

Alexander Forbes Group Holdings Limited
(Registration number: 2006/025226/06)
(Incorporated in the Republic of South Africa)
Share code: AFH
ISIN: ZAE000191516
(**Alexforbes** or the **Company**)

New Veld, LLC
(Incorporated in the State of Delaware)
(the **Investor**)

JOINT DECLARATION AND FINALISATION ANNOUNCEMENT REGARDING THE PARTIAL OFFER AND DISTRIBUTION OF THE OFFER CIRCULAR

1. INTRODUCTION

Shareholders are referred to the announcements released by Alexforbes on the Stock Exchange News Service (**SENS**) on 18 March 2022 (Announcement regarding the intended acquisition of a strategic minority shareholding in Alexander Forbes) (**Initial Announcement**), on 7 July 2022 (Joint announcement – sale agreement unconditional and update on the proposed partial offer) and on 15 July 2022 (Disclosure of significant holding of Alexforbes ordinary shares and resignation of director).

Shareholders are now advised that the offering circular (**the Offer Circular**), which contains the full terms and conditions of the partial offer (**the Partial Offer**) referred to in the Initial Announcement and the procedures for acceptance of the Partial Offer, is being distributed today. A form of election and surrender (for the use of certificated Eligible Shareholders only), is enclosed with the Offer Circular.

The ordinary shares in the issued share capital of Alexforbes are referred to in this announcement as **Alexforbes Shares** or **Shares** and holders of the Shares are referred to as **Shareholders**.

The Partial Offer is not being made and the right to tender Shares is not being made available in the United States, Canada, Australia, Japan or to any person in any of those jurisdictions or any other jurisdiction in which the making of the Partial Offer or the right to tender Shares or accept the Partial Offer would not be in compliance with the laws of such jurisdiction.

ARC Financial Services Investments Proprietary Limited (**ARC**), which holds 561 591 587 Alexforbes Shares (representing 41.47% of the issued share capital) at the date of this announcement, has irrevocably undertaken not to accept the Partial Offer in respect of 540 231 587 Alexforbes Shares held by it at the time of entering into the ARC irrevocable undertaking.

2. PARTIAL OFFER PRE-CONDITIONS FULFILLED

The pre-conditions to the making of the Partial Offer were set out in paragraph 4.1 of the Initial Announcement. These pre-conditions are that:

- the Sale Agreement (as defined in the Initial Announcement) becomes unconditional; and
- a Material Adverse Change (as defined in the Initial Announcement) has not occurred prior to the making of the Partial Offer.

As no Material Adverse Change has occurred within the relevant timeframe, the pre-conditions to the making of the Partial Offer have now been met.

3. THE PARTIAL OFFER

3.1 Terms of the Partial Offer

The Investor is extending the Partial Offer to Shareholders other than those to whom the offer is not being made, as set out in paragraphs 1 above and 3.3 below (**Eligible Shareholders**). To the extent that an Eligible Shareholder has a shareholding registered in the Eligible Shareholder's name on the date to determine which Shareholders are entitled to participate in the Partial Offer, being Friday, 05 August 2022, or such other date published on SENS (**Partial Offer Record Date**):

- equal to or less than 100 Shares, such Shareholder will be entitled to accept the Partial Offer in respect of up to 100 of those Shares; or
- greater than 100 Shares, such Shareholder will be entitled to accept the Partial Offer in respect of (i) up to 100 Shares plus (ii) up to 45.2% of the Shares in excess of such 100 Shares, rounded down to the nearest whole number,

(**Basic Entitlement**).

In addition, Eligible Shareholders whose total shareholding is greater than 100 Shares are entitled to tender additional Shares in excess of their Basic Entitlement (**Excess Tender**), as set out in paragraph 3.4 below. Eligible Shareholders who do not accept the Partial Offer will retain their existing shareholding in Alexforbes.

3.2 Partial Offer Price

The price at which the Investor will acquire Shares in terms of the Partial Offer will be R5.05 per Alexforbes Share (calculated as R5.25 per Alexforbes Share less the amount of 20 cents per Share, being the amount of the final gross dividend declared by the Company on 6 June 2022). Alexforbes confirms that no further dividends will be declared after the date of issue of this announcement and the date of the Offer Circular and prior to the date on which the Partial Offer closes.

