

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions and interpretations commencing on page 16 of this Circular apply, *mutatis mutandis*, throughout this Circular, including this front cover.

Action required from Shareholders:

- This Circular is important and should be read in its entirety, and Shareholders are referred to the section titled: “*Action required by Shareholders*” commencing on page 3 of this Circular, which sets forth the detailed action required of them in respect of the matters dealt with in this Circular.
- If you are in any doubt as to what action you should take in relation to this Circular, please consult your CSDP, Broker, banker, accountant, attorney or other professional advisor immediately.
- If you have disposed of all your Imperial Shares, then this Circular should be handed to the purchaser of such shares or to the Broker, CSDP, banker, accountant, attorney, or other agent through whom the disposal was effected.

The Independent Board and Imperial do 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 the CSDP or Broker of any beneficial owner of Imperial Shares to notify such beneficial owner of the details set out in this Circular.

Nothing in this Circular constitutes (or forms part of) any offer for the sale of, or solicitation of any offer to purchase or subscribe for, any securities of Imperial in any jurisdiction.



LEADERS IN MOBILITY

Imperial Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1946/021048/06)

Ordinary share code: **IPL** ISIN: **ZAE000067211**

Preference share code: **IPLP** ISIN: **ZAE000088076**

(“Imperial” or the “Company”)

CIRCULAR TO SHAREHOLDERS

in connection with:

- **the approval required in terms of section 114(1)(c) read with section 115(2)(a) of the Companies Act, for the Scheme proposed by the Board between Imperial and the Eligible Shareholders, in terms of which, if the Scheme becomes operative, Imperial will repurchase all the Scheme Shares (being 100% of the issued Preference Shares), through the Scheme, for a total cash consideration of ZAR85.53 per Scheme Share, comprising: (i) an amount of ZAR83.00, being the Offer Consideration; plus (ii) an amount of ZAR2.53, being the *Pro Rata* Preference Dividend calculated as at the Scheme Operative Date;**
- **the approval required in terms of paragraph 5.69 of the Listings Requirements and section 48(8) (read with sections 114 and 115) of the Companies Act, for the Company to repurchase all of the issued Preference Shares pursuant to the Scheme;**

noting that:

- **the Accrued Preference Dividend of ZAR4.17 per Preference Share, being a Preference Dividend accrued from 26 December 2017 up to 25 June 2018, will be paid on 1 October 2018 by Imperial to holders of the Preference Shares recorded in the Register as at the Accrued Preference Dividend Record Date; and**

- if an Eligible Shareholder remains a Preference Shareholder between the Accrued Preference Dividend Record Date and the Scheme Operative Date, that Eligible Shareholder would have received a total payment from Imperial equal to ZAR89.70, comprising: (i) the Scheme Consideration; plus (ii) the Accrued Preference Dividend;

and incorporating:

- a notice convening the Eligible Shareholder General Meeting;
- a notice convening the Combined General Meeting;
- a report by the Independent Expert in respect of the Scheme;
- a form of proxy (*green*) in respect of the Eligible Shareholder General Meeting (for use by Certificated Eligible Shareholders and Dematerialised Eligible Shareholders with “*own name*” registration only);
- a form of proxy (*white*) in respect of the Combined General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with “*own name*” registration only); and
- a Form of Surrender (*pink*) (for use by Certificated Preference Shareholders only) in respect of the Scheme.

Financial advisors and transaction sponsor



Independent Reporting Accountants

Deloitte.

Legal advisors



Transfer Secretaries

Computershare

Independent Expert



Date of issue: Thursday, 16 August 2018

*This Circular is available in English only. Copies of this Circular may be obtained from the registered offices of Imperial and the financial advisors and transaction sponsor, at the addresses set out in the “**Corporate information and advisors**” section of this Circular from Thursday, 16 August 2018 until Friday, 14 September 2018 and this Circular will be available on Imperial’s website: www.imperial.co.za as from the date of posting hereof until the date of the Meetings.*

IMPORTANT INFORMATION, DISCLAIMERS AND FORWARD LOOKING STATEMENTS

The definitions and interpretations commencing on page 16 of this Circular apply, *mutatis mutandis*, to this section and throughout this Circular.

DISCLAIMER

Nothing in this Circular constitutes (or forms part of) any offer for the sale of, or solicitation of any offer to purchase or subscribe for, any securities of Imperial in any jurisdiction. This Circular does not constitute any solicitation of any vote or approval, in any jurisdiction where such solicitation would be unlawful.

The release, publication or distribution of this Circular in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Circular is released, published or distributed should inform themselves about and observe such restrictions. Failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction.

APPLICABLE LAWS

The Scheme (and the associated Repurchase) is proposed solely in terms of this Circular, which includes the terms and conditions on which the Scheme (and Repurchase) is to be implemented.

The Scheme (and the associated Repurchase) relates to the securities of a South African company and is governed by, and must be construed in accordance with, the laws of South Africa, including but not limited to, the Companies Act, the Takeover Regulations and the Exchange Control Regulations. Accordingly, the Scheme is subject to South African procedural and disclosure requirements and it is proposed to be implemented as a scheme of arrangement provided for under South African company law.

This Circular has been prepared for purposes of complying with the applicable disclosure requirements of the Companies Act, the Takeover Regulations and the Listings Requirements, and the information disclosed may not be the same as that which would have been disclosed had this Circular been prepared in accordance with the laws and regulations of any jurisdictions outside South Africa.

Any Shareholder who is in doubt as to their position, including, without limitation, their tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

FOREIGN SHAREHOLDERS

The Scheme (and the associated Repurchase) may be affected by the laws of the relevant jurisdictions of the Foreign Shareholders. As such, Foreign Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any Foreign Shareholder to satisfy themselves as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with the Scheme, including obtaining any governmental, exchange control or other consents or making any filings which may be required, complying with other necessary formalities, paying any transfer or other taxes or other requisite payments due in such jurisdiction.

Any Foreign Shareholder will be responsible for any transfer or other taxes or other requisite payments by whomsoever payable. Imperial and any other person acting on its behalf shall be fully indemnified and held harmless by Foreign Shareholders for any such transfer or other taxes as such person may be required to pay.

If you are a Foreign Shareholder, you are urged to read the important information relating to Foreign Shareholders contained in paragraph 5.12 (*Foreign Shareholders and Exchange Control Regulations*) in this Circular. If you are in doubt as to your position in connection with the matters set out in this Circular, you should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

CERTAIN FORWARD LOOKING STATEMENTS

This Circular contains statements about Imperial 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 logistics, motor vehicle import, distribution, retail and rental, motor vehicle aftermarket parts and motor vehicle-related financial services industries; 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, estimates of capital expenditures, acquisition strategy, 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. Imperial 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 Imperial 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, all of which, although Imperial may believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to Imperial, or not currently considered material) could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions.

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 Imperial, or other matters to which such forward looking statements relate, 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. Imperial 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 statements have not been reviewed nor reported on by the external auditors.

DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this Circular is provided as at the Last Practicable Date.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 16 of this Circular apply, *mutatis mutandis*, to this section.

Please take careful note of the following provisions regarding the action required by Shareholders in connection with the Scheme:

1. If you are in any doubt as to what action to take, please consult your Broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
2. If you have disposed of all your Imperial Shares, then this Circular should be handed to the purchaser of such shares or to the Broker, CSDP, banker, accountant, attorney or other agent through whom the disposal was effected.
3. This Circular contains information relating to the Scheme and associated matters, and the special resolutions required to be approved by Shareholders at two separate Meetings in connection with approving the Scheme.
4. Eligible Shareholders should carefully read through this Circular in its entirety and decide how you wish to vote on the special resolution (as set out in the Notice of Eligible Shareholder General Meeting) to be proposed at the Eligible Shareholder General Meeting.
5. Shareholders should carefully read through this Circular in its entirety and decide how you wish to vote on the special resolutions (as set out in the Notice of Combined General Meeting) to be proposed at the Combined General Meeting.

6. NOTICE OF MEETINGS

6.1 Eligible Shareholder General Meeting

- 6.1.1 Eligible Shareholders are invited to attend an Eligible Shareholder General Meeting, convened in terms of the Notice of Eligible Shareholder General Meeting incorporated in this Circular, for purposes of considering and, if deemed fit, passing, with or without modification, the Scheme Resolution.
- 6.1.2 **Condition to the Scheme Resolution being proposed at the Eligible Shareholder General Meeting:** It is a condition of the Scheme Resolution that if, before it is to be voted on at the Eligible Shareholder General Meeting, the Company receives any written notice from any Eligible Shareholder/s in terms of section 164(3) of the Companies Act objecting to the Scheme Resolution, then the chairperson of the Eligible Shareholder General Meeting **may** close the Eligible Shareholder General Meeting without putting the Scheme Resolution to the vote.
- 6.1.3 The Eligible Shareholder General Meeting will be held in the boardroom of Imperial, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, at 10:00 on Friday, 14 September 2018 or at any other adjourned or postponed date and time determined in accordance with the provisions of the Companies Act and the Listings Requirements.

6.2 Combined General Meeting

- 6.2.1 Shareholders are invited to attend a Combined General Meeting, convened in terms of the Notice of Combined General Meeting incorporated in this Circular, for purposes of considering and, if deemed fit, passing, with or without modification, the Repurchase Resolutions.
- 6.2.2 **Conditions to the Repurchase Resolutions being proposed at the Combined General Meeting:**
 - 6.2.2.1 It is a condition of the Repurchase Resolutions that, if the Scheme Resolution has not been put to the vote at the Eligible Shareholder General Meeting, or if the Scheme Resolution has been put to the vote at the Eligible Shareholder General Meeting but has not been duly adopted, then the chairperson of the Combined General Meeting **shall** close the Combined General Meeting without putting the Repurchase Resolutions to the vote.

