

Whilst our work has involved an analysis of the annual financial statements, interim reports and management accounts, forecasts and other information provided to us, our engagement does not constitute, nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Scheme.

Our Independent Expert Report expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the Scheme have been or will be properly fulfilled. Subsequent developments may affect our Independent Expert Report, and we are under no obligation to update, revise or reaffirm such.

This Independent Expert Report is provided in terms of the Companies Act. This Independent Expert Report does not constitute a recommendation to any Anchor shareholder as to how to vote at any Shareholders meeting relating to the Scheme or on any matter relating to it. We assume no responsibility to anyone if this Independent Expert Report is used or relied upon for anything other than its intended purpose. Should an individual Anchor shareholder have any doubts as to what action to take, such Shareholder should consult an independent advisor.

The valuation of companies and businesses is not a precise science and conclusions arrived at, will, in many cases, be subjective and dependent on the exercise of individual judgement.

## 13. INDEPENDENCE, COMPETENCE AND FEES

We record that DG Capital holds no shares in Anchor, directly or indirectly.

We further record that DG Capital has the necessary competence to act as the independent expert for the purpose of this Independent Expert Report. The directors, partners, officers and employees of DG Capital allocated to this assignment have the necessary qualifications, expertise and competencies to provide this Independent Expert Report.

The total fee payable in respect of the preparation of this Independent Expert Report is R450 000 excluding VAT, payable in cash and is not contingent on the approval by Anchor Shareholders of the Scheme.

14. **CONSENT**

DG Capital consents to the use of our name, the inclusion of this Independent Expert Report and the reference to our Independent Expert Report in the Circular to be issued to the Anchor Shareholders in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours sincerely

**Lior Goldstein**

Director

DG Capital Proprietary Limited

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**EXTRACTS OF THE CONSOLIDATION AUDITED HISTORICAL FINANCIAL  
STATEMENTS OF ANCHOR FOR THE FINANCIAL YEARS ENDED  
31 DECEMBER 2017, 31 DECEMBER 2018 AND 31 DECEMBER 2019**

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**COMMENTARY**

Anchor began managing assets in 2012 and has grown to reach group-wide assets under management and advice at 31 December 2019 of R57.4 billion, up 17% from R49.0 billion at 31 December 2018.

Anchor has three primary divisions – Private Clients, Asset Management and Stockbroking. The long-term strategy of Anchor is to become a major player in South African asset and wealth management, with an increasing focus on offshore investment. This will be achieved by both organic and acquisitive growth.

Anchor's 2019 statement of comprehensive income is not directly comparable to the prior year due primarily to the deconsolidation of Anchor Stockbroking (Pty) Ltd, goodwill impairments in 2018 and the termination of the Astoria Investments Limited ("Astoria") investment management agreement, which resulted in a gross receipt of R70.4 million ("Astoria termination fee"). As at 1 March 2020, close to R50 million of these proceeds had been successfully deployed into new investments.

We are currently experiencing the most difficult investment environment in decades, with confidence levels in the economy and markets at low levels. This has been exacerbated by the COVID-19 crisis in the new year. Anchor has reacted proactively with effective marketing and a focus on meeting the needs of clients. The result in 2019 was strong inflows in assets under management, which is the most important metric for our business. Net assets under management and administration grew by a net R8.47 billion, after taking into account the R2 billion Astoria contract termination.

The investment environment has seen the demand for fixed income grow at the expense of equities. Anchor has benefited from this trend and had record fixed income inflows in 2019, although earning lower margins than those earned on equities. Equity market brokerage volumes have declined significantly and the impact of this was material for Anchor. While annuity management fees grew, this growth was more than offset by the Astoria termination and declining brokerage revenues.

The combination of the above factors saw the Anchor operating margin, excluding the Astoria termination fee, decline from 22% to 16%; although this includes some once-off and non-cash costs that are excluded from core earnings. The operating cash margin was down from 30% to 26.2%.

**RESULTS***Continuing Operations:*

The results for the period are impacted by the deconsolidation of Anchor Stockbroking (Pty) Ltd, and the consolidation of Erudite Financial Services (Pty) Ltd. Like for like numbers remove these impacts.

The turnover of the Group increased to R466 million (2018: R464 million). Like-for-like, turnover decreased by 9%, with average assets of R54.1 billion for the year (2018: R50.6 billion). The yield on average assets, excluding the Astoria termination fee, for the period decreased to 0.72% (2018: 0.92%). This was lower due to reduced brokerage levels and a change in asset mix. Anchor earned a once-off gross termination fee of R70.4 million relating to the Astoria investment management agreement which is included as part of revenue. The net impact of this fee has been excluded from adjusted headline earnings as it is once-off in nature.

Operating costs were down 2% at R352 million (2018: R360 million). Like-for-like costs increased by 8%.

Other income grew by 34% to R22.8 million (2018: R17.1 million). Other income was positively impacted by the return on balance sheet assets and interest income.

Finance costs increased by 31% to R2.7 million, (2018: R2.1 million). The increase is due to the adoption of IFRS 16, offset by the repayment of debt.

Adjusted headline earnings per share of 33.9 cents, is down 12% on 2018. Adjusted headline earnings are calculated by the Group in order to reflect core, and sustainable, cash-flow earnings of the Group. This number is used as the basis to determine the dividend cover of the Group.

The business is highly cash generative with more than 100% of continuing profits generated in cash.

Shareholders' equity increased to R921 million (31 December 2018: R851 million), as a result of the profit for the period. The net asset value per share is 446 cents (31 December 2018: 422 cents). Cash and other liquid instruments are R122 million at 31 December 2019 (31 December 2018: R144 million), which represents 58 cents per share (31 December 2018: 70 cents per share).

*Discontinued Operations:*

There were no discontinued operations for the period.

The extracts of the consolidated audited historical financial statements of Anchor for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 are included in this Annexure 2.

Full copies of the last three years' audited historical financial statements will:

(i) be made available to Shareholders, on request;

(ii) are accessible on Anchor's website ([www.Anchorgroup.co.za](http://www.Anchorgroup.co.za)), as follows:

- for the year ended 31 December 2017– <http://www.Anchorgroup.co.za/wp-content/uploads/2015/12/Anchor-Integrated-Annual-Report-2017-Final.pdf>;
- for the year ended 31 December 2018 – <http://www.Anchorgroup.co.za/wp-content/uploads/2019/04/Anchor-Integrated-Annual-Report-2018.pdf>; and
- for the year ended 31 December 2019 – <http://www.Anchorgroup.co.za/wp-content/uploads/2015/12/Anchor-Integrated-Annual-Report-2019.pdf>,

and (iii) are available for inspection, at the registered office of Anchor.

**ACCOUNTING POLICIES**

Anchor is a South African registered company. The consolidated annual financial statements of Anchor for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 comprise Anchor and its subsidiaries (together referred to as the Anchor Group) and the Anchor Group's interest in associate companies and joint ventures.

*Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the South African Institute Of Chartered Accountants or its successor and the requirements of the Companies Act of South Africa (as amended).

## Summarised consolidated statements of financial position

Figures in R'000	Audited 31-Dec-19	Audited 31-Dec-18	Audited 31-Dec-17
<b>Assets</b>			
<b>Non-Current Assets</b>			
Equipment	4 328	6 045	7 325
Investment Property	6 540		
Right-of-use assets	6 798		
Goodwill	590 455	589 990	557 287
Intangible assets	136 308	85 161	87 222
Investments in associates	71 885	72 804	334 309
Financial assets	47 284	21 675	14 660
Deferred tax	6 863	7 015	4 299
	870 461	782 690	1 005 102
<b>Current Assets</b>			
Current tax receivable	4 901	2 338	2 288
Cash and cash equivalents	72 026	66 204	93 672
Financial assets	49 966	77 709	109 611
Trade and other receivables	59 315	49 682	69 764
Amounts receivables on stockbroking activities			251 566
	186 208	195 933	526 901
<b>Total Assets</b>	<b>1 056 669</b>	<b>978 623</b>	<b>1 532 003</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	977 808	961 332	913 902
Reserves	17 667	5 020	6 308
Retained income	(66 707)	(114 991)	183 845
Equity Attributable to Equity Holders of Parent	928 768	851 361	1 104 055
Non-controlling interest	13 206	18 585	19 259
<b>Total Equity</b>	<b>941 974</b>	<b>869 946</b>	<b>1 123 314</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial liabilities	0	20 844	49 983
Lease liabilities	5 535		
Deferred Tax	32 997	21 817	19 308
	<b>38 532</b>	<b>42 661</b>	<b>69 291</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Financial liabilities	26 551	35 791	43 521
Lease liabilities	2 106		
Trade and other payables	41 064	25 956	29 066
Current tax payable	6 442	4 269	14 357
Amount payable in respect of stockbroking activities			252 454
	<b>76 163</b>	<b>66 016</b>	<b>339 398</b>
<b>Total Liabilities</b>	<b>114 695</b>	<b>108 677</b>	<b>408 689</b>
<b>Total Equity and Liabilities</b>	<b>1 056 669</b>	<b>978 623</b>	<b>1 532 003</b>

