

Consent and Waiver Letter

13 November 2020

Dear Share Option Scheme Member,

Waiver of the right to be made a comparable offer in terms of the Companies Act and consent to the proposed amendments to the share incentive scheme of Anchor Group Limited (“Anchor”)

1. Background

1.1 We, Anchor, are writing to you in your capacity as a participant under the Share Incentive Scheme (as such term is defined in paragraph 1.1(b)). In this regard, we refer you to:

- (a) the firm intention announcement issued by the board of directors of Anchor in respect of –
 - (i) the scheme of arrangement (the “**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, *inter alia*:
 - (A) the Shareholders will be entitled to elect:
 - (1) that all or some of their Shares are repurchased for a cash consideration of ZAR4.25 per share (the “**Offer Price**”); or
 - (2) to retain all or some of their Shares (and accordingly remain Shareholders following the Delisting (as such term is defined in paragraph 1.1(a)(ii)));
 - (B) Shareholders who fail to make an election on whether or not they would like Anchor to repurchase their shares will be deemed to have elected to have all of their shares repurchased at the Offer Price; and
 - (ii) the delisting of all Shares from the securities exchange operated by the JSE Limited (“**JSE**”) pursuant to the implementation of the Scheme of Arrangement (the “**Delisting**”); and
- (b) the share incentive scheme adopted by Anchor and approved by resolution passed at a general meeting of Anchor (the salient detail of which was set out in Anchor’s prospectus of 20 August 2014) (the “**Share Incentive Scheme**”).

1.2 Certain terms used in this letter are defined in paragraph 6 below.

2. Proposed Amendments to the Share Incentive Scheme

2.1 In order to make the Share Incentive Scheme suitable in an unlisted environment Anchor will propose that the Share Incentive Scheme be amended on the basis set out in **Annexure A** with effect from the Delisting. The main amendments contemplated are that (with effect from the Delisting):

- (a) 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 board of directors of Anchor based on the audited annual financial statements of Anchor for the previous year (“**AHEPS**”);
- (b) 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;
- (c) 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%;
- (d) 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:
 - (i) the appreciation of the Share appreciation rights of Share appreciation rights participants; and
 - (ii) 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.

2.2 We hereby request your consent to the amendments to the Share Incentive Scheme reflected in Annexure A. If you are willing to consent to such amendments then please choose either of Elections A, B or C (depending on whether you are willing to waive all or part of the Comparable Offer contemplated below).

If you are not willing to consent to such amendments then please choose either of Elections D, E or F (depending on whether you are willing to waive all or part of the Comparable Offer contemplated below).

3. Comparable Offer, Election / Waiver in relation thereto

3.1 We hereby advise you that:

- (a) the Offer Price (ZAR4.25) will be paid to Shareholders who elect to have their Shares repurchased in accordance with the Scheme of Arrangement; and
- (b) as a consequence of the Scheme of Arrangement, in respect of those vested but unexercised share options held by you under the Share Incentive Scheme with an Exercise Price of less than ZAR4.25 (the “**Vested Options**”) you are entitled to have a comparable offer (in accordance with the provisions of section 125 of the Companies Act as read with Regulation 86) made to you by Anchor in an amount equal to the difference (the “**Difference**”) between ZAR4.25 and the exercise price of such Vested Option (the “**Comparable Offer**”).