6.2.2.2 In addition, in the event that the Scheme Resolution has been put to the vote and is duly adopted at the Eligible Shareholder General Meeting, then the proposal of the Repurchase Resolutions is subject to the **further condition** that if, before the Repurchase Resolutions are to be voted on at the Combined General Meeting, the Company receives any written notice from any Shareholder/s in terms of section 164(3) of the Companies Act objecting to Special Resolution Number 2 in the Notice of Combined General Meeting, then the chairperson of the Combined General Meeting **may** close the Combined General Meeting without putting the Repurchase Resolutions to the vote.

6.2.3 The Combined General Meeting will be held in the boardroom of Imperial, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, at 10:30 on Friday, 14 September 2018 or at any other adjourned or postponed date and time determined in accordance with the provisions of the Companies Act and the Listings Requirements.

7. VOTING AND ATTENDANCE AT THE MEETINGS

7.1 Eligible Shareholder General Meeting

7.1.1 *Dematerialised Preference Shares without "own name" registration*

If you **have** Dematerialised your Preference Shares without "own name" registration, then the following actions are relevant to you in connection with the Eligible Shareholder General Meeting:

Voting at the Eligible Shareholder General Meeting:

- Your CSDP or Broker should contact you to ascertain how you wish to cast your vote (or abstain from casting your vote) at the Eligible Shareholder General Meeting and thereafter to cast your vote (or abstain from casting your vote) in accordance with your instructions.
- If you have not been contacted by your CSDP or Broker, it would be advisable for you to contact your CSDP or Broker and furnish them with your voting instructions.
- If your CSDP or Broker does not obtain voting instructions from you, they will vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or Broker.
- You must **NOT** complete the attached form of proxy (*green*).

Attendance and representation at the Eligible Shareholder General Meeting:

In accordance with the mandate between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to attend the Eligible Shareholder General Meeting in person, or if you wish to send a proxy to represent you at the Eligible Shareholder General Meeting. Your CSDP or Broker will issue the necessary letter of representation to you or your proxy to attend the Eligible Shareholder General Meeting.

The Independent Board and Imperial do not accept responsibility, and will not be held liable, under any applicable law or regulation, for any action of, or omission by, the CSDP or Broker of a Dematerialised Eligible Shareholder, including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner to notify such beneficial owner of the Eligible Shareholder General Meeting or of the matters set out in this Circular.

7.1.2 *Dematerialised Preference Shares with "own name" registration or if you hold Certificated Preference Shares*

If you have **not** Dematerialised your Preference Shares or have Dematerialised your Preference Shares with "own name" registration, then the following actions are relevant to you in connection with the Eligible Shareholder General Meeting:

- You are entitled to attend, or be represented by proxy, and may vote (or abstain from voting) at the Eligible Shareholder General Meeting.
- If you are unable to attend the Eligible Shareholder General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*green*), in accordance with the instructions contained therein, to be delivered to and received

by the Transfer Secretaries by no later than 10:00 on Wednesday, 12 September 2018, as follows:

- by hand: Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, South Africa; or
 - by post: Computershare Investor Services Proprietary Limited, PO Box 61051, Marshalltown, 2107.
- If you do not lodge or post the form of proxy (*green*) to reach the Transfer Secretaries by the relevant time, you will nevertheless be entitled to have the form of proxy (*green*) lodged immediately prior to the commencement of the Eligible Shareholder General Meeting with the chairperson of the Eligible Shareholder General Meeting.

7.2 Combined General Meeting

7.2.1 Dematerialised Imperial Shares without “own name” registration

If you have Dematerialised your Imperial Shares without “own name” registration, then the following actions are relevant to you in connection with the Combined General Meeting:

Voting at the Combined General Meeting:

- Your CSDP or Broker should contact you to ascertain how you wish to cast your vote (or abstain from casting your vote) at the Combined General Meeting and thereafter to cast your vote (or abstain from casting your vote) in accordance with your instructions.
- If you have not been contacted by your CSDP or Broker, it would be advisable for you to contact your CSDP or Broker and furnish them with your voting instructions.
- If your CSDP or Broker does not obtain voting instructions from you, they will vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or Broker.
- You must **NOT** complete the attached form of proxy (*white*).

Attendance and representation at the Combined General Meeting:

In accordance with the mandate between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to attend the Combined General Meeting in person, or if you wish to send a proxy to represent you at the Combined General Meeting. Your CSDP or Broker will issue the necessary letter of representation to you or your proxy to attend the Combined General Meeting.

The Independent Board and Imperial do not accept responsibility, and will not be held liable, under any applicable law or regulation, for any action of, or omission by, the CSDP or Broker of a Dematerialised Shareholder, including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner to notify such beneficial owner of the Combined General Meeting or of the matters set out in this Circular.

7.2.2 Dematerialised Imperial Shares with “own name” registration or if you hold Certificated Imperial Shares

If you have not Dematerialised your Imperial Shares or have Dematerialised your Imperial Shares with “own name” registration, then the following actions are relevant to you in connection with the Combined General Meeting:

- You are entitled to attend, or be represented by proxy, and may vote (or abstain from voting) at the Combined General Meeting.
- If you are unable to attend the Combined General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*white*), in accordance with the instructions contained therein, to be delivered to and received by the Transfer Secretaries by no later than 10:00 on Wednesday, 12 September 2018, as follows:
 - by hand: Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, South Africa; or
 - by post: Computershare Investor Services Proprietary Limited, PO Box 61051, Marshalltown, 2107.

- If you do not lodge or post the form of proxy (*white*) to reach the Transfer Secretaries by the relevant time, you will nevertheless be entitled to have the form of proxy (*white*) lodged immediately prior to the commencement of the Combined General Meeting with the chairperson of the Combined General Meeting.

7.3 Identification of Shareholders and proxies

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the Meetings, that person must present reasonably satisfactory identification and the person presiding at the relevant Meeting must be reasonably satisfied that the right of the person to participate and vote at the relevant Meeting, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green-bar coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence or a valid passport.

7.4 Electronic participation

Shareholders or their proxies may participate in (but not vote at) the Meetings by way of telephone conference call and if they wish to do so:

- must contact the company secretary (by email at the address rventer@ih.co.za) by no later than 14:00 on Monday, 10 September 2018, in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification;
- will not be able to vote telephonically at the Meetings and will still need to appoint a proxy or representative to vote on their behalf at the relevant Meeting; and
- will be billed separately by their own telephone service providers for their own telephone calls to participate in the relevant Meeting.

Shareholders hereby are deemed to agree that Imperial has no responsibility or liability for any loss, damage, penalty or claim arising in any way from using the telephone conference call facilities, whether or not as a result of any act or omission on the part of the Company or anyone else.

8. ACTIONS REQUIRED OF ELIGIBLE SHAREHOLDERS RELATING TO OPERATION OF THE SCHEME

8.1 Dematerialised Eligible Shareholders with or without “*own name*” registration

You do **not** have to surrender any Documents of Title. The transfer of your Scheme Shares and Scheme Consideration will be handled by your CSDP or Broker. Consequently, you must **not** complete the attached Form of Surrender (*pink*).

If the Scheme becomes unconditional and operative, you will have your account held at your CSDP or Broker credited with the Scheme Consideration and debited with the Scheme Shares you are transferring to Imperial on the Scheme Operative Date, or, if applicable, if you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 5.8.5 (below) of this Circular, you will have your account held at your CSDP or Broker credited with the Scheme Consideration and debited with the Scheme Shares you are transferring to Imperial on the date set out in paragraph 5.8.5.2 (below) of this Circular.

8.2 Certificated Eligible Shareholders

If you are a Certificated Eligible Shareholder, then you should pay special attention to the provisions of this paragraph 8.2 and paragraph 5.7 (*Surrender of Documents of Title*) of this Circular, since to receive the Scheme Consideration to which you are entitled if the Scheme becomes operative, you will be required to have surrendered your Preference Shares. If you are in any doubt as to what action you should take, please consult a Broker, CSDP, banker, attorney or other professional advisor.

8.2.1 If the Scheme becomes operative, you will have to surrender your Documents of Title in exchange for the Scheme Consideration, irrespective of whether you voted in favour of the Scheme or not in terms of section 114(1)(c) of the Companies Act.

- 8.2.2 If you wish to expedite receipt of the Scheme Consideration, you should surrender your Preference Shares prior to the Scheme becoming operative by duly completing the attached Form of Surrender (*pink*) and lodging it, together with your Documents of Title, in accordance with the instructions contained therein, with the Transfer Secretaries to be received by the Transfer Secretaries by **12:00 on the Scheme Record Date (expected to be 12 October 2018)**.
- 8.2.3 If the Scheme becomes operative and you **have** surrendered your Documents of Title and duly completed Form of Surrender (*pink*) to the Transfer Secretaries **by 12:00 on the Scheme Record Date (expected to be 12 October 2018)**, the Scheme Consideration will be posted to you by cheque, at your own risk, on the Scheme Operative Date unless you elect to receive the Scheme Consideration by way of an EFT on the Form of Surrender (*pink*), in which case, the Scheme Consideration will be paid to the South African bank account nominated by you in Part C of the Form of Surrender (*pink*) on the Scheme Operative Date.
- 8.2.4 If the Scheme becomes operative and you **have not** surrendered your Documents of Title and duly completed Form of Surrender (*pink*) **by 12:00 on the Scheme Record Date (expected to be 12 October 2018)**, the Transfer Secretaries will only post the Scheme Consideration to you by cheque, at your risk, or pay it to you by way of an EFT (if you elected that option in the Form of Surrender (*pink*)), within 5 (five) Business Days of receipt of your Documents of Title and duly completed Form of Surrender (*pink*), provided that should you:
- 8.2.4.1 be a Dissenting Shareholder who subsequently becomes a Scheme Participant as envisaged in paragraph 5.8.5 (below) of this Circular, you will still need to submit your Documents of Title, together with a duly completed Form of Surrender (*pink*), to the Transfer Secretaries and payment of the Scheme Consideration will be posted to you by cheque, or paid to you by way of EFT (if you elect that option on the Form of Surrender (*pink*)) on the date set out in paragraph 5.8.5.2 (below) of this Circular; and
- 8.2.4.2 fail to submit your Documents of Title and duly completed Form of Surrender (*pink*) to the Transfer Secretaries or in respect of a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 5.8.5 (below) of this Circular, the Scheme Consideration payable to such Scheme Participant will be held in trust by Imperial (or any third party nominated by it for this purpose) for the benefit of the Scheme Participant concerned for a maximum period of three years, after which period such funds shall be made over to the Guardian's Fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by Imperial (or its nominee).
- 8.2.5 If you wish to surrender your Documents of Title in anticipation of the Scheme becoming operative:
- 8.2.5.1 you should complete the Form of Surrender (*pink*) in accordance with its instructions and return it, together with your Documents of Title, to the Transfer Secretaries, as follows:
- by hand: Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196, South Africa; or
 - by post: Computershare Investor Services Proprietary Limited, PO Box 61051, Marshalltown, 2107,
- so as to be received **by no later than 12:00 on the Scheme Record Date (expected to be 12 October 2018)**; and
- 8.2.5.2 it should be noted that you will not be able to Dematerialise or deal in your Preference Shares between the date of surrender of your Documents of Title and the Scheme Operative Date or, if the Scheme does not become operative, the date on which your Documents of Title are returned to you pursuant to paragraph 8.2.6 of this Circular.