**Summarised consolidated statements of comprehensive income**

<b>Figures in R'000</b>	<b>Audited 31-Dec-19</b>	<b>Audited 31-Dec-18</b>	<b>Audited 31-Dec-17</b>
Revenue	465 861	463 727	476 283
Operating Expenses	(351 800)	(360 150)	(349 520)
<b>Operating profit</b>	<b>114 061</b>	<b>103 577</b>	<b>126 763</b>
Other Income	22 839	17 077	12 666
Movement in credit loss allowances	(3 795)	(1 181)	
Finance Costs	(2 708)	(2 073)	(4 413)
Share of (loss)/income from associates and joint venture	1 368	(104)	285
Loss of control of subsidiary		(2 579)	
Fair Value gain on previously held equity interest		6 715	
<b>Profit before taxation</b>	<b>131 765</b>	<b>121 432</b>	<b>135 301</b>
Taxation expense	(23 110)	(33 560)	(36 384)
Profit from Continuing Operations	108 655	87 872	98 917
Loss on discontinued operations net of tax		(298 977)	(2 180)
<b>Profit for the period</b>	<b>108 655</b>	<b>(211 105)</b>	<b>96 737</b>
<b>Items that will be reclassified to profit or loss:</b>			
Exchange differences on translating foreign operations	2 876	2 132	(554)
<b>Total Comprehensive Income</b>	<b>111 531</b>	<b>(208 973)</b>	<b>96 183</b>
<b>Profit for the period attributable to:</b>			
Owners of the parent – Continuing operations	87 225	62 810	65 517
Owners of the parent – Discontinued operations		(298 977)	(2 180)
Non-controlling interest	21 430	25 062	
	<b>108 655</b>	<b>(221 105)</b>	<b>63 337</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	90 101	(234 035)	62 783
Non-controlling interest	21 430	25 062	33 400
	<b>111 531</b>	<b>(208 973)</b>	<b>96 183</b>

Summarised consolidated statements of changes in equity

	Share Capital	Foreign currency translation Reserve	Equity Reserve	Treasury shares	Share based payment reserve	Total reserves	Restated Retained Income	Non-controlling interest	Total attributable to equity holders of the group/ company	Total equity
<b>Figures in R'000</b>										
<b>Balance as at 1 January 2017</b>	<b>904 010</b>	<b>1 159</b>	<b>(5 805)</b>		<b>10 236</b>	<b>5 590</b>	<b>149 526</b>	<b>18 366</b>	<b>1 059 126</b>	<b>1 077 492</b>
Profit for the year	-	-	-	-	-	-	63 337	33 400	63 337	96 737
Other comprehensive income	-	(554)	-	-	-	(554)	-	-	(554)	(554)
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>(554)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(554)</b>	<b>63 337</b>	<b>33 400</b>	<b>62 783</b>	<b>96 183</b>
Issue of shares for Acquisitions of subsidiaries	9 892	-	-	-	-	-	-	-	9 892	9 892
Treasury shares	-	-	-	(5 121)	-	(5 121)	-	-	(5 121)	(5 121)
Share-based payments	-	-	-	6 393	6 393	6 393	-	-	6 393	6 393
Dividends	-	-	-	-	-	-	(29 018)	(24 274)	(29 018)	(53 292)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>9 892</b>	<b>-</b>	<b>-</b>	<b>(5 121)</b>	<b>6 393</b>	<b>1 272</b>	<b>(29 018)</b>	<b>(24 274)</b>	<b>(17 854)</b>	<b>(42 128)</b>
<b>Opening balance as previously reported</b>	<b>913 902</b>	<b>605</b>	<b>(5 805)</b>	<b>(5 121)</b>	<b>16 629</b>	<b>6 308</b>	<b>183 845</b>	<b>27 492</b>	<b>1 104 055</b>	<b>1 131 547</b>
Prior year error	-	-	-	-	-	-	-	(8 233)	-	(8 233)
<b>Balance as at 1 January 2018, restated</b>	<b>913 902</b>	<b>605</b>	<b>(5 805)</b>	<b>(5 121)</b>	<b>16 629</b>	<b>6 308</b>	<b>183 845</b>	<b>19 259</b>	<b>1 104 055</b>	<b>1 123 314</b>
Profit for the year	-	-	-	-	-	-	(236 167)	25 062	(236 167)	(211 105)
Other comprehensive income	-	2 132	-	-	-	2 132	-	-	2 132	2 132
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2 132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 132</b>	<b>(236 167)</b>	<b>25 062</b>	<b>(234 035)</b>	<b>(208 973)</b>

	Share Capital	Foreign currency translation Reserve	Equity Reserve	Treasury shares	Share based payment reserve	Total reserves	Restated Retained Income	Total attributable to equity holders of the group/ company	Non-controlling interest	Total equity
<b>Figures in R'000</b>										
Issue of shares	47 430					–		47 430		47 430
Change in accounting policy – IFRS 9							(21 806)	(21 806)	(2 129)	(23 935)
Changes in ownership – ASPC						–		–	(3 869)	(3 869)
Treasury shares				(10 406)		(10 406)		(10 406)		(10 406)
Change in ownership – Methwold									3 313	3 313
Share-based payments					6 986	6 986		6 986		6 986
Dividends						–	(40 863)	(40 863)	(23 051)	(63 914)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>47 430</b>	<b>–</b>	<b>–</b>	<b>(10 406)</b>	<b>6 986</b>	<b>(3 420)</b>	<b>(62 669)</b>	<b>(18 659)</b>	<b>(25 736)</b>	<b>(44 395)</b>
<b>Balance as at 1 January 2019</b>	<b>961 332</b>	<b>2 737</b>	<b>(5 805)</b>	<b>(15 527)</b>	<b>23 615</b>	<b>5 020</b>	<b>(114 991)</b>	<b>851 361</b>	<b>18 585</b>	<b>869 946</b>
Profit for the year						2 876	87 225	87 225	21 430	108 655
Other comprehensive income								2 876		2 876
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>2 876</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2 876</b>	<b>87 225</b>	<b>90 101</b>	<b>21 430</b>	<b>111 531</b>
Issue of shares	16 476					–		16 476		16 476
Changes in ownership interest – control not lost			8 163			8 163		8 163	(4 804)	3 359
Treasury shares				(4 819)		(4 819)		(4 819)		(4 819)
Share-based payments					6 427	6 427		6 427		6 427
Dividends						–	(38 941)	(38 941)	(22 005)	(60 946)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>16 476</b>	<b>–</b>	<b>8 163</b>	<b>(4 819)</b>	<b>6 427</b>	<b>9 771</b>	<b>(38 941)</b>	<b>(12 694)</b>	<b>(26 809)</b>	<b>(39 503)</b>
<b>Balance at 31 December 2019</b>	<b>977 808</b>	<b>5 613</b>	<b>2 358</b>	<b>(20 346)</b>	<b>30 042</b>	<b>17 667</b>	<b>(66 707)</b>	<b>928 768</b>	<b>13 206</b>	<b>941 974</b>

**Summarised consolidated statement of cash flows**

<b>Figures in R'000</b>	<b>Audited 31-Dec-19</b>	<b>Audited 31-Dec-18</b>	<b>Audited 31-Dec-17</b>
<b>Cash flows from operating activities</b>			
Cash generated from / (used) from operations	158 988	139 486	151 240
Interest income	9 139	7 901	6 538
Finance costs	(2 708)	(2 073)	(4 413)
Tax paid	(28 991)	(43 850)	(29 750)
<b>Net cash from operating activities</b>	<b>136 428</b>	<b>101 464</b>	<b>123 615</b>
<b>Cash flows utilised in investing activities</b>			
Purchase of Equipment and Intangibles	(12 355)	(11 837)	(9 256)
Proceeds on disposal of intangible assets	6 526	3 171	
Business combinations	(43 329)	(7 863)	4 363
(Additions) / Disposal in financial assets	10 259	9 552	20 621
Net movement in investments in associates	710	(27 076)	(21 499)
<b>Net cash utilised in investing activities</b>	<b>(38 189)</b>	<b>(34 053)</b>	<b>(5 771)</b>
<b>Cash flows from financing activities</b>			
Increase in stated capital / share capital	4 698	1 503	4 299
Increase of other financial liabilities	(28 390)	(22 601)	(39 891)
Purchase of ACG shares	(4 819)	(10 406)	(5 121)
Dividends paid	(60 946)	(63 914)	(61 525)
Payment of lease Liabilities	(2 875)		
<b>Net Cash from financing activities</b>	<b>(92 332)</b>	<b>(95 418)</b>	<b>(102 308)</b>
<b>Total cash and cash equivalents movement for the year</b>	<b>5 907</b>	<b>(28 007)</b>	<b>15 536</b>
Cash and cash equivalents at the beginning of the year	66 204	93 672	78 184
Effect of exchange rate movement on cash balances	(85)	539	(48)
<b>Total cash and cash equivalents at end of the year</b>	<b>72 026</b>	<b>66 204</b>	<b>93 672</b>