3.2 You are entitled to:

- (a) elect to **waive** the Comparable Offer in respect of **all** of the Vested Options held by you (in which case you will continue to hold these as unexercised vested share options in the Share Incentive Scheme with the same exercise price applying to them following the Delisting) and: (i) consent to the Share Incentive Scheme amendments contemplated in paragraph 2 (“**Election A**”); or (ii) refuse to consent to the Share Incentive Scheme amendments contemplated in paragraph 2 (“**Election C**”); or
- (b) elect to **accept** the Comparable Offer in respect of **all** of the Vested Options held by you (in which case you will be paid the Difference in cash by way of EFT in respect of all Vested Options at the same time as Shareholders who elect to sell their Shares under the Scheme of Arrangement are paid) and: (i) consent to the Share Incentive Scheme amendments contemplated in paragraph 2 (“**Election B**”); or (ii) refuse to consent to the Share Incentive Scheme amendments contemplated in paragraph 2 (“**Election D**”); or
- (c) elect to **waive** the Comparable Offer in respect of **any portion** of the Vested Options held by you, and: (1) consent to the Share Incentive Scheme amendments contemplated in paragraph 2 (“**Election C**”); or (2) refuse to consent to the Share Incentive Scheme amendments contemplated in paragraph 2 (“**Election F**”), in which case you will: (i) continue to hold such portion of the Vested Options in respect of which you have waived the Comparable Offer as unexercised vested share options in the Share Incentive Scheme with the same exercise price applying to them following the Delisting; and (ii) be paid the Difference in cash by way of EFT at the same time as Shareholders who elect to sell their Shares under the Scheme of Arrangement are paid for the balance of the Vested Options in respect of which you do not waive the Comparable Offer.

3.3 We hereby request that you make your election as contemplated in paragraph 3.2 by completing the election form attached hereto as **Annexure B** or by making your election on the Share Force Portal (the “**Election Form**”).

3.4 **Please note that if you:**

- (a) **sign this letter without completing the Election Form; or**
 - (b) **elect Election C or Election F but either:**
 - (i) **do not specify the number of Vested Options for each Vested Option in each of the four exercise price categories set out under Election C or Election F (as the case may be) in respect of which you elect to waive the Comparable Offer; or**
 - (ii) **specify a number of Vested Options that is greater than the number of Vested Options than what you actually hold,**
- then your election under this letter will be to waive the Comparable Offer in respect of all of the Vested Options held by you.**

3.5 Please note that:

- (a) to the extent that you accept all or part of the Comparable Offer made to you, you will be required to pay taxes due on the proceeds paid to you under the Comparable Offer (we will, however, (on your behalf) pay the tax on a gain so realised by you through payroll IRP code 3707);
- (b) the tax implications of the Comparable Offer will depend on your individual tax circumstances and the tax jurisdiction applicable to you. It is recommended that you seek advice from appropriate professional advisors if you are in any doubt whatsoever about your tax position.

4. Disclosure

- 4.1 I undertake to provide Anchor on request with all such further information at my disposal, as Anchor may require in order to comply with the requirements of the Panel and any other legal or regulatory requirements (or any other document required in connection with the Scheme of Arrangement, the Delisting or the amendments to the Share Incentive Scheme), and I will immediately notify Anchor in writing of any material change in the accuracy or import of any information previously supplied to Anchor by me.
- 4.2 I further acknowledge and accept that Anchor may be required to refer to any aspect of this letter in the circular for the Scheme of Arrangement, announce or otherwise make public any aspect of this letter pursuant to the requirements of the JSE, the Panel or the Companies Act and I hereby consent to Anchor doing so.

5. General

- 5.1 I acknowledge and accept that nothing in this letter obliges Anchor to enter into or implement the Scheme of Arrangement, the Delisting nor the amendments to the Share Incentive Scheme.
- 5.2 The consent and waiver is granted to Anchor and nothing in this letter is intended to constitute a *stipulatio alteri* in favour of any person other than Anchor.
- 5.3 This letter will be governed by and construed in accordance with the laws of South Africa and we submit to the non-exclusive jurisdiction of the High Court of South Africa (Gauteng Local Division, Johannesburg).