8.2.6 Documents of Title surrendered prior to 12:00 on the Scheme Record Date, in anticipation of the Scheme becoming operative, will be held in trust by the Transfer Secretaries, at the risk of the Certificated Eligible Shareholder, pending the Scheme becoming operative. Should the Scheme not become operative, any Documents of Title surrendered and held by the Transfer Secretaries will be returned to the Certificated Eligible Shareholder concerned by registered post in South Africa at the risk of the Certificated Eligible Shareholder within 5 (five) Business Days from the date of receipt of the Documents of Title or the date on which it becomes known that the Scheme will not become operative, whichever is later.

8.2.7 **If you wish to Dematerialise your Preference Shares, please contact a CSDP or Broker.**

9. **VALIDITY OF FORM OF SURRENDER (*PINK*)**

In respect of Certificated Eligible Shareholders, Imperial reserves the right, in its sole and absolute discretion, to:

- 9.1 treat as invalid a Form of Surrender (*pink*) not accompanied by valid Documents of Title;
- 9.2 treat as invalid a Form of Surrender (*pink*) which has not been fully completed or which has been incorrectly completed; and/or
- 9.3 require proof of the authority of the person signing the Form of Surrender (*pink*) where such proof has not yet been lodged with, or recorded by, the Transfer Secretaries.

10. **CERTIFICATED TRANSFERS**

Where physical Documents of Title have been surrendered, no receipts will be issued to Certificated Eligible Shareholders for the Form of Surrender (*pink*) and the Documents of Title lodged with the Transfer Secretaries, unless specifically requested by such Certificated Eligible Shareholders in writing. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the Documents of Title lodged.

11. **LOST OR DESTROYED DOCUMENTS OF TITLE IN RESPECT OF CERTIFICATED ELIGIBLE SHAREHOLDERS**

If Documents of Title have been lost or destroyed, Scheme Participants should nevertheless return the Form of Surrender (*pink*), duly signed and completed. The Transfer Secretaries shall issue a suitable indemnity form to such Eligible Shareholder, such indemnity form to be in a form and substance acceptable to Imperial (in its sole and absolute discretion) and Imperial 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 Eligible Shareholder to be received by 12:00 on the Scheme Record Date shall Imperial consider the action taken by such Eligible Shareholder in terms of the Scheme.

12. **GENERAL**

12.1 **Shareholder approval of the Scheme**

12.1.1 The Scheme must be approved by a special resolution, in accordance with section 115(2)(a) of the Companies Act and Imperial's MOI, at the Eligible Shareholder General Meeting, at which meeting for quorum purposes at least three Eligible Shareholders must be present (in person or by proxy), and such Eligible Shareholders present must be entitled to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised at the Eligible Shareholder General Meeting.

12.1.2 In addition, the Repurchase (associated with the Scheme) must be approved by special resolutions, in accordance with section 48(8)(b) of the Companies Act, paragraph 5.69 of the Listings Requirements and article 16.3 of the MOI, at the Combined General Meeting, at which meeting for quorum purposes at least three Shareholders must be present (in person or by proxy), and such Shareholders present must be entitled to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised at the Combined General Meeting.

12.2 **Conditions applicable to the relevant special resolutions being proposed at the Meetings**

Shareholders are advised to note the conditions to which the special resolution/s being put to the vote at the relevant Meeting is subject, as more fully described in paragraphs 6.1 and 6.2 above and restated in the Notices.

12.3 **Potential court approval**

12.3.1 Shareholders are advised that, in accordance with section 115(3) of the Companies Act, Imperial may in certain circumstances not proceed to implement the Scheme without the approval of the court, despite the fact that the Scheme Resolution and Special Resolution Number 2 set out in the Notice of Combined General Meeting will have been duly adopted at the Meetings.

12.3.2 In this regard, a copy of section 115 of the Companies Act which details the circumstances under which court approval may be required for implementation of the Scheme, is set out in **Annexure 4** to this Circular.

12.4 **Dissenting Shareholders' Appraisal Rights**

12.4.1 In terms of section 164 of the Companies Act, Shareholders who are entitled to vote on the Scheme Resolution or Special Resolution Number 2 in the Notice of Combined General Meeting, are advised of the following Appraisal Rights which they have:

12.4.1.1 at any time before the Scheme or Repurchase, respectively, is to be voted on at the Eligible Shareholder General Meeting or the Combined General Meeting, respectively, a Shareholder (entitled to vote) may give Imperial written notice objecting to the Scheme Resolution or Special Resolution Number 2 in the Notice of Combined General Meeting;

12.4.1.2 within 10 (ten) Business Days after the Scheme Resolution or Special Resolution Number 2 in the Notice of Combined General Meeting, as the case may be, has been adopted, Imperial must send a notice confirming that the Scheme Resolution and/or Special Resolution Number 2 in the Notice of Combined General Meeting, as the case may be, has been adopted, to each relevant Shareholder who gave Imperial written notice of objection and has neither withdrawn that notice nor voted in favour of the Scheme Resolution and/or Special Resolution Number 2 in the Notice of Combined General Meeting, as the case may be;

12.4.1.3 a Shareholder who has given Imperial written notice in terms of section 164 of the Companies Act objecting to the Scheme Resolution and/or Special Resolution Number 2 in the Notice of Combined General Meeting, as the case may be, and has complied with all of the procedural requirements set out in section 164 of the Companies Act may, if the Scheme Resolution and/or Special Resolution Number 2 in the Notice of Combined General Meeting has been adopted, demand in writing that:

- within 20 (twenty) Business Days after receipt of the notice referred to in paragraph 12.4.1.2 above; or
- if the Shareholder does not receive the notice from Imperial referred to above, within 20 (twenty) Business Days after learning that the Scheme Resolution and/or Special Resolution Number 2 in the Notice of Combined General Meeting has been adopted,

Imperial pay the Shareholder the fair value (in terms of and subject to the requirements set out in section 164 of the Companies Act) for all the Shares held by that Shareholder.

12.4.2 A more detailed explanation of the Appraisal Rights of a Dissenting Shareholder is contained in paragraph 5.8 (below) of this Circular.

12.4.3 In addition, a copy of section 164 of the Companies Act pertaining to the Appraisal Rights of a Dissenting Shareholder is set out in **Annexure 4** to this Circular.

12.5 Foreign Shareholders

If you are a Foreign Shareholder, you are urged to read the important information for Foreign Shareholders relating to the Scheme in the section titled: “*Important Information, Disclaimers and Forward Looking Statements – Foreign Shareholders*” commencing on page 1 of this Circular, and the important information contained in paragraph 5.12 (*Foreign Shareholders and Exchange Control Regulations*).

12.6 TRP approval

- 12.6.1 Shareholders are advised that the Scheme constitutes an “*affected transaction*” as defined in section 117(1)(c)(iii) of the Companies Act, and as such, the Scheme is regulated by the Companies Act and the Takeover Regulations and therefore requires the approval of the TRP.
- 12.6.2 **Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of “affected transactions” when it approves such transactions.**

CORPORATE INFORMATION AND ADVISORS

Company secretary and registered office

RA Venter (BCom, LLM)
Imperial Place
Jeppe Quondam
79 Boeing Road East
Bedfordview, 2008
(PO Box 3013, Edenvale, 1610)

Financial advisor and transaction sponsor

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
30 Baker Street
Rosebank
Johannesburg, 2196
(PO Box 61344, Marshalltown, 2107)

Independent Reporting Accountants

Deloitte & Touche
(Practice Number 902276)
Deloitte Place, The Woodlands, 20 Woodlands Drive
Woodmead
Sandton
Johannesburg, 2193
(Private Bag X6, Gallo Manor, 2052)

Independent Expert

PricewaterhouseCoopers Corporate Finance Proprietary Limited
(Registration number 1970/003711/07)
4 Lisbon Lane
Waterfall City
Jukskei View, 2090
South Africa
(Private Bag X36, Sunninghill, 2157, South Africa)

Place of incorporation of Imperial: South Africa

Date of incorporation of Imperial: 15 February 1946

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
1st Floor, Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

Legal advisors

Bowman Gilfillan Inc.
(Registration number 1998/021409/21)
11 Alice Lane
Sandton, 2196
(PO Box 785812, Sandton, 2146)

Sponsor

Merrill Lynch South Africa Proprietary Limited
3rd Floor, The Place
1 Sandton Drive
Sandton, 2196
(PO Box 651987, Benmore, 2016)