## VOLUMES AND VALUES TRADED FOR SHARES

The trading history of Shares on the JSE, for each day over the 30 days preceding the Last Practicable Date and for each month over the 12 months prior to the Last Practicable Date, is set out below:

<b>Month ended</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Volume (Shares)</b>	<b>Value traded (Rands)</b>
30 November 2019	444	401	4 900 090	20 772 660
31 December 2019	445	400	1 296 360	5 526 800
31 January 2020	435	375	411 330	1 673 440
29 February 2020	400	360	1 924 830	7 406 100
31 March 2020	404	339	4 340 670	16 225 830
30 April 2020	374	290	8 102 750	25 384 340
31 May 2020	365	290	1 610 550	5 058 360
30 June 2020	359	320	1 447 400	4 926 080
31 July 2020	385	330	1 141 650	4 104 840
31 August 2020	460	337	1 260 980	4 630 810
30 September 2020	400	351	2 237 800	8 377 300
31 October 2020	400	370	1 679 910	6 430 910
<b>Day ended</b>				
2 October 2020	397	385	34 020	134 380
5 October 2020	394	376	47 430	186 860
6 October 2020	395	386	32 030	123 960
7 October 2020	390	375	96 630	372 030
8 October 2020	389	377	11 890	45 780
9 October 2020	382	377	24 860	94 970
12 October 2020	384	371	56 700	216 040
13 October 2020	385	372	217 690	816 350
14 October 2020	385	372	86 610	333 460
15 October 2020	389	375	236 280	897 870
16 October 2020	390	377	122 610	465 930
19 October 2020	389	389	500	1 950
20 October 2020	390	382	23 990	92 860
21 October 2020	390	383	32 360	126 200
22 October 2020	394	383	4 270	16 630
23 October 2020	400	383	112 130	448 500
26 October 2020	399	376	1 910	7 580
27 October 2020	398	380	8 530	33 940
28 October 2020	389	372	214 300	822 920
29 October 2020	394	380	36 850	141 490
30 October 2020	384	370	225 470	843 250
2 November 2020	380	365	68 820	261 500
3 November 2020	389	375	125 470	481 810
4 November 2020	385	375	156 560	601 170
5 November 2020	395	385	8 120	32 070
6 November 2020	395	380	21 330	82 740
9 November 2020	394	390	16 690	65 580
10 November 2020	400	388	186 160	722 310
11 November 2020	400	390	70 690	279 210
12 November 2020	395	395	3 500	13 830

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## EXCHANGE CONTROL REGULATIONS

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The settlement of the Scheme Consideration for both Certificated Shareholders and Dematerialised Shareholders will be subject to the Exchange Control Regulations.

The following is a summary of the relevant Exchange Control Regulations. Shareholders who are not resident in South Africa, or who have registered addresses outside South Africa, must satisfy themselves as to the full observance of the laws of the relevant jurisdiction concerning the receipt of the Scheme Consideration, including obtaining any required governmental or other consents, observing any other required formalities and paying any issue, transfer or other taxes due in that jurisdiction. If in any doubt, Shareholders should consult their professional advisors without delay.

### 1. RESIDENTS OF THE COMMON MONETARY AREA

In the case of:

Certificated Shareholders whose registered addresses in the Register are within the Common Monetary Area and whose Documents of Title are not restrictively endorsed in terms of the Exchange Control Regulations, the Scheme Consideration will be paid by way of EFT or posted to such Shareholders in accordance with paragraph 4.4;

or

Dematerialised Shareholders whose registered addresses in the Register are within the Common Monetary Area and have not been restrictively designated in terms of the Exchange Control Regulations, the Scheme Consideration will be credited directly to the accounts nominated for the relevant Shareholders by their duly appointed CSDP or Broker in terms of the provisions of their Custody Agreement with their CSDP or Broker.

### 2. EMIGRANTS FROM THE COMMON MONETARY AREA

In the case of Shareholders who are emigrants from the Common Monetary Area and whose Shares form part of their remaining assets, the Scheme Consideration will:

- in the case of Certificated Shareholders whose Documents of Title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the Authorised Dealer in foreign exchange in South Africa controlling such Shareholders' remaining assets in terms of the Exchange Control Regulations. The attached Form of Surrender and Transfer (*blue*) makes provision for details of the Authorised Dealer concerned to be given; or
- in the case of Dematerialised Shareholders whose registered addresses in the Register are within the Common Monetary Area and have not been restrictively designated in terms of the Exchange Control Regulations, be paid to their CSDP or Broker, which shall arrange for same to be credited directly to the capital account of the Shareholder concerned with their Authorised Dealer in foreign exchange in South Africa.

### 3. ALL OTHER NON-RESIDENTS OF THE COMMON MONETARY AREA

The Scheme Consideration accruing to non-resident Shareholders whose registered addresses are outside the Common Monetary Area and emigrants from the Common Monetary Area who acquired the Shares utilising funds from abroad, will:

- in the case of Certificated Shareholders whose Documents of Title have been restrictively endorsed in terms of the Exchange Control Regulations, be paid by way of EFT or posted to their registered address in accordance with paragraphs 4.4. The attached Form of Surrender and Transfer (*blue*) makes provision for a substitute address or bank details; or
- in the case of Dematerialised Shareholders, be paid to their duly appointed CSDP or Broker and credited to such shareholders in terms of the provisions of your Custody Agreement with their CSDP or Broker.

### 4. INFORMATION NOT PROVIDED

If the information regarding Authorised Dealers is not given or the instructions are not given and no bank account or address details for the Shareholder in question appears in the Register, the Scheme Consideration will be held in trust by Anchor or the Transfer Secretaries on behalf of Anchor.

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**SECTIONS 114 AND 115 OF THE COMPANIES ACT**

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**EXTRACT OF SECTION 114 OF THE COMPANIES ACT**

- (1) Unless it is in liquidation or in the course of business rescue proceedings in terms of Chapter 6, the board of a company may propose and, subject to subsection (4) and approval in terms of this Part, implement any arrangement between the company and holders of any class of its securities by way of, among other things:
  - (a) a consolidation of securities of different classes;
  - (b) a division of securities into different classes;
  - (c) an expropriation of securities from the holders;
  - (d) exchanging any of its securities for other securities;
  - (e) a re-acquisition by the company of its securities; or
  - (f) a combination of the methods contemplated in this subsection.
- (2) The company must retain an independent expert, who meets the following requirements, to compile a report as required by subsection (3):
  - (a) The person to be retained must be:
    - (i) qualified, and have the competence and experience necessary to:
      - (aa) understand the type of arrangement proposed;
      - (bb) evaluate the consequences of the arrangement; and
      - (cc) assess the effect of the arrangement on the value of securities and on the rights and interests of a holder of any securities, or a creditor of the company; and
    - (ii) able to express opinions, exercise judgment and make decisions impartially.
  - (b) The person to be retained must not:
    - (i) have any other relationship with the company or with a proponent of the arrangement, such as would lead a reasonable and informed third party to conclude that the integrity, impartiality or objectivity of that person is compromised by that relationship;
    - (ii) have had any relationship contemplated in subparagraph (i) within the immediately preceding two years; or
    - (iii) be related to a person who has or has had a relationship contemplated in subparagraph (i) or (ii).
- (3) The person retained in terms of subsection (2) must prepare a report to the board, and cause it to be distributed to all holders of the company's securities, concerning the proposed arrangement, which must, at a minimum:
  - (a) state all prescribed information relevant to the value of the securities affected by the proposed arrangement;
  - (b) identify every type and class of holders of the company's securities affected by the proposed arrangement;
  - (c) describe the material effects that the proposed arrangement will have on the rights and interests of the persons mentioned in paragraph (b);
  - (d) evaluate any material adverse effects of the proposed arrangement against:
    - (i) the compensation that any of those persons will receive in terms of that arrangement; and
    - (ii) any reasonably probable beneficial and significant effect of that arrangement on the business and prospects of the company;
  - (e) state any material interest of any director of the company or trustee for security holders;
  - (f) state the effect of the proposed arrangement on the interest and person contemplated in paragraph (e); and
  - (g) include a copy of sections 115 and 164.