3.3 Eligible, Excluded and Nominee Shareholders

All Shareholders (other than the Investor) recorded in the register of Shareholders of the Company, maintained by Computershare Investor Services Proprietary Limited (**Computershare**), including the sub-registers maintained by a CSDP and forming part of the register, at the close of business on the Partial Offer Record Date, will be eligible to accept the Partial Offer, but excluding any person in any jurisdiction in which the making of the Partial Offer or the right to tender Shares or accept the Partial Offer would not be in compliance with the laws of such jurisdiction.

Nominee Shareholders will be treated as a single Shareholder, but should a nominee Shareholder choose to dispose of some or all of the Shares on behalf of principals, it may do so by applying in writing to the transfer secretary, Computershare.

3.4 Excess Tenders

The maximum number of Shares to be acquired by the Investor in terms of the Partial Offer, together with the Shares acquired by the Investor under the Sale Agreement (as defined in the Initial Announcement), will constitute in aggregate 33% of the issued Shares (and less than 35% of the voting rights attaching to the issued securities of Alexforbes). Accordingly, the Partial Offer is being made for, in aggregate, 246 047 717 Shares, constituting approximately 18.2% of the issued Shares as at 8 July 2022 (**Partial Offer Cap**).

Eligible Shareholders whose total shareholding in Alexforbes is greater than 100 Shares are entitled to tender additional Shares in excess of their Basic Entitlement in the Partial Offer as excess tenders (**Excess Tenders**). Any such Excess Tenders will be accepted from each tendering Shareholder in the same proportion to the number of Shares tendered in terms of all Excess Tenders, up to the Partial Offer Cap, to enable the Investor to acquire the total number of Shares for which it has made the offer.

3.5 Procedure for Acceptance of the Partial Offer

An Eligible Shareholder wishing to accept the Partial Offer, may elect to:

- 3.5.1 accept the Partial Offer in respect of the entire Basic Entitlement; or
- 3.5.2 accept the Partial Offer in respect of less than the Basic Entitlement; or
- 3.5.3 accept the Partial Offer in respect of the entire Basic Entitlement and tender an Excess Tender (as detailed in the Offer Circular). Should other Shareholders tender less than their Basic Entitlement under the Partial Offer, such Excess Tender, or a portion thereof, will be acquired from each tendering Shareholder in the same proportion to the number of Shares tendered in terms of all Excess Tenders, up to the Partial Offer Cap.

Fractions arising in the calculation of any Basic Entitlement or in the acceptance of Excess Tenders will be rounded down to the nearest whole number.

All elections in respect of the Partial Offer shall be irrevocable.

None of the Company, the Investor, or any of their authorised agents will accept any responsibility or be held liable for any acts or omissions on the part of any CSDP, Broker or other agent of an Eligible Shareholder who fails to communicate any Eligible Shareholder's acceptance of the Partial Offer timeously or at all, for whatever reason.

Eligible Shareholders who hold Certificated Shares and wish to accept the Partial Offer, and potentially tender an Excess Tender, must return the Form of Election and Surrender together with the relevant documents of title and any other documents required in accordance with the instructions set out in the Offer Circular, to be received by Computershare no later than 12 noon on the Partial Offer Record Date, failing which the Shareholder will be deemed to have elected NOT to accept the Partial Offer.

In the case of Eligible Shareholders who are Dematerialised Shareholders, with or without own name registration:

- the relevant CSDPs or Brokers are obliged to contact each such Dematerialised Eligible Shareholder in the manner stipulated in the agreement concluded with the CSDP or Broker to ascertain what election each individual Dematerialised Eligible Shareholder wishes to make in terms of the Partial Offer and potentially tender an Excess Tender and thereafter to advise Computershare of such election.
- Dematerialised Eligible Shareholders who have not been contacted timeously should contact their CSDP or Broker and furnish it with their instructions relating to the election.
- Any CSDP or Broker which does not obtain instructions regarding any individual Shareholder's election will be obliged to act in accordance with the provisions contained in the agreement concluded between the individual Dematerialised Shareholder and the CSDP or Broker.
- Dematerialised Shareholders must NOT complete the Form of Election and Surrender attached to the Offer Circular.