TABLE OF CONTENTS

	<i>Page</i>
IMPORTANT INFORMATION, DISCLAIMERS AND FORWARD LOOKING STATEMENTS	1
ACTION REQUIRED BY SHAREHOLDERS	3
CORPORATE INFORMATION AND ADVISORS	11
IMPORTANT DATES AND TIMES	14
DEFINITIONS AND INTERPRETATIONS	16
CIRCULAR TO SHAREHOLDERS REGARDING THE SCHEME	
1. INTRODUCTION	22
2. PURPOSE OF THIS CIRCULAR	23
3. BACKGROUND AND RATIONALE FOR THE SCHEME AND REPURCHASE	24
4. AUTHORITY TO IMPLEMENT THE SCHEME AND REPURCHASE	25
5. TERMS AND CONDITIONS OF THE SCHEME	25
6. <i>PRO FORMA</i> FINANCIAL EFFECTS	32
7. FINANCIAL INFORMATION	33
8. ADEQUACY OF CAPITAL AND THE SOLVENCY AND LIQUIDITY TEST	34
9. SHARE CAPITAL OF THE COMPANY	35
10. MAJOR SHAREHOLDERS OF IMPERIAL	35
11. MATERIAL CHANGE	36
12. DIRECTORS' INTERESTS IN IMPERIAL SHARES	36
13. DIRECTORS' REMUNERATION	37
14. DISCLOSURE REQUIRED IN TERMS OF THE TAKEOVER REGULATIONS	37
15. INDEPENDENT EXPERT REPORT	38
16. INDEPENDENT BOARD OPINION AND RECOMMENDATION	38
17. DIRECTORS' RESPONSIBILITY STATEMENT	39
18. DIRECTORS' SERVICES CONTRACTS	39
19. LITIGATION STATEMENT	39
20. CASH GUARANTEE	39
21. EXPERT'S CONSENTS	40
22. EXPENSES RELATING TO THE SCHEME	40
23. NOTICE OF MEETINGS	40
24. SHARE TRADING HISTORY	41
25. DOCUMENTS AVAILABLE FOR INSPECTION	41
ANNEXURE 1 – INDEPENDENT EXPERT REPORT	42
ANNEXURE 2 – INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON <i>PRO FORMA</i> FINANCIAL INFORMATION	52
ANNEXURE 3 – <i>PRO FORMA</i> FINANCIAL INFORMATION	54

	<i>Page</i>
ANNEXURE 4 – EXTRACTS OF SECTIONS 115 AND 164 OF THE COMPANIES ACT	60
ANNEXURE 5 – FOREIGN SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS	66
ANNEXURE 6 – SALIENT FEATURES OF EXISTING DEBT FACILITY	68
ANNEXURE 7 – SHARE TRADING HISTORY OF PREFERENCE SHARES ON THE JSE	70
NOTICE OF ELIGIBLE SHAREHOLDER GENERAL MEETING	72
NOTICE OF COMBINED GENERAL MEETING	75
FORM OF PROXY (<i>green</i>) FOR THE ELIGIBLE SHAREHOLDER GENERAL MEETING	Attached
FORM OF PROXY (<i>white</i>) FOR THE COMBINED GENERAL MEETING	Attached
FORM OF SURRENDER AND TRANSFER (<i>pink</i>) FOR THE SCHEME	Attached

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 16 of this Circular apply, *mutatis mutandis*, to this section.

2018

Last Practicable Date	Friday, 10 August
Posting Record Date for purposes of receiving this Circular	Friday, 10 August
Circular posted to Shareholders	Thursday, 16 August
Last Day to Trade in Shares in order to be recorded in the Register on the Meetings Record Date	Tuesday, 4 September
Meetings Record Date	Friday, 7 September
Last day and time to give notice to participate in the Meetings electronically by 14:00	Monday, 10 September
For administrative purposes, form of proxy (<i>green</i>) for Eligible Shareholder General Meeting and/or form of proxy (<i>white</i>) for Combined General Meeting should be (but not required to be) received by 10:00	Wednesday, 12 September
Last day for any Shareholder to deliver a written notice to the Company objecting to the Scheme Resolution and/or Special Resolution Number 2 in the Notice of Combined General Meeting in accordance with section 164(3) of the Companies Act before the relevant resolution is to be voted on at either the Eligible Shareholder General Meeting or the Combined General Meeting, respectively	Friday, 14 September
Eligible Shareholder General Meeting held at 10:00	Friday, 14 September
Combined General meeting held at 10:30	Friday, 14 September
Results of Eligible Shareholder General Meeting and Combined General Meeting announced on SENS	Friday, 14 September
Results of Eligible Shareholder General Meeting and Combined General Meeting published in South African press	Monday, 17 September
<i>If the Scheme and Repurchase are duly approved by Shareholders at the Meetings:</i>	
Last date for Shareholders who voted against the Scheme Resolution or Special Resolution Number 2 in the Notice of Combined General Meeting to require Imperial to seek Court approval for the Scheme in terms of section 115(3)(a) of the Companies Act, if the requisite special resolutions in terms of section 115 of the Companies Act were opposed by at least 15% of the voting rights that were exercised	Friday, 21 September
Last day to trade Preference Shares <i>cum</i> -Accrued Preference Dividend	Tuesday, 25 September
Preference Shares commence trading <i>ex</i> -Accrued Preference Dividend	Wednesday, 26 September
Accrued Preference Dividend Record Date	Friday, 28 September
Payment date for the Accrued Preference Dividend	Monday, 1 October
Last date for Shareholders who voted against the Scheme Resolution or Special Resolution Number 2 in the Notice of Combined General Meeting to be granted leave by a Court to apply for a review of the Scheme in terms of section 115(3)(b) of the Companies Act	Monday, 1 October
Last date for Imperial to give notice of adoption of the special resolutions (in terms of section 115 of the Companies Act) approving the Scheme and the Repurchase in terms of section 164(4) of the Companies Act to Shareholders who delivered written notices to the Company objecting to the relevant special resolutions in accordance with section 164 of the Companies Act	Monday, 1 October

If no Shareholders exercise their rights in terms of section 115(3) of the Companies Act and all Conditions Precedent to the Scheme are satisfied:

TRP compliance certificate delivered in terms of section 121(b) of the Companies Act	Tuesday, 2 October
Scheme Finalisation Date announcement expected to be published on SENS	Tuesday, 2 October
Expected Scheme last day to trade Preference Shares on the JSE in order to be recorded in the Register on the Scheme Record Date to receive the Scheme Consideration	Tuesday, 9 October
Expected suspension of listing of Preference Shares from the Main Board of the JSE at commencement of trading	Wednesday, 10 October
Last day to deliver Form of Surrender (<i>pink</i>) and Documents of Title (in order to receive Scheme Consideration on the Scheme Operative Date) to be received by the Transfer Secretaries, which is by 12:00	Friday, 12 October
Expected Scheme Record Date, being the date and time on which Eligible Shareholders must be recorded in the Register to receive the Scheme Consideration, which is expected to be by 17:00	Friday, 12 October
Expected Scheme Operative Date	Monday, 15 October
Dematerialised Scheme Participants expected to have their accounts (held at their CSDP or broker) debited with the Scheme Share and credited with the Scheme Consideration	Monday, 15 October
Expected date of payment of the Scheme Consideration to be paid electronically or posted to Certificated Scheme Participants (if the Form of Surrender (<i>pink</i>) and Documents of Title are received by the Transfer Secretaries by 12:00 on the Scheme Record Date)	Monday, 15 October
Expected termination of listing of the Preference Shares on the Main Board of the JSE at the commencement of trade	Tuesday, 16 October

Notes:

1. All times shown in this Circular are South African times, unless otherwise stated.
2. The above dates and times are subject to amendment. Any material amendment will be announced on SENS and published in the South African press.
3. Shareholders are reminded that listed Shares can only be traded in Dematerialised form. No orders to Dematerialise or rematerialise listed Shares will be processed from the Business Day following the Scheme last day to trade, expected to be Tuesday, 9 October 2018.
4. If the Eligible Shareholder General Meeting or Combined General Meeting is adjourned or postponed, forms of proxy submitted of the Eligible Shareholder General Meeting or Combined General Meeting will remain valid in respect of any adjournment or postment of the Eligible Shareholder General Meeting or Combined General Meeting (as applicable), unless the contrary is stated on the relevant form of proxy.
5. To the extent that a form of proxy is not received by 10:00 on Wednesday, 12 September 2018, as envisaged in the table above, the form of proxy may be handed to the chairperson of the Eligible Shareholder General Meeting or Combined General Meeting, as applicable, prior to the commencement of the relevant Meeting.
6. Shareholders should note that, as trade in Shares on the JSE is settled through Strate, settlement of trades takes place 3 (three) Business Days after the date of such trades. Therefore, Shareholders who acquire Shares on the JSE after the Last Day to Trade will not be entitled to vote at the Meetings.
7. Dematerialised Shareholders, other than those with "own name" registration, must provide their CSDP or Broker with their instructions for voting at the Meetings by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective custody agreements.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the documents attached hereto, unless otherwise stated or the context indicates otherwise: (i) the words in the first column below shall have the meaning assigned to them in the second column; (ii) a reference to the singular shall include the plural and *vice versa*; (iii) an expression which denotes one gender includes all other genders; (iv) a natural person includes a juristic person and *vice versa*; and (v) cognate expressions shall bear corresponding meanings:

“Accrued Preference Dividend”	the Preference Dividend accrued and calculated in accordance with the MOI for the six-month period up to 25 June 2018, being an aggregate amount of ZAR4.17 per Preference Share, as more fully described in paragraph 5.3.3.2 (below) of this Circular;
“Accrued Preference Dividend Record Date”	the last date on which a Preference Shareholder must be recorded in the Register in order to be entitled to receive the Accrued Preference Dividend, being Friday, 28 September 2018;
“Appraisal Rights”	the rights afforded to Shareholders in terms of section 164 of the Companies Act, as discussed in paragraph 5.8 (below) of this Circular and set out in Annexure 4 to this Circular;
“Appraisal Rights Offer”	an offer made by Imperial to a Dissenting Shareholder in terms of section 164(11) of the Companies Act;
“Board” or “Directors”	the board of directors of Imperial, as constituted from time to time, comprising, as at the Last Practicable Date, the Directors named on page 22 of this Circular;
“Bond Holders”	the registered holders of the Bonds from time to time;
“Bonds”	the domestic medium term notes issued by Imperial Group Proprietary Limited and guaranteed by the Company;
“Broker”	a “ <i>stockbroker</i> ” as defined in the Financial Markets Act, or its nominee;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Eligible Shareholders”	Eligible Shareholders who are Certificated Shareholders, and are recorded in the Register on the Meetings Record Date;
“Certificated Scheme Participants”	Scheme Participants who are Certificated Shareholders;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	issued Shares which have not been Dematerialised, but title to which is represented by a share certificate or other Documents of Title;
“Circular”	this bound document, dated Thursday, 16 August 2018, including the Notice of Combined General Meeting, Notice of Eligible Shareholders General Meeting, forms of proxy and the Form of Surrender attached hereto;
“Combined General Meeting”	the general meeting of Shareholders convened in terms of the Notice of Combined General Meeting attached to, and forming part of, this Circular, to vote on the special resolutions set out therein, which meeting is expected to take place at 10:30 on Friday, 14 September 2018 in the boardroom of Imperial, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng;
“Common Monetary Area”	collectively, South Africa, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of Swaziland;

“Companies Act”	the South African Companies Act, No. 71 of 2008, as amended;
“Companies Regulations”	the Companies Regulations, 2011, as promulgated in terms of section 223 of the Companies Act;
“Conditions Precedent”	the conditions precedent to which the Scheme is subject, as set out and described in more detail in paragraph 5.5 (below) of this Circular, which are required to be fulfilled or waived, to the extent permissible, in order for the Scheme (and the associated Repurchase) to become operative;
“CSDP”	a central securities depository participant, being a “ <i>participant</i> ” as defined in section 1 of the Financial Markets Act;
“Deferred Ordinary Shareholders”	registered holders of issued Deferred Ordinary Shares;
“Deferred Ordinary Shares”	deferred ordinary shares with a par value of 4 cents each in the share capital of Imperial;
“Delisting”	the proposed termination of the listing of the Preference Shares on the JSE pursuant to the application by the Company described in paragraph 1.9 of this Circular;
“Dematerialised” or “Dematerialising”	the process whereby physical share certificates are replaced with electronic records evidencing ownership of shares in accordance with the rules of Strate and for trading on the JSE;
“Dematerialised Eligible Shareholders”	Eligible Shareholders who are Dematerialised Shareholders;
“Dematerialised Scheme Participants”	Scheme Participants who are Dematerialised Shareholders;
“Dematerialised Shareholders”	Shareholders who hold Dematerialised Shares;
“Dematerialised Shares”	Shares which have been Dematerialised;
“Dissenting Shareholders”	Shareholders who validly exercise their Appraisal Rights by demanding, in terms of sections 164(5) and 164(8) of the Companies Act, that the Company pay to them fair value for all of their Shares;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts and other documents evidencing title to Shares that are acceptable to Imperial;
“EFT”	electronic funds transfer;
“Eligible Shareholder General Meeting”	the meeting of Eligible Shareholders convened in terms of the Notice of Eligible Shareholder General Meeting attached to, and forming part of, this Circular, to vote on the special resolution set out therein, which meeting is expected to take place at 10:00 on Friday, 14 September 2018 in the boardroom of Imperial, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng;
“Eligible Shareholders”	Preference Shareholders, all of whose Preference Shares form the subject of the Scheme;
“EPS”	earnings per Ordinary Share;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, 9 of 1933, as amended;
“Financial Effects”	unaudited and unreviewed <i>pro forma</i> financial effects of the Scheme, as discussed in more detail in paragraph 6 (below) of this Circular and as set out more fully in Annexure 3 to this Circular;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012, as amended;

“Foreign Shareholder”	an Eligible Shareholder who has a registered address outside South Africa, or who is resident, domiciled or located in, or who is a citizen of, a country other than South Africa;
“Form of Surrender”	the form of surrender and transfer (<i>pink</i>) attached to, and forming part of, this Circular for use by Certificated Eligible Shareholders only, who wish to surrender their Preference Shares in terms of the Scheme;
“Group”	collectively, Imperial and its subsidiaries from time to time;
“HEPS”	headline earnings per Ordinary Share;
“IFRS”	International Financial Reporting Standards (including interpretations of such standards as issued by the IFRS Interpretations Committee), as issued by the International Accounting Standards Board from time to time;
“Imperial” or “the Company”	Imperial Holdings Limited, a public company: (i) with limited liability incorporated in accordance with the laws of South Africa under registration number 1946/021048/06; and (ii) listed on the JSE;
“Imperial Logistics”	Imperial’s operations excluding all automotive businesses (Motus), being all the remaining logistics operations of Imperial, which will comprise the sole business of Imperial post the Proposed Unbundling, and result in Imperial Logistics specifically and solely being an integrated outsourced logistics service provider with a diversified presence across Africa and Europe;
“Imperial Shares” or “Shares”	collectively, Ordinary Shares, Preference Shares, Deferred Ordinary Shares;
“Income Tax Act”	the South African Income Tax Act, No. 58 of 1962, as amended;
“Independent Board”	collectively, SP Kana, P Cooper, GW Dempster, P Langeni, MV Moosa, T Skweyiya and RJA Sparks, being the Directors that the Company has indicated are independent directors as envisaged in regulation 81 of the Takeover Regulations;
“Independent Expert”	PricewaterhouseCoopers Corporate Finance Proprietary Limited (registration number 1970/003711/07), the independent expert appointed by the Company to prepare and deliver the Independent Expert Report;
“Independent Expert Report”	the report prepared by the Independent Expert in accordance with section 114 of the Companies Act and regulation 90 of the Takeover Regulations, and attached as Annexure 1 to this Circular;
“Independent Reporting Accountants”	Deloitte & Touche (practice number 902276), registered auditors and the independent reporting accountants to Imperial;
“Interim Results”	the unaudited consolidated financial results of Imperial for the six months ended 31 December 2017;
“JSE”	as the context requires, either: (i) the JSE Limited, a public company incorporated in South Africa with registration number 2005/022939/06 and licensed as an exchange under the Financial Markets Act; or (ii) the securities exchange operated by the aforementioned company;
“Last Day to Trade”	the last Business Day for Shareholders to trade Shares in order to settle same and reflect in the Register so as to be eligible to vote on the Scheme Resolution and/or the Repurchase Resolutions, as the case may be;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being Friday, 10 August 2018;
“Listings Requirements”	the listings requirements of the JSE, as amended from time to time;

“Meetings”	collectively, the Eligible Shareholder General Meeting and the Combined General Meeting;
“Meetings Record Date”	the last date on which a Shareholder must be recorded in the Register in order to attend, speak and vote at the Meetings, which is expected to be Friday, 7 September 2018;
“MOI”	the memorandum of incorporation of Imperial in force;
“Motus”	Motus Holdings Limited, a public company: (i) with limited liability incorporated in accordance with the laws of South Africa under registration number 2017/451730/06; and (ii) to be listed on the JSE;
“NAV”	net asset value;
“Notices”	collectively, the Notice of Combined General Meeting and Notice of Eligible Shareholder General Meeting;
“Notice of Combined General Meeting”	the notice to Shareholders convening the Combined General Meeting to conduct the business described therein, and to consider and, if deemed fit, adopt with or without modification, the special resolutions set out therein, and which notice is attached to, and forms part of, this Circular;
“Notice of Eligible Shareholder General Meeting”	the notice to Eligible Shareholders convening the Eligible Shareholder General Meeting to conduct the business described therein, and to consider and, if deemed fit, adopt with or without modification, the special resolution set out therein, and which notice is attached to, and forms part of, this Circular;
“NTAV”	net tangible asset value;
“Offer Consideration”	ZAR83.00, being the repurchase price offer for each Scheme Share held on the Scheme Record Date;
“Ordinary Shareholders”	registered holders of issued Ordinary Shares;
“Ordinary Shares”	ordinary shares with a par value of 4 cents each in the issued ordinary share capital of Imperial, all of which are listed on the JSE;
“Posting Record Date”	the date determined by the Board in terms of section 59 of the Companies Act for Shareholders to be eligible to receive the Circular, being Friday, 10 August 2018;
“Preference Dividend”	has the meaning ascribed to the term “ <i>Preference Dividend</i> ” in article 58 in Annexure D to the MOI;
“Preference Shareholders”	registered holders of issued Preference Shares;
“Preference Shares”	4 540 041 non-redeemable, cumulative, non-participating preference shares with a par value of 4 cents each in the issued preference share capital of Imperial, all of which are listed on the JSE;
“Proposed Unbundling”	has the meaning ascribed to the term in paragraph 1.1 on page 22 of this Circular;
“Pro Rata Preference Dividend”	the Preference Dividend, calculated in accordance with the terms of the Preference Shares in the MOI, for the <i>Pro Rata Preference Dividend Period</i> , being an aggregate amount equal to ZAR2.53 per Scheme Share, subject to potential adjustment as discussed in paragraph 5.3.3.1 (below) of this Circular;
“Pro Rata Preference Dividend Period”	the period commencing on 26 June 2018 up to (and including) the Scheme Operative Date (expected to be 15 October 2018);