- (4) Section 48 applies to a proposed arrangement contemplated in this section to the extent that the arrangement would result in any re-acquisition by a company of any of its previously issued securities.

#### **EXTRACT OF SECTION 115 OF THE COMPANIES ACT**

- (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 a 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.

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**SECTION 164 OF THE COMPANIES ACT**

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- (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 section 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;
    - (ii) the company has adopted the resolution contemplated in subsection (2); and
  - (b) 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;
    - (iv) 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
    - (v) must make an order requiring:
      - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
      - (bb) 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 before 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.

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**DEALINGS IN SHARES BY PROVIDERS OF IRREVOCABLE UNDERTAKINGS**


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In terms of Regulation 106(6) of the Companies Act, the following table sets out the list of share dealings by Shareholders who have provided Irrevocable Undertakings as set out in paragraph 9 to vote in favour of the Transaction and/or to elect not to tender all or some of their Shares held. This list includes all Share dealings for the period between the six months prior to the Firm Intention Announcement date and the Last Practicable Date.

<b>Name of shareholder</b>	<b>Date</b>	<b>Transaction type</b>	<b>Number of shares</b>	<b>Price (Rand)</b>	<b>Total value</b>
Masimong	9 June 2020	Purchase	100 000	3.39	339 000.00
Masimong	18 June 2020	Purchase	85 000	3.39	288 239.60
Masimong	23 June 2020	Purchase	107 056	3.40	363 830.82
Masimong	24 June 2020	Purchase	416 539	3.67	1 526 699.74
CV Partners Holdings Limited	14 May 2020	Purchase	24 457	2.90	70 925.30
CV Partners Holdings Limited	14 May 2020	Purchase	6 418	2.91	18 676.38
CV Partners Holdings Limited	14 May 2020	Purchase	38 970	2.93	114 182.10
CV Partners Holdings Limited	14 May 2020	Purchase	38 000	2.95	112 100.00

# ANCHOR GROUP

## ANCHOR GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2009/005413/06)

Share code: ACG ISIN: ZAE000193389

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### NOTICE OF GENERAL MEETING

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THE ATTENTION OF SHAREHOLDERS IS DRAWN TO ANNEXURES 5 AND 6 THE CIRCULAR, WHICH SETS OUT THE PROVISIONS OF SECTIONS 114, 115 AND 164 OF THE COMPANIES ACT.

If you are in any doubt as to what action you should take in respect of the General Meeting and/or the following Resolutions, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

The definitions and interpretation commencing on page 5 of the Circular to which this Notice is attached, apply, *mutatis mutandis*, to this Notice and to the Resolutions set out below.

Notice is hereby given that a meeting of Shareholders, as at the Scheme Voting Record Date of Friday, 11 December 2020 will be held at 10:00 on Thursday, 17 December 2020 such meeting to be held entirely via electronic facility/communication in terms of section 63(2)(a) of the Companies Act, to consider and, if deemed fit, to pass, with or without modification, the Special Resolutions and Ordinary Resolutions set out below.

Shareholders are reminded that:

- a Shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy, or two or more proxies, to attend and participate in and vote at the General Meeting in the place of the Shareholder, by completing the Forms of Proxy (*green*) and Election (*white*) in accordance with the instructions set out therein;
- a proxy need not be a Shareholder; and
- Shareholders recorded in the Register on the Scheme Voting Record Date (including Shareholders and their proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the General Meeting. Acceptable forms of identification include valid identity documents, driver's licences and passports.

The General Meeting will only be accessible via electronic facility/communication in terms of section 63(2) (a) of the Companies Act, and as permitted in terms of the Listings Requirements and the Company's MOI.

Shareholders who wish to electronically participate in and/or vote at the General Meeting are required to contact Link Market Services on [meetfax@linkmarketservices.co.za](mailto:meetfax@linkmarketservices.co.za) as soon as possible, but in any event, for administrative purposes only, by no later than 10:00 on Monday, 14 December 2020. However, this will not in any way affect the rights of Shareholders to register for the General Meeting after this date, provided, however, that only those Shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the General Meeting will be allowed to participate in and/or vote by electronic means. Shareholders are strongly encouraged to submit votes by proxy before the General Meeting. If Shareholders wish to attend the General Meeting, they should instruct their CSDP or Broker to issue them with the necessary letter of representation to attend the General Meeting in person, in the manner stipulated in your Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.

Link Market Services will assist Shareholders with the requirements for electronic participation in, and/or voting at, the General Meeting. Link Market Services is further obliged to validate (in correspondence with Anchor and, in particular, the Transfer Secretaries and your CSDP) each such Shareholder's entitlement to participate in and/ or vote at the General Meeting, before providing it with the necessary means to access the General Meeting and/or the associated voting forms.

Shareholders will be liable for their own network charges and expenses in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of the Anchor or the Transfer Secretaries. None of Anchor or the Transfer Secretaries can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/ or power outages which may prevent any such Shareholder from participating in and/or voting at the General Meeting.

The Special Resolutions and Ordinary Resolutions to be considered and, if deemed fit, passed, with or without modification, at the General Meeting are as follows:

**SPECIAL RESOLUTION 1 – APPROVAL OF THE SCHEME RESOLUTION IN ACCORDANCE WITH SECTIONS 48(8)(a), 48(8)(b), 114(1)(e) AND 115(2)(a) OF THE COMPANIES ACT**

“RESOLVED THAT the Scheme in terms of section 114(1) of the Companies Act (as more fully set out in the Circular and as may be amended as contemplated in the Circular), proposed by the Anchor Board between Anchor and the Shareholders, in terms of which, *inter alia*, Anchor will, subject to the fulfilment or waiver of the Scheme Conditions Precedent (save for any Scheme Condition Precedent relating to the passing of this Special Resolution), and on the Operative Date, repurchase all of the Repurchase Scheme Shares from the Repurchase Scheme Participants and each Repurchase Scheme Participant will receive the Scheme Consideration, pursuant to which the Shares will be delisted, in accordance with paragraph 1.17(b) of the Listings Requirements from the Alternative Exchange of the JSE be and is hereby approved as a Special Resolution in accordance with sections 48(8)(a), 48(8)(b), 114(1)(e) and 115(2)(a) of the Companies Act, as amended, provided that the Scheme will terminate and that this Special Resolution Number 1 will be treated as a nullity and will be deemed to have been revoked with immediate effect upon the Anchor Board’s determination that any or all of the Scheme Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible).”

**Voting requirement**

In order for Special Resolution Number 1 to be passed, the support of at least 75% of all of the voting rights exercised on the resolution by the Shareholders (eligible to vote) present in person or represented by proxy at the General Meeting, excluding an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them (as contemplated in section 115(4) of the Companies Act is required. In the interests of good corporate governance, any company within the Group that holds Treasury Shares and the Remaining Shareholders will not vote on this Special Resolution Number 1. The Scheme will terminate and Special Resolution Number 1 will be treated as a nullity and will be deemed to have been revoked with immediate effect upon the Anchor Board’s determination that any or all of the Scheme Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible).

**Explanatory note**

In accordance with section 48(8)(a) and 115(2)(a) of the Companies Act, the Scheme must be approved by a Special Resolution if any Shares are to be acquired by Anchor from a Director or prescribed officer of Anchor or a person related to a Director or prescribed officer of Anchor. In addition, the Scheme will result in Anchor acquiring more than 5% of Shares in issue as at the Scheme Consideration Record Date and thus the Scheme, as required by section 48(8)(b) of the Companies Act, is subject to the requirements of sections 114 and 115 of the Companies Act. Accordingly, the reason for this Special Resolution is to approve the Scheme in terms of sections 48(8)(a), 48(8)(b), 114(1)(e) and 115(2)(a) of the Companies Act.

**SPECIAL RESOLUTION 2 – APPROVAL OF THE ISSUE OF SHARES TO MASIMONG UNDER THE MASIMONG SUBSCRIPTION AND TO CCPI UNDER THE CCPI SUBSCRIPTION IN TERMS OF SECTION 41(3) OF THE COMPANIES ACT AND THE MOI**

“RESOLVED THAT, subject to the adoption of Special Resolution Number 1 and Special Resolution Number 3 and in terms of section 41(3) of the Companies Act, the Directors be and are hereby authorised to issue the Masimong Subscription Shares to Masimong and the CCPI Subscription Shares to CCPI, to the extent that the voting power (as defined in the Companies Act) of such Shares (once issued) will equal or exceed 30% of the voting power (as defined in the Companies Act) of all the Shares held by the Shareholders immediately before the issue of such Shares.”