3.6 Restrictions outside South Africa

Any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements imposed by any such jurisdiction. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

It is the responsibility of any non-South African Shareholder to satisfy himself as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with the Partial Offer, including the obtaining of any governmental, exchange control or other consent or the making of any filings which may be required, the compliance with other necessary formalities, or the payment of any issue, transfer or other taxes or requisite payments due in such jurisdiction. Any non-South African Shareholder who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction.

The legality of the Partial Offer to persons resident in jurisdictions outside of South Africa may be affected by laws of the relevant jurisdiction. Such persons should satisfy themselves as to any applicable legal requirements that they are obliged to observe. It is the responsibility of any such person wishing to accept the Partial Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith.

The Partial Offer is not being made, directly or indirectly, in or into any jurisdiction where it is illegal for the Partial Offer to be made or accepted.

4. FAIR AND REASONABLE OPINION

Whilst there is no obligation under the Companies Act, No 71 of 2008, the associated Companies Regulations or the Listings Requirements of JSE Limited for the Company to obtain a fair and reasonable opinion as to whether the terms and conditions of the Partial Offer are fair and reasonable to Shareholders, as a matter of good corporate governance and to assist Shareholders in assessing the Partial Offer, the board of directors of Alexforbes (**Board**) has engaged Ernst & Young Advisory Services Proprietary Limited (**the Independent Expert**) to provide a fair and reasonable opinion. The Independent Expert has advised that it has considered the terms and conditions of the Partial Offer and is of the opinion that these terms and conditions are fair and reasonable to the Alexforbes Shareholders.

As there is no obligation for the Company to provide the Fair and Reasonable Opinion in connection with the Partial Offer, Shareholders should take note that the Fair and Reasonable Opinion has neither been considered nor approved by any regulator pursuant to the processes under the Companies Act or the Companies Regulations.

The letter from the Independent Expert is included in the Offer Circular.

5. RELATIONSHIP AGREEMENT WITH MERCER

Shareholders were informed, by way of the Initial Announcement, that the Company's relationship agreement with Mercer will terminate on the closing date of the Mercer Sale Agreement. Shareholders were further informed in the announcement on 15 July 2022 that the relationship agreement with Mercer had terminated on 15 July 2022.

As previously communicated to Shareholders on 22 January 2020, when Mercer's original intent to exit its shareholding in the Company was communicated, the Mercer commercial relationship with Alexforbes, including all current commercial agreements and associated service and product offerings, remain unaffected. Both companies remain fully committed to maintaining a close relationship to ensure that the enhanced value proposition for Alexforbes' clients is well-preserved and strengthened.

6. SALIENT TERMS OF THE RELATIONSHIP AGREEMENT WITH THE INVESTOR

The relationship agreement entered into between the Investor and the Company referred to in the Initial Announcement (**Relationship Agreement**) is largely based on the previous relationship agreement concluded between Mercer and the Company and includes the following salient terms:

- 6.1 the Investor is entitled to nominate for election to the Board one non-executive director for as long as the Investor and its affiliates hold at least 10% but less than 25% of the issued Shares of the Company, or two non-executive directors for as long as the Investor and its affiliates hold 25% or more of the issued Shares;
- 6.2 the Investor is entitled to designate its nominated director to be a member of the group nominations committee;
- 6.3 in the event that, as a result of any conduct by the Company (and excluding any acquisition of Shares by the Investor or its affiliates), the voting percentage of the Investor and its affiliates in the Company will be equal to or exceed 35%, the Company will use its commercially reasonable endeavours to notify the Investor to allow it to dispose of Shares to keep its shareholding below that threshold;

- 6.4 the Investor will not dispose of Alexforbes Shares (other than to remain below the 35% threshold) within 365 days from the date of implementation or termination of the Partial Offer and the parties will liaise with each other in certain circumstances should the Investor or its affiliates wish to dispose of Shares in the Company to ensure an orderly disposal process; and
- 6.5 the Investor will not acquire additional Alexforbes Shares such that the 35% threshold is exceeded for a period of 365 days following the implementation or termination of the Partial Offer.