“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries on behalf of Imperial, and each of the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs in terms of the Financial Markets Act;
“Repurchase”	the repurchase of all the issued Preference Shares from the Eligible Shareholders pursuant to the Scheme, in terms of section 48(8) (read with sections 114 and 115) of the Companies Act, paragraph 5.69 of the Listings Requirements and article 16.3 of the MOI;
“Repurchase Resolutions”	the special resolutions to be approved by the requisite majority of Shareholders at the Combined General Meeting, which will authorise the Repurchase pursuant to the Scheme, in terms of section 48(8) (read with sections 114 and 115) of the Companies Act, paragraph 5.69 of the Listings Requirements and article 16.3 of the MOI, as more fully described in paragraph 4.2 (below) of this Circular and in the Notice of Combined General Meeting;
“Scheme”	the scheme of arrangement in terms of section 114(1)(c) of the Companies Act, proposed by the Board between Imperial and the Eligible Shareholders, which scheme of arrangement is more fully described in paragraph 5 (below) of this Circular, in terms of which Imperial will, if the Scheme becomes operative, acquire all of the Scheme Shares held by Scheme Participants, and the Scheme Participants shall be deemed to have sold and transferred all of the Scheme Shares to Imperial, in exchange for the Scheme Consideration;
“Scheme Consideration”	the aggregate cash consideration payable by Imperial to the Scheme Participants in terms of the Scheme, being ZAR85.53 per Scheme Share, comprising the aggregate sum of: (i) the Offer Consideration; and (ii) the <i>Pro Rata</i> Preference Dividend, but (for the avoidance of doubt) excluding the Accrued Preference Dividend, which will be paid to Preference Shareholders in the normal course on 1 October 2018;
“Scheme Finalisation Date”	the date on which all the Conditions Precedent shall have been fulfilled or waived, as the case may be;
“Scheme Operative Date”	the date on which the Scheme will become operative after fulfilment (or waiver, where applicable) of the Conditions Precedent, expected to be Monday, 15 October 2018;
“Scheme Participants”	Eligible Shareholders who are recorded in the Register at the close of business of the Scheme Record Date, which Eligible Shareholders will receive the Scheme Consideration in exchange for Imperial repurchasing their Preference Shares in terms of the Scheme;
“Scheme Record Date”	the last date on which an Eligible Shareholder must be recorded in the Register in order to receive the Scheme Consideration, expected to be Friday, 12 October 2018;
“Scheme Resolution”	the special resolution approving the Scheme to be considered at the Eligible Shareholder General Meeting, as more fully described in paragraph 4.1 (below) of this Circular and in the Notice of Eligible Shareholder General Meeting;
“Scheme Shares”	the Preference Shares that will be repurchased by Imperial in terms of the Scheme, constituting 100% of the issued Preference Shares;
“SENS”	the Stock Exchange News Service of the JSE;
“Shareholders”	collectively, Ordinary Shareholders, Preference Shareholders and Deferred Ordinary Shareholders;
“South Africa”	the Republic of South Africa;

“Strate”	Strate Proprietary Limited, a private company: (i) incorporated in accordance with the laws of South Africa under registration number 1998/022242/07; and (ii) a registered central securities depository in terms of the Financial Markets Act, which is responsible for the electronic settlement systems or transactions to be settled and transfer of ownership to be recorded electronically;
“subsidiary”	a subsidiary company, as defined in section 3 of the Companies Act;
“Takeover Regulations”	Chapter 5 of the Companies Regulations, as amended;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited, a private company: (i) incorporated in accordance with the laws of South Africa under registration number 2004/003647/07; and (ii) whose registered office is located at 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107);
“TRP” or “Panel”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“VAT”	value-added tax levied in terms of the South African Value-Added Tax Act, No. 89 of 1991; and
“ZAR” or “Rand” or “R”	South African rand, the official currency of South Africa.



LEADERS IN MOBILITY

Imperial Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1946/021048/06)

Ordinary share code: **IPL** ISIN: **ZAE000067211**

Preference share code: **IPLP** ISIN: **ZAE000088076**

("Imperial" or the "Company")

Directors

Executives

M Akoojee (*Acting Chief Executive Officer and
Chief Financial Officer*)
OS Arbee (*Motus Chief Executive Officer*)
M Swanepoel (*Imperial Logistics Chief Executive Officer*)

Non-executives

SP Kana* (*Chairman*)
A Tugendhaft (*Deputy Chairman*)
P Cooper*
GW Dempster*
T Skweyiya*
P Langeni*
RJA Sparks*
MV Moosa

* *Independent*

CIRCULAR TO SHAREHOLDERS REGARDING THE SCHEME

1. INTRODUCTION

- 1.1 Shareholders are referred to the cautionary announcement released on SENS on 21 June 2018, wherein Shareholders were advised that the Board resolved to proceed with the steps required to implement the proposed unbundling of Imperial's automotive business, which business is to be housed in its wholly-owned subsidiary, Motus (the **Proposed Unbundling**).
- 1.2 The Proposed Unbundling will be implemented through: (i) the transfer by Imperial of all of its automotive related interests to Motus, a wholly-owned subsidiary of Imperial, in terms of an asset-for-share transaction; (ii) a distribution *in specie* of the shares in Motus to Shareholders (who are entitled to participate) in terms of section 46 of the Companies Act and section 46 of the Income Tax Act; and (iii) the simultaneous listing of Motus on the Main Board of the JSE. The Proposed Unbundling is subject to the fulfilment of conditions precedent, including, *inter alia*, approval by Shareholders and the requisite regulatory authorities, and in connection with the foregoing Shareholder approvals, a circular will be posted to Shareholders in due course.
- 1.3 As also advised in the foregoing cautionary announcement, notwithstanding the Board's understanding that (in terms of the rights and terms attached to the Preference Shares as set out in Imperial's MOI) the Preference Shareholders are not entitled to participate in the Proposed Unbundling and the Preference Shares are not redeemable, the Company would undertake an engagement with Imperial's Preference Shareholders to consider the position of the Preference Shareholders in light of the Proposed Unbundling.
- 1.4 As a result of the Company having undertaken the foregoing engagement with certain Preference Shareholders, the Board has considered the position of the Preference Shareholders (and their interests in being redeemed) and based on the rationale discussed in more detail in paragraph 3.2

below, the Board resolved to make an offer to acquire **all** (and not only a portion) of the 4 540 041 outstanding Preference Shares held by Preference Shareholders by way of a scheme of arrangement as Shareholders were advised in the announcement released on SENS on 13 August 2018 detailing the Company's intention to propose the Scheme.

- 1.5 Consequently, the Board has resolved to propose (and implement) the Scheme in terms of section 114(1)(c) of the Companies Act between Imperial and the Eligible Shareholders, in terms of which Imperial proposes (and offers) to Repurchase all (and not only a portion) of the 4 540 041 issued Preference Shares held by the Eligible Shareholders.
- 1.6 However, the operation of the Scheme is subject to the fulfilment (or waiver, where appropriate) of the Conditions Precedent (as detailed in paragraph 5.5 below), which conditions include, *inter alia*, that the Scheme must be approved by the requisite majority of Eligible Shareholders, as detailed in the Notice of Eligible Shareholder General Meeting, and the associated Repurchase must be approved by the requisite majority of Shareholders (entitled to vote), as detailed in the Notice of Combined General Meeting.
- 1.7 In the event that the Conditions Precedent are fulfilled, the Scheme would become operative, and the consequence thereof is that by operation of law, the Scheme Participants (i.e. the Eligible Shareholders) will be deemed to have disposed of, and transferred, their Scheme Shares to Imperial and Imperial in turn, shall be deemed to have repurchased all the Scheme Shares, in exchange for the Scheme Consideration, being ZAR85.53 per Preference Share held by a Scheme Participant, which consideration includes the *Pro Rata* Preference Dividend amount accrued and payable on such Scheme Shares for the *Pro Rata* Preference Dividend Period. For further details of the mechanics that will apply if the Scheme is duly approved and becomes operative, please refer to paragraph 5 below which details the operation of the Scheme more fully.
- 1.8 It is also recorded that if an Eligible Shareholder remains a Preference Shareholder between the Accrued Preference Dividend Record Date and the Scheme Operative Date, it would have received a total payment from Imperial equal to ZAR89.70, comprising: (i) the Scheme Consideration; *plus* (ii) the Accrued Preference Dividend.
- 1.9 As a consequence of the Scheme, in terms of paragraph 1.17(b) of the Listings Requirements, the Company shall apply to the JSE for approval for the Delisting of the Preference Shares from the Main Board of the JSE with effect from Tuesday, 16 October 2018, subject to the Scheme becoming operative.
- 1.10 Accordingly, upon the Scheme becoming operative, the Scheme Shares will be repurchased, Delisted, cancelled (and returned to the authorised preference share capital) by Imperial.
- 1.11 The Scheme constitutes an "*affected transaction*" as defined in section 117(1)(c)(iii) of the Companies Act, and as such, the Scheme is regulated by the Companies Act and the Takeover Regulations and therefore requires the approval of the TRP.
- 1.12 To obtain a full understanding of the terms and conditions of the Scheme, the Repurchase and the Delisting, as well as the background and rationale for same, this Circular should be read in its entirety.

2. **PURPOSE OF THIS CIRCULAR**

Consistent with the approvals required from Shareholders as discussed above and elsewhere in this Circular, the purpose of this Circular is to:

- 2.1 set out the terms and conditions on which Imperial proposes the Scheme to Eligible Shareholders for Imperial to repurchase all of the Scheme Shares;
- 2.2 provide the Shareholders with other relevant statutorily-required information in respect of the Scheme, including, *inter alia*, the: (i) Independent Expert Report prepared in terms of section 114 of the Companies Act and regulation 90 of the Takeover Regulations; and (ii) Independent Board's views, opinion and recommendation regarding the Scheme and the Offer Consideration, having,

inter alia, obtained and given due consideration to the Independent Expert Report, in each case so as to enable the Shareholders to make an informed decision as to whether or not they should vote in favour of the special resolution/s set out in the Notice of Eligible Shareholder General Meeting and Notice of Combined General Meeting, respectively;

- 2.3 give the required notice to convene the Eligible Shareholder General Meeting, in order for Eligible Shareholders to consider and determine whether to pass the special resolution set out in the Notice of Eligible Shareholder General Meeting, which notice is attached hereto, and forms part of, this Circular; and
- 2.4 give the required notice to convene the Combined General Meeting, in order for Shareholders (who are entitled to vote) to consider and determine whether to pass the special resolutions set out in the Notice of Combined General Meeting, which notice is attached hereto, and forms part of, this Circular.