**Voting requirement**

In order for Special Resolution Number 2 to be passed, the support of at least 75% of all of the voting rights exercised on the resolution by the Shareholders (eligible to vote) present in person or represented by proxy at the General Meeting, excluding an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them (as contemplated in section 115(4) of the Companies Act is required. In the interests of good corporate governance, any company within the Group that holds Treasury Shares and the Remaining Shareholders, respectively, will not vote on this Special Resolution Number 2. The Scheme will terminate and Special Resolution Number 2 will be treated as a nullity and will be deemed to have been revoked with immediate effect upon the Anchor Board’s determination that any or all of the Scheme Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible).

### **Explanatory note**

In accordance with section 41(3) of the Companies Act, “[a]n issue of shares, securities convertible into shares, or rights exercisable for shares in a transaction, or a series of integrated transactions, requires approval of the shareholders by special resolution if the voting power of the class of shares that are issued or issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% of the voting power of all the shares of that class held by shareholders immediately before the transaction or series of transactions.” The Shares to be issued in terms of Special Resolution Number 2 may be equal to or exceed the 30% threshold prescribed in section 41(3) of the Companies Act and therefore special resolution number 2 is required, the effect of which is to authorise such Share issue.

### **SPECIAL RESOLUTION 3 – APPROVAL OF THE ISSUE OF SHARES TO MASIMONG UNDER THE MASIMONG SUBSCRIPTION AND TO CCPI UNDER THE CCPI SUBSCRIPTION IN TERMS OF SECTION 41(1) OF THE COMPANIES ACT AND THE MOI**

“RESOLVED THAT, subject to the adoption of Special Resolution Number 1 and Special Resolution Number 2 and in terms of section 41(1) of the Companies Act, to the extent that any issue of Shares under the Masimong Subscription Agreement or the CCPI Subscription Agreement is an issue of Shares to any person contemplated in section 41(1) of the Companies Act (being any person who is: (a) a Director, future Director, prescribed officer, or future prescribed officer of Anchor; (b) a person related or inter-related to Anchor, or any Director or prescribed officer of Anchor; or (c) a nominee of a person contemplated in (a) or (b) above) the Directors be and are hereby authorised to issue such Shares to any such person/s, on such terms and conditions as set out in the Masimong Subscription Agreement and the CCPI Subscription Agreement (as applicable).”

### **Voting requirement**

In order for Special Resolution Number 3 to be passed, the support of at least 75% of all of the voting rights exercised on the resolution by the Shareholders (eligible to vote) present in person or represented by proxy at the General Meeting, excluding an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them (as contemplated in section 115(4) of the Companies Act is required. In the interests of good corporate governance, any company within the Group that holds Treasury Shares and the Remaining Shareholders, respectively, will not vote on this Special Resolution Number 3. The Scheme will terminate and Special Resolution Number 3 will be treated as a nullity and will be deemed to have been revoked with immediate effect upon the Anchor Board’s determination that any or all of the Scheme Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible).

### **Explanatory note**

In accordance with section 41(1) of the Companies Act, but subject to section 41(2) of the Companies Act, an issue of shares or securities convertible into shares, or a grant of options contemplated in section 42 of the Companies Act, or a grant of any other rights exercisable for securities, must be approved by a special resolution of the shareholders of a company, if the shares, securities, options or rights are issued to persons that are either: (a) directors, future directors, prescribed officers or future prescribed officers of Anchor; (b) persons related or inter-related to Anchor, or any director or prescribed officer of Anchor; or (c) a nominee of a person contemplated in (a) or (b).

### **ORDINARY RESOLUTION 1 – APPROVAL OF SHARE SCHEME AMENDMENT**

“RESOLVED THAT, subject to the passing of Special Resolution Number 1, Special Resolution Number 2, Special Resolution Number 3 and Ordinary Resolution Number 2, the amendments to the Share Incentive Scheme rules as reflected in Annexure 1 (wherein words in italics indicate insertions and words that are struck through indicate deletions) to the notice of this General Meeting be and is hereby approved as a Special Resolution with effect from the date upon which both the Delisting occurs and the written consent to such amendments has been obtained from all Share Incentive Scheme Participants that hold vested rights in the Share Incentive Scheme.”

### **Voting requirement**

In order for Ordinary Resolution Number 1 to be passed the support of at least 75% of all of the voting rights exercised on the resolution by the Shareholders (eligible to vote) present in person or represented by proxy at the General Meeting, excluding an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them (as contemplated in section 115(4) of the Companies Act). Share Incentive Scheme Participants who are Shareholders and, as a consequence of this Ordinary Resolution Number 1 being conditional on the passing of Special Resolution Number 1, Special Resolution Number 2, Special Resolution Number, and in the interests of good corporate governance, the Remaining Shareholders will not vote on this Ordinary Resolution Number 1.

## **ORDINARY RESOLUTION NUMBER 2 – APPROVAL FOR THE DELISTING IN TERMS OF PARAGRAPHS 1.15 AND 1.16 OF THE LISTINGS REQUIREMENTS**

“RESOLVED THAT, subject to, and conditional upon the passing of Special Resolution Number 1, the listing of all Shares on the Alternative Exchange of the JSE be terminated with effect from Tuesday, 2 February 2020, or such other date as the JSE may determine.”

### **Voting requirement**

In order for Ordinary Resolution Number 2 to be passed the support of more than 50% of all of the voting rights exercised on the resolution by the Shareholders (eligible to vote) present in person or represented by proxy at the General Meeting, excluding any controlling shareholder, its associates and any party acting in concert In the interests of good corporate governance, any company within the Group that holds Treasury Shares and the Remaining Shareholders, respectively, will not vote on this Ordinary Resolution Number 2.

### **Explanatory note**

Ordinary Resolution Number 2 is required is to authorise Anchor to make application to the JSE to delist the Shares from the Alternative Exchange of the JSE in terms of paragraphs 1.15 and 1.16 of the Listings Requirements.

## **ORDINARY RESOLUTION NUMBER 3 – AUTHORISATION OF DIRECTORS**

“RESOLVED THAT any of the Directors be and are hereby authorised to do all things and sign all documents required to give effect to and implement Special Resolution Number 1, Special Resolution Number 2, Special Resolution Number 3, Ordinary Resolution Number 1 and Ordinary Resolution Number 2 set out above.”

### **Voting requirement**

In order for Ordinary Resolution Number 3 to be passed the support of more than 50% of all of the voting rights exercised on the resolution by the Shareholders (eligible to vote) present in person or represented by proxy at the General Meeting, excluding any controlling shareholder, its associates and any party acting in concert In the interests of good corporate governance, any company within the Group that holds Treasury Shares and the Remaining Shareholders, respectively, will not vote on this Special Resolution Number 3.

## **QUORUM**

The General Meeting may not begin until sufficient persons are present (in person or represented by proxy) at the General Meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting. A matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present at the meeting (in person or represented by proxy) to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda. In addition, a quorum shall consist of at least three Anchor Shareholders personally present or represented by proxy (and if the Shareholder is a body corporate, it must be represented) and entitled to vote at the General Meeting on matters to be decided by Shareholders.

## **APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS**

In terms of section 164 of the Companies Act, at any time before the Scheme Resolution as set out in this Notice of the General Meeting is voted on, a Shareholder may give Anchor a written notice objecting to the Scheme Resolution.

A Shareholder may demand that Anchor pay the Shareholder the fair value for all of the Shares held by that person if:

- the Shareholder has sent Anchor a notice of objection in terms of section 164(3) of the Companies Act;
- Anchor has adopted Special Resolution Number 1 and the Scheme becomes wholly unconditional and is implemented; and
- such Shareholder voted against Special Resolution Number 1 and has complied with all of the procedural requirements of section 164 of the Companies Act.

The right to receive such fair value is subject to the provisions of the Circular and the Companies Act, including section 164(9).

Shareholders are referred to paragraph 4.8 of the Circular to which this Notice is attached for more information regarding Appraisal Rights. A copy of section 164 of the Companies Act is set out in Annexure 6 to the Circular to which this Notice is attached.