6. Interpretation

- 6.1 In this letter:
- (a) **“Companies Act”** means the Companies Act, No. 71 of 2008, as amended, and, where appropriate, includes a reference to the Regulations;
 - (b) **“Panel”** means the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
 - (c) **“Register”** means Anchor’s securities register maintained by Anchor’s 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;
 - (d) **“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 published in terms of section 120 of the Companies Act and set out in Chapter 5 of the Companies Regulations);
 - (e) **“Shareholders”** means the holders of Shares recorded in Anchor’s Register at the relevant time(s);
 - (f) **“Shares”** means ordinary shares of no par value in the issued capital share of the Company;
 - (g) references to **“I”** and **“my”** (whether capitalised or not) are references to the person signing this letter.
- 6.2 The headings and sub-headings in this letter are for convenience only and shall not affect its interpretation.
- 6.3 Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa.

This form is Dynamic.
Please complete all relevant Fields, Sign, Save and Return as directed.

By my signature hereto, I agree to the terms and conditions of this letter and I hereby unconditionally and irrevocably:

- (a) waive any rights that I may to be made a Comparable Offer in respect of:
 - (i) all Vested Options held by me, if I have elected Election A in the Election Form or if I failed to complete the Election Form or if I elect Election C or Election F and completed the Election Form as contemplated in paragraph 0 of this letter, as at the date on which I sign this letter; or
 - (ii) that portion of my Vested Option as is reflected in Election C or Election F as at the date on which I sign this letter (provided that I have not completed the Election Form on the basis contemplated in paragraph 0 of this letter); and
- (b) consent to the Share Incentive Scheme being amended as contemplated in Annexure A (in accordance with the provisions of clause 30.1 of the Share Incentive Scheme) unless I have elected Election D, E or F; and
- (c) consent to any elections made by me through the Share Force Portal being incorporated by reference into this letter.

Signed by the participant _____ *Participant to sign here*

Name of the participant _____ *Participant to write in name here*

Date _____ *Participant to date here*

Annexure A: Proposed Amendments to Share Incentive Scheme

The amendments to the Share Scheme rules are as follows (wherein *italics* reflects wording that replaces wording to be added to / replace the wording of the existing Share Scheme document to make the Share Scheme operable following the Delisting):

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 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.*

At clause 1.1.15, “**Closing Price**” means the price of a Share *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.

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 *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 the definition of “Trading Day” is deleted.

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 *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.

Annexure B: Election form

**LOGIN TO THE SHAREFORCE PORTAL AND COMPLETE THE ELECTION AS DESCRIBED BELOW.
COMPLETE AND RETURN THIS FORM BY UPLOADING IT TO THE SHAREFORCE PORTAL**

Please choose only one of the election options set out in the tables below in order to indicate what you would like to happen in respect of the Vested Options held by you:

Election		Mark with an "✓" in the row below, if this is your election
A	I accept the amendments and elect to waive the Comparable Offer in respect of all of the Vested Options held by me.	
B	I accept the amendments and elect to accept the Comparable Offer in respect of all of the Vested Options held by me.	
C	I accept the amendments and elect to waive the Comparable Offer in respect of selected Vested Options held by me.	Complete the additional Table below
D	I reject the amendments and elect to waive the Comparable Offer in respect of all of the Vested Options held by me.	
E	I reject the amendments and elect to accept the Comparable Offer in respect of all of the Vested Options held by me.	
F	I reject the amendments and elect to waive the Comparable Offer in respect of selected Vested Options held by me.	Complete the additional Table below

I elect to **waive the Comparable Offer** in respect of **selected Vested Options held by me as is reflected in the table below.**

**Clearly set out in the table below the precise number of Vested Options in each exercise price category in respect of which you wish to waive your rights to be made a Comparable Offer.
COMPLETE AND RETURN THIS FORM BY UPLOADING IT TO THE SHAREFORCE PORTAL**

Number of Vested Options with an exercise price of R2.61 in respect of which I wish to waive the Comparable Offer	Number of Vested Options with an exercise price of R2.64 in respect of which I wish to waive the Comparable Offer	Number of Vested Options with an exercise price of R2.81 in respect of which I wish to waive the Comparable Offer	Number of Vested Options with an exercise price of R3.44 in respect of which I wish to waive the Comparable Offer