3. **BACKGROUND AND RATIONALE FOR THE SCHEME AND REPURCHASE**

3.1 **Background to issue of Preference Shares**

The Preference Shares were issued in two tranches: (i) 3 000 000 Preference Shares issued on 21 November 2006 at an issue price of ZAR100 per share, to subscribers on the terms and conditions set out in the offering circular, dated 16 November 2016; and (ii) 1 540 041 Preference Shares issued on 25 June 2007 at an issue price of ZAR97.40 per share, to subscribers in terms of a general authority. The Preference Shares have been classified as a liability due to the cumulative nature of the Preference Dividend. All the Preference Shares are listed on the JSE.

3.2 **Rationale for Scheme**

- 3.2.1 The Proposed Unbundling will result in the restructuring of Imperial's operations into two large separately listed businesses, namely: (i) the logistics business, known as Imperial Logistics; and (ii) the automotive business, known as Motus. However, as discussed in paragraph 1.3 above, the Preference Shareholders are not entitled to participate, and receive a *pro rata* distribution of Motus shares, in the Proposed Unbundling. That said, following consultation with selected Preference Shareholders and Ordinary Shareholders, the Company is proposing an opportunity (through the Scheme) for the Preference Shareholders to redeem their Preference Shares and obtain liquidity prior to the effective date of the Proposed Unbundling. In this respect, the Scheme will give Preference Shareholders the opportunity of a liquidity event, that is to be redeemed off a combined balance sheet of Imperial, rather than such Preference Shareholders remaining unredeemed and invested in Imperial Logistics post the Proposed Unbundling.
- 3.2.2 Having considered the Preference Shareholders' interest in being redeemed and certain commercial objectives of Imperial Logistics and Motus, as the case may be, post the Proposed Unbundling, the Board has proposed the repurchase of all of the issued Preference Shares by way of the Scheme in terms of section 114(1)(c) of the Companies Act, given that it is of the opinion that the Scheme will be an efficient means for: (i) the Company to repurchase 100% of the issued Preference Shares off the strength of the Group's combined balance sheet and simplify Imperial's capital structure (prior to the separation of Imperial's combined operations, into Imperial Logistics and Motus); and (ii) the Preference Shareholders to exit their investments in the Company in an orderly and effective manner.
- 3.2.3 If the Conditions Precedent (as detailed in paragraph 5.5 below) are fulfilled (or waived, as the case may be), the Scheme (and associated Repurchase) would become operative and result in the repurchase by Imperial of all the issued Preference Shares from Eligible Shareholders in exchange for the Scheme Consideration. The Conditions Precedent include, *inter alia*, that the Scheme must be approved by the requisite percentage of Eligible Shareholders, and the Repurchase must be approved by the requisite percentage of Shareholders (who are entitled to vote), in each case as more fully described in paragraph 4 below and in the Notices.
- 3.2.4 The Scheme and Repurchase will not have an effect on the control of the Company.

4. **AUTHORITY TO IMPLEMENT THE SCHEME AND REPURCHASE**

At the Meetings, provided that the Company has not received a written notice from any Shareholder in terms of section 164(3) of the Companies Act objecting to the relevant special resolution/s and the chairperson of the relevant Meeting has not exercised his/her discretion to close the relevant Meeting without putting the relevant Scheme Resolution and/or Repurchase Resolution (as the case may be) to a vote, the following resolutions will be proposed to the relevant Shareholders to approve implementation of the Scheme (and the associated Repurchase):

- 4.1 At the **Eligible Shareholder General Meeting**, a special resolution in terms of section 114(1) read with section 115(2)(a) of the Companies Act will be proposed to Eligible Shareholders, in order to approve implementation of the Scheme in terms of section 114(1)(c) of the Companies Act (only Eligible Shareholders to vote on this resolution).
- 4.2 At the **Combined General Meeting**, the following special resolutions will be proposed to the Shareholders:
 - 4.2.1 a special resolution in terms of paragraph 5.69(b) of the Listings Requirements and article 16.3 of the MOI, to authorise the Scheme as a specific repurchase (all Shareholders to vote on this resolution, except for the Eligible Shareholders who are precluded from voting on this resolution by virtue of their participation in the Scheme (and associated Repurchase)); and
 - 4.2.2 given that the Scheme (and associated Repurchase) would constitute the repurchase of more than 5% of the issued Preference Shares, a special resolution in terms of section 115(2)(a) of the Companies Act (as contemplated in sections 48(8) read with section 114 of the Companies Act) to authorise the Scheme (all Shareholders to vote on this resolution).

5. **TERMS AND CONDITIONS OF THE SCHEME**

5.1 The Scheme is proposed by the Board, on the terms and conditions as set out in this paragraph 5, between Imperial and the Scheme Participants, for Imperial to repurchase all of the Scheme Shares held by Scheme Participants by way of a scheme of arrangement in terms of section 114(1)(c) of the Companies Act.

5.2 **The Scheme**

- 5.2.1 In terms of the Scheme proposed by the Board between Imperial and the Scheme Participants, Imperial will repurchase **all** of the Scheme Shares from Scheme Participants for the Scheme Consideration in terms of section 114(1)(c) of the Companies Act.
- 5.2.2 The operation of the Scheme is subject to the fulfilment or waiver (as the case may be), of the Conditions Precedent as described in paragraph 5.5 of this Circular.
- 5.2.3 If the Scheme becomes unconditional and operative, it shall be binding on all the Scheme Participants (irrespective of whether a Scheme Participant voted in favour of the Scheme or not) and each Scheme Participant shall be deemed, with effect from the Scheme Operative Date, to:
 - 5.2.3.1 have disposed and transferred all of their Scheme Shares, free and clear of encumbrances, to Imperial, and Imperial shall be deemed to have repurchased all the Scheme Shares, without any further act or instrument being required, in exchange for the Scheme Consideration;
 - 5.2.3.2 have irrevocably and *in rem suam* authorised Imperial and/or the Transfer Secretaries, as agent, with full power of substitution, to cause the Scheme Shares disposed of by the Scheme Participant in terms of the Scheme to be transferred to Imperial on the Scheme Operative Date, and to do all such things and take all such steps (including the signing of any transfer form) as may be necessary or expedient in order to effect the transfer; and
 - 5.2.3.3 have instructed Imperial as principal, but with power to appoint agents, to procure that the Scheme Consideration is paid to the Scheme Participants entitled thereto, in accordance with the terms and conditions of the Scheme as set out in this Circular.

- 5.2.4 Should the Scheme become operative, the Scheme Participants shall:
- 5.2.4.1 if they are Certificated Eligible Shareholders, against surrender by them of the Documents of Title in respect of their Scheme Shares, receive the Scheme Consideration; and
 - 5.2.4.2 if they are Dematerialised Eligible Shareholders, have their Scheme Shares transferred to Imperial and the Scheme Consideration transferred to their CSDP or Broker who should credit them with the Scheme Consideration, in terms of the custody agreement entered into between such Scheme Participants and their CSDP or Broker.
- 5.2.5 The rights of the Scheme Participants to receive the Scheme Consideration in respect of the Scheme Shares held by them will be rights enforceable by Scheme Participants against Imperial only, subject to the terms and conditions of the Scheme as set out in this Circular.
- 5.2.6 As a consequence of implementation of the Scheme, in terms of paragraph 1.17(b) of the Listings Requirements, the Delisting will be implemented automatically by virtue of no Preference Shares remaining in issue.
- 5.2.7 The effect of the Scheme will be, *inter alia*, that Imperial will, with effect from the Scheme Operative Date, repurchase all the Scheme Shares, which shares shall then be Delisted from the Main Board of the JSE and cancelled and shall thereafter have the same status as Preference Shares that have been authorised and not issued. None of the Scheme Shares will be transferred to any other person.
- 5.2.8 Imperial and the Independent Board undertake that, upon the Scheme becoming operative, they will give effect to the terms and conditions of the Scheme and will take all actions and sign all documents necessary to give effect to the Scheme.

5.3 **Scheme Consideration**

- 5.3.1 In terms of the Scheme, Imperial will repurchase the Scheme Shares from the Scheme Participants at an aggregate price of ZAR85.53 per Scheme Share, to be settled in cash, such consideration per Scheme Share comprising the aggregate sum of:
- 5.3.1.1 the Offer Consideration of ZAR83.00 per Scheme Share, as discussed in more detail in paragraph 5.3.2 below; and
 - 5.3.1.2 an amount equal to ZAR2.53, being the *Pro Rata* Preference Dividend payable on such Scheme Share for the *Pro Rata* Preference Dividend Period, as discussed in more detail in paragraph 5.3.3.1 below.
- 5.3.2 The Offer Consideration represents a premium of 29% to the closing price of ZAR64.29 of the Preference Shares as at the Last Practicable Date after adjusting for the accrued preference dividend reflected in such share price, and a 18% premium to the similarly adjusted volume weighted average price of ZAR70.31 of the Preference Shares traded on the JSE during the 30 trading days up to (and including) the Last Practicable Date.
- 5.3.3 ***Pro Rata Preference Dividend and Accrued Preference Dividend***
- 5.3.3.1 Eligible Shareholders are advised that the Scheme Consideration includes a *Pro Rata* Preference Dividend of an aggregate amount equal to ZAR2.53 per Preference Share, calculated in accordance with the terms of the Preference Shares in the MOI, for the period from 26 June 2018 up to (and including) the Scheme Operative Date (the date on which all of the Scheme Shares will be repurchased, currently expected to be Monday, 15 October 2018). Shareholders are advised that should the actual Scheme Operative Date not be 15 October 2018, then the *Pro Rata* Preference Dividend will be calculated from 26 June 2018 up to (and including) the actual Scheme Operative Date. Any amendment to the Scheme Operative Date and the *Pro Rata* Preference Dividend will be announced on SENS. The record date for payment of this *Pro Rata* Dividend is the Scheme Record Date, currently expected to be Friday, 12 October 2018, as indicated in the timetable in the section titled: "*Important Dates and Times*" commencing on page 14 of this Circular.