## **FORMS OF PROXY (*GREEN*) AND ELECTION (*WHITE*)**

Forms of Proxy and Election (*white*) are attached for the convenience of any Certificated Shareholders and “own-name” Dematerialised Shareholders who are unable to attend the General Meeting who wish to be represented thereat. Forms of Proxy (*green*) and Election (*white*) may also be obtained on request from Anchor’s registered office. The duly completed Forms of Proxy (*green*) and Election (*white*) must be deposited at or posted to the office of the Transfer Secretaries, for administrative purposes to be received by no later than 48 hours prior to the General Meeting, i.e. by 10:00 on Monday, 14 December 2020. The Forms of Proxy (*green*) and Election (*white*) may also be handed to the chairperson of the General Meeting before the proxy exercises the voting rights of the Shareholder at the General Meeting or adjourned, postponed or rescheduled General Meeting (as the case may be). Any Shareholder who completes and lodges Forms of Proxy (*green*) and Election (*white*) will nevertheless be entitled to attend and vote in person at the General Meeting should the Shareholder subsequently decide to do so.

Attached to the Forms of Proxy (*green*) and Election (*white*) is an extract of section 58 of the Companies Act, to which Shareholders are referred.

Shareholders who have already Dematerialised their Shares through a CSDP or Broker and who wish to attend the General Meeting must instruct their CSDP or Broker to issue them with the necessary letter of representation to attend.

Dematerialised Shareholders who have elected “own-name” registration in the Register through a CSDP and who are unable to attend but who wish to vote at the General Meeting must complete and return the attached relevant Forms of Proxy (*green*) and Election (*white*) and lodge it with the Transfer Secretaries; for administrative purposes to be received by no later than 10:00 on Monday, 14 December 2020.

By order of the Anchor Board.

CIS Company Secretaries (Pty) Ltd  
Company Secretary  
Johannesburg  
Friday, 13 November 2020

### **Business address and registered office**

25 Culross Road, Bryanston, Sandton, 2191  
(PO Box 1337, Gallo Manor, 2191)

### **Transfer Secretaries to Anchor**

Link Market Services South Africa Pty Limited  
13th Floor, 19 Ameshoff Street, Braamfontein, 2000  
(PO Box 4844, Johannesburg, 2000)

## AMENDMENTS TO THE SHARE INCENTIVE SCHEME

The amendments to the Share Incentive Scheme rules are as follows (wherein italics indicate insertions and words that are struck through indicate deletions):

At clause 1.1.5, “**Allocation Price**” means the price attributable to a Share Appreciation Right on Allocation, being a price equal to *10 x the Adjusted Headline Earnings Per Share for the year* ~~the volume weighted average price of a Share on the JSE over the 30 (thirty) Trading Days~~ immediately prior to the *year in which the Allocation Date occurs*.

At clause 1.1.6, “**Applicable Laws**” means in relation to any person or entity, all and any –

1.1.6.1 statutes, subordinate legislation and common law;

1.1.6.2 regulations;

1.1.6.3 ordinances and by-laws;

1.1.6.4 accounting standards;

1.1.6.5 the JSE Listings Requirements, *for so long as the Shares of the Company are listed on the stock exchange operated by the JSE*;

1.1.6.6 the Takeover Regulations;

1.1.6.7 directives, codes of practice, circulars, guidance notices, judgements and decisions of any competent authority,

compliance which is mandatory for that person or entity.

After clause 1.1.7, a new clause 1.1.7A be added which reads as follows: “**Adjusted Headline Earnings Per Share**” *means the core and sustainable, cash-flow earnings per Share of the Company as approved by the Board annually based on the Company’s annual audited financial statements*.

At clause 1.1.12, “**Business Day**” means *any day other than a Saturday, Sunday or public holiday in South Africa any day on which the JSE is open for the transaction of business*.

At clause 1.1.15, “**Closing Price**” means the price of a Share ~~as at the close of trade on a Trading Day being~~ *10 x the Adjusted Headline Earnings Per Share for the year immediately prior to the year in which Vesting takes place*.

At clause 1.1.26, “**Exercise Price**” means the price attributable to a Share Appreciation Right on the Exercise Date, being the Closing Price on the Exercise Date, ~~provided that if the Exercise Notice is submitted after the close of trade of the JSE, the Closing Price shall be the price of the Share as at the close of trade on the following Trading Day~~.

At clause 1.1.36, “**Maximum Period**” means in relation to Share Appreciation Rights, the period commencing on an Allocation Date and expiring on the sixth anniversary of that Allocation Date; provided that –

1.1.36.1 the Maximum Period shall automatically be extended for 60 (sixty) days if and to the extent necessary to take account of the fact that the last day of the Maximum Period falls on a

date on which, or during a period in which, –

1.1.36.1.1 by virtue of any Applicable Laws or any policy of the Group (including any corporate governance policy) it is not permissible to Settle a Share Appreciation Right; or

1.1.36.1.2 by virtue of any Applicable Laws or any policy of the Group (including any corporate governance policy) a Participant would be precluded from receiving or otherwise dealing/trading in Shares;

it being recorded that *(for so long as the Shares of the Company are listed on the JSE)* such 60 day period shall commence on the date following the cessation of the closed or prohibited periods referred to above, as contemplated in the JSE Listings Requirements or otherwise;

At clause 1.1.41, “**Option Price**” means the price attributable to an Option Share, being a price equal to the ~~volume weighted average price of a Share on the JSE over the 30 (thirty) Trading Days~~. *10 x the Adjusted Headline Earnings Per Share for the year immediately prior to the year in which the Option Date occurs* discounted by up to 30% (thirty percent) immediately prior to the Option Date;

At clause 1.1.60, “**Trading Day**” ~~means any day on which the Shares are traded on the JSE;~~

At clause 11.3, Notwithstanding 11.1, the Board may, in its sole and absolute discretion, resolve that a Participant who exercises an Option shall not receive Shares, and shall not pay the Option Price, but shall instead receive a cash amount equal to the amount by which the ~~market value~~*Closing Price* of the Shares in respect of which the Option is exercised exceeds the Option Price (if any) on the Option Exercise Date.

At clause 26.1, Notwithstanding anything to the contrary contained herein but subject to 26.3, if the Company, at any time before any Option, Allocation or Award is duly exercised:

- 26.1.1 is put into liquidation for the purposes of reorganisation; or
- 26.1.2 is a party to a scheme of arrangement affecting the structure of its share capital; or
- 26.1.3 reduces its capital; or
- 26.1.4 is a party to a reorganisation; or
- 26.1.5 has a Capitalisation Issue or Rights Issue; or
- 26.1.6 otherwise changes its capital

then such adjustments shall be made to the rights or Participants as may be determined by the Board to be fair and reasonable to the Participants concerned; provided that any adjustments pursuant to this 26.1 shall be confirmed by the Auditors of the Company and *(for so long as the Shares of the Company are listed on the stock exchange operated by the JSE)* to the JSE in writing at the time the adjustment is finalised and should give a Participant the entitlement to the same proportion of the share capital as he was previously entitled to. Should any Participant be aggrieved by such adjustment, he may utilise the dispute procedures set out in 32. Any adjustment made in accordance with 26.1 must be reported on in the Company’s annual financial statements in the year during which the adjustment is made.

At clause 31, Notwithstanding any provision in these Rules, *for so long as the Shares of the Company are listed on the stock exchange operated by the JSE*, the Company shall not be obliged to deliver the Participant share certificates in respect of the Shares settled to him in terms of these Rules but shall instead be obliged to procure such electronic transactions and/or entries and to deliver to the Participant such documents (if any) as may be required to reflect his rights in and to such Shares pursuant to the provisions of the Act, the Securities Act 36 of 2004, the Rules of the Central Securities Depository (being Share Transactions Totally Electronic Limited) and the requirements of the JSE.

At clause 35.2, Without derogating from the generality of the foregoing, the Company –

- 35.2.1 may appoint a Compliance Officer of the Scheme if required by the Act; and
- 35.2.2 *shall, for so long as the Shares of the Company are listed on the stock exchange operated by the JSE*, ensure compliance with Schedule 14 and paragraphs 3.63 to 3.74 of the Listings Requirements of the JSE.

# ANCHOR GROUP

## ANCHOR GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2009/005413/06)

Share code: ACG ISIN: ZAE000193389

### FORM OF PROXY (GREEN) ("FORM")

## FORM OF PROXY

The definitions and interpretation commencing on page 5 of the Circular to which this Form of Proxy (*green*) is attached, apply, *mutatis mutandis*, to this Form.

For use by the holders of Certificated Shares and/or Dematerialised Shares held through a CSDP or Broker who have selected "own-name" registration, registered as such at the close of business on the Scheme Voting Record Date, at the General Meeting to be held at 10:00 on Thursday, 17 December 2020 entirely via electronic facility/communication in terms of section 63(2)(a) of the Companies Act or any adjourned, postponed or rescheduled General Meeting. The Form may be handed to the chairperson of the General Meeting before the proxy exercises the voting rights of the Shareholder at the General Meeting or adjourned, postponed or rescheduled General Meeting (as the case may be).