7. SALIENT DATES AND TIMES

2022

Mercer Sale Agreement unconditional on	Wednesday, 06 July
Record date to determine which Shareholders are entitled to receive the Circular on	Friday, 08 July
Distribution of the Circular, including announcement on SENS on	Monday, 18 July
Partial Offer opens at 09:00 on	Monday, 18 July
Last day to trade in order to participate in the Partial Offer on	Tuesday, 02 August
Shares trade “ex” the Partial Offer on	Wednesday, 03 August
Forms of Election and Surrender to be received by Computershare by 12:00 on	Friday, 05 August
Partial Offer closes at 12:00 on	Friday, 05 August
Record Date to determine which Shareholders are entitled to participate in the Partial Offer at close of business on	Friday, 05 August
Dematerialised Shareholders who have accepted the Partial Offer will have their accounts held at their CSDP or Broker credited with the Partial Offer Price in respect of their Basic Entitlements on	Monday, 08 August
Payments of the Partial Offer Price in respect of their Basic Entitlements to Certificated Shareholders on	Monday, 08 August
Dematerialised Shareholders who have accepted the Partial Offer and have tendered an Excess Tender will have their accounts held at their CSDP or Broker credited with the Partial Offer Price in respect of successful Excess Tenders on	Wednesday, 10 August
Payments of the Partial Offer Price in respect of successful Excess Tenders to Certificated Shareholders on	Wednesday, 10 August
Results of the Partial Offer and basis of allocation of Excess Tenders released on SENS on	Wednesday, 10 August

1. All references to dates and times are to local dates and times in South Africa.
2. The above dates and times are subject to change. Any changes will be published on SENS.
3. Dematerialised Shareholders are required to inform their CSDP or Broker of their instruction in terms of the Partial Offer in the manner and time stipulated in the agreement governing the relationship between the Dematerialised Shareholder and their CSDP or Broker.
4. In the case of Certificated Shareholders who choose to accept the Partial Offer, payment will be made by electronic funds transfer into the bank accounts of the Certificated Shareholder on or about **Monday, 08 August 2022**, in respect of the Basic Entitlement and on **Wednesday, 10 August 2022** in respect of any Excess Tenders, if such Shareholders' banking details have been provided in the relevant Form of Election and Surrender.
5. Shareholders may not dematerialise or rematerialise their Shares between **Wednesday, 03 August 2022** and **Friday, 05 August 2022**, both days inclusive.

8. DISTRIBUTION OF THE OFFER CIRCULAR

The Offer Circular, which contains the full terms and conditions of the Partial Offer and the procedures for acceptance of the Partial Offer, will be distributed today. A Form of Election and Surrender (for use by certificated Eligible Shareholders only), is enclosed with the Offer Circular.

The Offer Circular is available on the Company's website:

<https://za.alexforbes.com/investorrelations/shareholder-centre/corporate-publications>

Carina Wessels

Executive: Governance, Legal and Compliance (Company Secretary)

Monday, 18 July 2022

Sandton

Sponsor to Alexforbes

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Advisor to Alexforbes

The Standard Bank of South Africa acting through its Corporate and Investment Banking Division

Legal advisor to Alexforbes

BOWMANS

Advisor to the Investor

Deutsche Bank

Legal Advisors to the Investor

CDH, Debevoise & Plimpton, ENSafrica

Disclaimers

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Disclaimers (continued)

The release, publication or distribution of this announcement 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. This announcement has been prepared for the purposes of complying with South African law and practice and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa. The Partial Offer is subject to disclosure requirements and practices applicable in South Africa which differ from disclosure requirements in respect of tender offers in other jurisdictions.

To the extent that any of the statements in this announcement are forward looking in nature, no assurances can be given that any expectations in such statements will prove to be correct.