Dematerialised Shareholders who have not selected "own-name" registration must inform their CSDP or Broker timeously of their intention to attend and vote at the General Meeting or be represented by proxy thereat in order for the CSDP or Broker to issue them with the necessary letter of representation to do so or provide the CSDP or Broker timeously with their voting instruction should they not wish to attend the General Meeting in order for the CSDP or Broker to vote in accordance with their instructions at the General Meeting.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (ADDRESS)

Telephone work:

Telephone home:

Cell phone number:

Email address:

being the holder(s) of \_\_\_\_\_ shares in Anchor, hereby appoint (see note 1):

1. \_\_\_\_\_ him/her, or failing:

2. \_\_\_\_\_ him/her, of failing:

3. the chairperson of the General Meeting,

or as my/our proxy to act for me/us on my/our behalf at the General Meeting in accordance with the following instructions (see note 2):

	Number of votes		
	For*	Against*	Abstain*
Special Resolution Number 1 – Approval of the Scheme			
Special Resolution Number 2 – Authority to issue shares in terms of section 41(3) of the Companies Act			
Special Resolution Number 3 – Authority to issue shares in terms of section 41(1) of the Companies Act			
Ordinary Resolution Number 1 – Share Incentive Scheme Amendment			
Ordinary Resolution Number 2 – Delisting of Shares from the JSE in terms of paragraphs 1.15 and 1.16 of the Listings Requirements			
Ordinary Resolution Number 3 – Authority of Directors			

\* One vote per share held by Shareholders recorded in the Register on the Scheme Voting Record Date.

Signed at

on

Signature

Assisted by me (where applicable)

## Summary of the rights established in terms of section 58 of the Companies Act

For purposes of this summary, the term “shareholder” shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

In terms of section 58 of the Companies Act:

At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, speak and vote at, a shareholders’ meeting on behalf of the shareholder.

A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.

A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.

A proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy.

A copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders’ meeting.

Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.

Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and Anchor.

The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.

If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company’s memorandum of incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by Anchor for doing so.

A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation, or the instrument appointing the proxy provide otherwise.

If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:

- such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
- the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;

Anchor must not require that the proxy appointment be made irrevocable; and the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

### Notes:

1. Every Shareholder present in person or by proxy and entitled to vote at the General Meeting shall in the event of a poll be entitled to one vote in respect of each Share held by him/her.
2. The Form must only be used by Certificated Shareholders or Shareholders who hold Dematerialised Shares with “own-name” Registration.
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 agreement entered into between them and the CSDP or Broker, as the case may be.
4. A minor or any person under incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/ her legal capacity are produced or have been registered by the Transfer Secretaries.
5. Where this Form is signed under power of attorney, such power of attorney must accompany this Form, unless previously recorded by the Transfer Secretaries or waived by the chairperson of the General Meeting.
6. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by Anchor at its registered office before the commencement of the meeting or adjourned, postponed or rescheduled meeting at which the proxy is used.
7. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder’s choice in the space(s) provided with or without deleting “the chairperson of the General Meeting”, but any such deletion must be initialled by the Shareholder. Should this space be left blank, the chairperson of the General Meeting will exercise the proxy. The person whose name appears first on this Form and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
8. A proxy appointed by a Shareholder in terms hereof may not delegate his authority to act on behalf of the Shareholder to any other person.
9. A Shareholder’s instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the General Meeting as he/she deems fit in respect of all the Shareholder’s votes exercisable thereat.
10. Forms must be lodged at or posted to Link Market Services South Africa Pty Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2000 (PO Box 4844, Johannesburg, 2000) or emailed to meetfax@linkmarketservices.co.za to be received by not later than 10:00 on Monday, 14 December 2020 or not less than 48 hours before the recommencement of any adjourned, postponed or rescheduled meeting, or 10 minutes before the General Meeting is due to commence or recommence.
11. The completion and lodging of this Form 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, should such Shareholder wish to do so. In addition to the foregoing, 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 Anchor. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the Shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
12. The chairperson of the General Meeting may reject or accept any Form which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, he/she is satisfied as to the manner in which the Shareholder(s) concerned wish(es) to vote.
13. Each Shareholder is entitled to appoint one or more proxies (none of whom need be a member of Anchor) to attend, speak and vote in place of that Shareholder at the General Meeting.
14. Documentary evidence establishing the authority of a person signing this Form in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate etc.) must be attached to this Form unless previously recorded by Anchor or Link Market Services or waived by the chairperson of the General Meeting.
15. The completion of any blank spaces overleaf need not be initialled. Any alteration or correction made to this Form must be initialled by the signatory(ies).
16. Where there are joint holders of shares:
  - 16.1 any one holder may sign the Form; and
  - 16.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of Shareholders appear in the Register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of Anchor Shares.
17. This Form may be used at any adjourned, postponed or rescheduled General Meeting, including (but not limited to) any postponement due to a lack of quorum, unless withdrawn by the Shareholder.

# ANCHOR GROUP

## ANCHOR GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2009/005413/06)

Share code: ACG ISIN: ZAE000193389

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### FORM OF ELECTION (*WHITE*) (“FORM”)

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#### FORM OF ELECTION (TO BE COMPLETED BY ALL CERTIFICATED AND “OWN-NAME” DEMATERIALISED SHAREHOLDERS)

The definitions and interpretation commencing on page 5 of the Circular to which this Form of Election (*white*) is attached, apply, *mutatis mutandis*, to this Form.

If you do not wish to receive the default option as described in paragraph 4.1.1 of the Circular to elect to voluntarily tender all of your Shares to Anchor, you **must**, complete this form of election.

By completing this Form, you confirm that you have full legal capacity to contract and, being in possession of a copy of the Circular or being aware of the contents thereof.

By completing the table below, you irrevocably elect **not** to receive the default option as described in paragraph 4.1.1 of the Circular to elect to voluntarily tender your all of Shares to Anchor.

	Voluntarily tender your Shares to Anchor*	Remain invested in Anchor*
<p>Election: You are entitled to elect whether to voluntarily tender all or some of your Shares to Anchor or remain invested in Anchor following the Delisting in the unlisted space. <b>If you do not make an election it shall be deemed that you have elected to voluntarily tender all of your Shares to Anchor.</b></p> <p>(insert the number of Anchor shares you wish to apply to each option)</p> <p>* must add up to the total number of Shares held by the Shareholder, in the event that the Shares do not aggregate to the number of Shares held by the Shareholder, Anchor shall proportionately decrease all the Shares to ensure the total is equal to the total number of Shares held by the Shareholder.</p>		

**Notes:**

1. Elections made as part of this Form are irrevocable and may not be withdrawn once submitted.
2. Scheme Participants should consult their professional advisors in case of doubt as to the correct completion of this Form.
3. Persons who have acquired Shares after the date of the issue of the Circular can obtain copies of the Form and the Circular from the Transfer Secretaries.
4. If the instructions set out in this form and the Circular are not fully complied with, Anchor reserves the right to accept such applications in whole or in part, at its discretion.
5. The Form of Election must only be used by Certificated Shareholders or Dematerialised Shareholders with “own-name” registration.
6. Shareholders are reminded that the onus is on them to communicate with their CSDP or Broker.
7. Forms must be lodged at or posted to Link Market Services South Africa Pty Limited, 13th Floor, 19 Ameshoff Street, Braamfontein (PO Box 4844, Johannesburg, 2000) or emailed to meetfax@linkmarketservices.co.za by Scheme Operative Date
8. Any alteration or correction made to this Form of Election, other than the deletion of alternatives, must be initialled by the signatory/ies.

Signed at \_\_\_\_\_ on \_\_\_\_\_

Signature \_\_\_\_\_

Assisted by (if applicable) \_\_\_\_\_

Address \_\_\_\_\_

Telephone number \_\_\_\_\_

Cell phone number \_\_\_\_\_

# ANCHOR GROUP

## ANCHOR GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2009/005413/06)

Share code: ACG ISIN: ZAE000193389

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### FORM OF SURRENDER AND TRANSFER FOR THE SCHEME (BLUE) (FORM)

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#### For use by Certificated Shareholders only

The definitions and interpretation commencing on page 5 of the Circular to which this Form of Surrender and Transfer (*blue*) is attached, apply, *mutatis mutandis*, to this Form.

Important:

1. This Form is only for use in respect of the Scheme proposed by the Anchor Board between Anchor and its Shareholders in accordance with the requirements of section 114 of the Companies Act.
2. Full details of the Scheme are contained in the Circular to Shareholders, dated Friday, 13 November 2020, to which this Form is attached.
3. Repurchase Scheme Participants will receive the Scheme Consideration.
4. A Dissenting Shareholder who subsequently becomes a Repurchase Scheme Participant after the Scheme Consideration Record Date shall receive the Scheme Consideration.
5. This Form is attached for the convenience of Certificated Shareholders who may wish to surrender their Documents of Title prior to the date of the General Meeting to be held entirely via electronic facility/communication in terms of section 63(2)(a) of the Companies Act.

HOLDERS OF DEMATERIALISED SHARES MUST NOT COMPLETE THIS FORM

Instructions:

1. Part A must be completed by all Repurchase Scheme Participants.
2. Part B must be completed by Repurchase Scheme Participants in respect of all or some of their Shares and who are emigrants from, or non- residents of, the Common Monetary Area.
3. If this Form is returned with the relevant Documents of Title to Shares, it will be treated as a conditional surrender which is made subject to the Scheme becoming operative. In the event of the Scheme not becoming operative for any reason whatsoever, Link Market Services will, by not later than five Business Days after the date upon which it becomes known that the Scheme will not be operative, return the Documents of Title to the Repurchase Scheme Participants concerned, by registered post, at the risk of such Repurchase Scheme Participants.
4. The Scheme Consideration will not be sent to Certificated Repurchase Scheme Participants unless and until Documents of Title in respect of the relevant Repurchase Scheme Shares have been surrendered to Link Market Services.
5. If you are in any doubt as to how to complete this Form of Surrender and Transfer (*blue*), please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

A separate Form of Surrender and Transfer (*blue*) is required to be completed by each Certificated Shareholder.

**To:**

#### The Transfer Secretary

##### Hand deliveries to:

Link Market Services South Africa Pty Limited  
13th Floor, 19 Ameshoff Street, Braamfontein, 2000  
Email: meetfax@linkmarketservices.co.za

##### Postal deliveries to:

Link Market Services South Africa Pty Limited  
PO Box 4844, Johannesburg, 2000

**PART A: TO BE COMPLETED BY ALL REPURCHASE SCHEME PARTICIPANTS**

All Repurchase Scheme Participants must please complete Part A and deliver this Form of Surrender and Transfer (*blue*) together with the Documents of Title in respect of their Shares to the Transfer Secretaries at any of the above addresses by no later than 12:00 on the Scheme Consideration Record Date.

I/We hereby surrender the enclosed Documents of Title in respect of the Certificated Shares held by me:

Surname or Name of corporate body

First names (in full)

Title

Identity number or registration number

Address to which Documents of Title should be sent (if different from the address recorded in the Register) should the Scheme not become operative.

Country

Contact information

Telephone number (home):	
Telephone number (office):	
Cell phone number:	
Email:	
Facsimile number:	

**Documents of Title surrendered:**

Share certificate number(s) and/or details of other Documents of Title	Number of Shares represented by each Share certificate and/ or other Documents of Title

Signed at \_\_\_\_\_ on \_\_\_\_\_

Duly authorised

Signature name and capacity of signatory

Signatory assisted by (if applicable)

**PART B: EMIGRANTS FROM AND NON-RESIDENTS OF THE COMMON MONETARY AREA**

Part B must be completed by Shareholders who are emigrants from the Common Monetary Area and by non-residents if they wish the Scheme Consideration to be paid to an Authorised Dealer in South Africa or a foreign bank account not currently recorded by the Transfer Secretaries.

**1. SHAREHOLDERS WHO ARE EMIGRANTS FROM THE COMMON MONETARY AREA**

The Scheme Consideration will be forwarded to the Authorised Dealer nominated below for its control and credited to the emigrant's blocked Rand account. Accordingly, Shareholders who are emigrants from the Common Monetary Area must give the following information:

**Name and address of Authorised Dealer in South Africa:**


**Bank account information**

Bank name:	
Bank address:	
Branch:	
Branch number:	
Account name:	
Account number:	

**2. ALL OTHER NON-RESIDENT SHAREHOLDERS**

The Scheme Consideration will be forwarded to the Authorised Dealer nominated below, should a non-resident wish that the Scheme Consideration be paid to an Authorised Dealer in South Africa, failing which the Scheme Consideration will be paid directly into the non-resident's foreign bank account.

Accordingly, Shareholders who are non-residents of the Common Monetary Area, and wish that the Scheme Consideration be paid to an Authorised Dealer in South Africa or into a non-resident foreign bank account not currently recorded by the Transfer Secretary, must give the following information:

Name and address of Authorised Dealer in South Africa (should the non-resident wish for the Scheme Consideration to be paid to an Authorised Dealer in South Africa):

**Bank account information**

Bank name:	
Bank address:	
Branch:	
Branch number:	
Account name:	
Account number:	

If Part B is not completed or incorrectly filled, the Scheme Consideration payable to emigrants and non-resident Shareholders will be held in trust by Anchor (or any third-party nominated by it for this purpose) for the benefit of the relevant Shareholder for a maximum period of five years from the Operative Date, after which period such funds shall be made over to the Guardians fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by Anchor.

**Notes:**

1. In order to comply with the requirements of the Financial Intelligence Act, 2001 (Act 38 of 2001), Link Market Services will be unable to record any changes of address or payment mandates unless the following documentation is received from the relevant Shareholder:
  - a certified true copy of the original identification document (in respect of changes of address and payment mandate); and
  - a certified true copy of an original bank statement (in respect of bank mandate).
2. Emigrants from the Common Monetary Area must complete point 1 of Part B.
3. All other non-residents of the Common Monetary Area must complete point 2 of Part B if they wish the Scheme Consideration to be paid to an Authorised Dealer in South Africa or into a non-resident foreign bank account not currently recorded by the Transfer Secretaries.
4. If Part B is not properly completed, the Scheme Consideration will be held in trust by Anchor (or any third party nominated by it for this purpose) for the benefit of the relevant Certificated Shareholder, pending receipt of the necessary nomination or instruction, for a maximum period of five years from the Operative Date, after which period such funds may be made over to the Guardians fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by Anchor.
5. The Scheme Consideration will not be paid to a Repurchase Scheme Participant that holds Certificated Shares unless and until this Form of Surrender and Transfer (*blue*) has been properly completed by such Certificated Shareholder and delivered, together with the Documents of Title in respect of the relevant Shares, to the Transfer Secretaries. In the event that any Shareholder who holds Certificated Shares fails to surrender their Documents of Title and completed Forms of Surrender to the Transfer Secretaries then, unless otherwise agreed between Anchor and the Shareholders concerned, the relevant Scheme Consideration will be held in trust by Anchor (or any third party nominated by it for this purpose) for the benefit of the Shareholder concerned for a maximum period of five years, after which period such funds shall be made over to the Guardians fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by Anchor.
6. If a Certificated Shareholder produces evidence to the satisfaction of Anchor that Documents of Title in respect of Shares have been lost or destroyed, Anchor may waive the surrender of such Documents of Title against delivery of a duly executed indemnity in a form and on terms and conditions approved by Anchor, or may in its discretion waive such indemnity.
7. If this Form of Surrender and Transfer (*blue*) is not signed by the Certificated Shareholder, the Certificated Shareholder will be deemed to have irrevocably appointed the company secretary of Anchor to implement that Shareholder's obligations under the Scheme on his/her behalf.
8. Persons who have acquired Shares after the date of posting of this Circular to which this form is attached, can obtain copies of the Form of Surrender and Transfer (*blue*) and this Circular from Link Market Services, whose address is 13th Floor, 19 Ameshoff Street, Braamfontein, 2000 (PO Box 4844, Johannesburg, 2000).
9. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the Listings Requirements, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form.
10. Any alteration to this form must be signed in full and should not be merely initialled.
11. If this form is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form for noting (unless it has already been noted by Anchor or the Transfer Secretaries).
12. Where the Certificated Shareholder is a company or a close corporation, unless it has already been registered with Anchor or the Transfer Secretaries, a certified copy of the Directors' or members' resolution authorising the signing of this Form must be submitted if so, requested by Anchor.
13. Note 8 above does not apply in the event of this Form bearing the stamp of a broking member of the JSE.
14. Where Shares are held jointly, all joint holders are required to sign. Any joint holder may vote at the General Meeting in respect of his/her joint shares as if he/she was solely entitled thereto, but if more than one such joint holders are present or represented at the General Meeting, the one whose name stands first in the Register in respect of such Shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.
15. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his or her legal capacity are produced or have been registered by the Transfer Secretaries.