5.3.3.2 Shareholders are further advised that the Company will pay to the Preference Shareholders, the Accrued Preference Dividend of ZAR4.17 per Preference Share, being an aggregate Preference Dividend accrued and calculated for the six-month period up to 25 June 2018. This Accrued Preference Dividend will be paid on Monday, 1 October 2018, as indicated in the timetable in the section titled: “*Important Dates and Times*” commencing on page 14 of this Circular. This Accrued Preference Dividend was calculated in accordance with the terms of the Preference Shares in the MOI. The record date for payment of this Accrued Preference Dividend is Friday, 28 September 2018, as indicated in the timetable in the section titled: “*Important Dates and Times*” commencing on page 14 of this Circular.

5.3.4 The Independent Board is of the opinion that the Offer Consideration reflects a fair and reasonable value for the Preference Shares. In this regard, the Shareholders are referred to paragraph 16 of this Circular and the Independent Expert Report attached to this Circular as **Annexure 1**.

5.4 **Settlement of the Scheme Consideration**

5.4.1 Subject to what is set out below and to the Scheme becoming operative, the Scheme Participants will be entitled to receive the Scheme Consideration.

5.4.2 The Scheme Consideration will be settled by Imperial through drawings by it from an existing debt facility of the Company and such settlement to Scheme Participants (who are Foreign Shareholders) will be subject to the Exchange Control Regulations, the salient provisions of which are set out in **Annexure 5** to this Circular. The salient terms of the existing debt facility which Imperial will utilise to fund the Scheme Consideration is set out in **Annexure 6** to this Circular.

5.4.3 Imperial and its agents will administer and effect payments of the Scheme Consideration to Scheme Participants.

5.4.4 The Scheme Consideration will be payable in cash in Rands only.

5.4.5 If the Scheme becomes operative:

5.4.5.1 Dematerialised Eligible Shareholders who become Scheme Participants will have their account at their CSDP or Broker credited with the Scheme Consideration and debited with the Scheme Shares on the Scheme Operative Date, or in the case of Dissenting Shareholders who subsequently become Scheme Participants as envisaged in paragraph 5.8.5 below, on the date contemplated in paragraph 5.8.5.2 below; and

5.4.5.2 Certificated Eligible Shareholders who become Scheme Participants:

5.4.5.2.1 who have submitted their Documents of Title and duly completed Form of Surrender (*pink*) to the Transfer Secretaries **by 12:00 on the Scheme Record Date (expected to be 12 October 2018)**, will have the Scheme Consideration posted to them by cheque, at their risk, on the Scheme Operative Date, unless they have elected to receive the Scheme Consideration by way of an EFT by completing the relevant sections of the Form of Surrender (*pink*), in which case the Scheme Consideration will be paid into the designated South African bank account on the Scheme Operative Date;

5.4.5.2.2 who submit their Documents of Title and duly completed Form of Surrender (*pink*) **after 12:00 on the Scheme Record Date (expected to be 12 October 2018)**, will have the Scheme Consideration posted to them by cheque, at their risk, or paid to them by way of EFT (if this option was elected on the Form of Surrender (*pink*)), within 5 (five) Business Days of the Transfer Secretaries receiving their Documents of Title and duly completed Form of Surrender (*pink*), unless such Scheme Participants were Dissenting Shareholders who have subsequently become Scheme Participants as envisaged in

paragraph 5.8.5.2 below, in which case such Scheme Participants will still need to submit their Documents of Title, together with their duly completed Forms of Surrender (*pink*) to the Transfer Secretaries and payment of the Scheme Consideration will only be posted to such Scheme Participants by cheque, at their risk, or paid to them by way of EFT (if this option was elected on the Form of Surrender (*pink*)), on the date set out in paragraph 5.8.5.2 below; or

- 5.4.5.2.3 in the event that a Scheme Participant who holds Certificated Shares fails to submit their Documents of Title and duly completed Form of Surrender (*pink*) to the Transfer Secretaries or in respect of a Dissenting Shareholder who subsequently becomes a Scheme Participant as envisaged in paragraph 5.8.5 below, the Scheme Consideration payable to such Scheme Participant will be held in trust by Imperial (or any third party nominated by Imperial for this purpose) for the benefit of the Scheme Participants concerned until lawfully claimed by such Scheme Participants.
- 5.4.5.3 Where, on or subsequent to the Scheme Operative Date, a person, who was not a registered holder of Scheme Shares on the Scheme Record Date, tenders to the Transfer Secretaries Documents of Title together with a duly executed Form of Surrender (*pink*), and, provided that the Scheme Consideration attaching to such Scheme Shares has not already been paid out or discharged in some other manner, then such transfer may be accepted by Imperial as if it were a valid transfer to such person of the Scheme Shares concerned, provided that Imperial has been, if Imperial so requires, provided with an indemnity on terms acceptable to Imperial in respect of such Scheme Consideration.
- 5.4.5.4 The Scheme Consideration will be transferred to Scheme Participants, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogist right to which Imperial may otherwise be, or claim to be, entitled.

5.5 Conditions Precedent to the Scheme

- 5.5.1 The operation of the Scheme is subject to the fulfilment, or waiver (to the extent permissible), of the following conditions precedent by no later than 17:00 on Tuesday, 2 October 2018 or such later time and date as Imperial may in its sole discretion determine (and subject to approval from the Panel):
 - 5.5.1.1 subject to paragraph 5.5.2, no written notice from any Eligible Shareholder/s (or Shareholder/s, as the case may be) is received by the Company in terms of section 164(3) of the Companies Act objecting to the Scheme Resolution or Special Resolution Number 2 set out in the Notice of Combined General Meeting, before the Scheme Resolution is to be voted on at the Eligible Shareholder General Meeting or the Repurchase Resolutions are to be voted on at the Combined General Meeting, as more fully discussed in paragraphs 6.1 and 6.2 of the section titled: “*Action required by Shareholders*” commencing on page 3 and as restated in the special resolutions in the Notices. If any such objection notices are received by the Company, then it is noted that the chairperson of the relevant Meeting **may** close the relevant Meeting without putting the relevant special resolution/s to the vote;
 - 5.5.1.2 the Scheme having been approved by the requisite majority of the Eligible Shareholders at the Eligible Shareholder General Meeting as contemplated in sections 114(1) and 115(2)(a) of the Companies Act, as described in more detail in the Notice of Eligible Shareholder General Meeting;
 - 5.5.1.3 given that the Repurchase (associated with the Scheme) constitutes the proposed acquisition by Imperial of more than 5% of the issued Preference Shares, the Repurchase having been approved by the requisite majority of the Shareholders (who are entitled to vote) at the Combined General Meeting in terms of section 48(8)(b) read with sections 114 and 115 of the Companies Act, as described in more detail in the Notice of Combined General Meeting;

- 5.5.1.4 the Repurchase having been approved by the requisite majority of the Shareholders (who are eligible to vote) at the Combined General Meeting, in terms of paragraph 5.69 of the Listings Requirements and article 16.3 of the MOI, at the Combined General Meeting, as described in more detail in the Notice of Combined General Meeting;
- 5.5.1.5 to the extent that the provisions of section 115(2)(c) of the Companies Act become applicable:
 - 5.5.1.5.1 the Scheme being approved by the relevant court unconditionally, or if subject to conditions, the person on whom such conditions are imposed approves such conditions and undertakes in writing to comply therewith; and
 - 5.5.1.5.2 Imperial not treating the aforesaid special resolutions as a nullity in terms of section 115(5)(b) of the Companies Act; and
- 5.5.1.6 the receipt of unconditional approvals, consents or waivers from all applicable regulatory authorities as may be required in order to implement the Scheme (including the compliance certificate to be issued by the Panel in relation to the Scheme as required by section 115(1)(b) read with section 119(4)(b) and section 121(b) of the Companies Act) or, to the extent that any such approvals, consents or waivers are subject to conditions, such conditions being acceptable to Imperial.
- 5.5.2 The Condition Precedent stipulated in paragraph 5.5.1.1 above may be waived (in whole or in part) at sole and absolute discretion of the Board.
- 5.5.3 An announcement will be released on SENS as soon as possible after the fulfilment, waiver or non-fulfilment, as the case may be, of the Conditions Precedent.
- 5.5.4 For the avoidance of doubt, if the Conditions Precedent are not fulfilled or waived (to the extent permissible) by 17:00 on Tuesday, 2 October 2018 or such later time and date as Imperial may in its sole discretion determine (and subject to approval from the Panel), then the Scheme shall not become operative and consequently Eligible Shareholders will continue in their present position as Preference Shareholders in the Company.

5.6 Effects of the Scheme

- 5.6.1 If all the Conditions Precedent, as set out in paragraph 5.5 above, are fulfilled or waived, as the case may be, and the Scheme becomes operative:
 - 5.6.1.1 Scheme Participants shall be deemed, with effect from the Scheme Operative Date, to have disposed of and transferred their Scheme Shares to Imperial, and Imperial shall be deemed to have repurchased all of the Scheme Shares, in exchange for payment of the Scheme Consideration, and the Scheme Participants shall no longer be Preference Shareholders;
 - 5.6.1.2 Scheme Participants irrevocably authorise and instruct Imperial, *in rem suam*, as agent and with full power of substitution, to cause the Scheme Shares to be transferred to Imperial on or at any time after the Scheme Operative Date and to take all such steps and sign all such documents as may be necessary to procure such transfer and registration;
 - 5.6.1.3 Scheme Participants instruct Imperial, as agent, to procure that the Scheme Consideration is paid to the Scheme Participants in accordance with the provisions of the Scheme; and
 - 5.6.1.4 the Scheme Shares will be Delisted from the Main Board of the JSE as a consequence thereof.
- 5.6.2 The effect of the Scheme will be that Imperial will, with effect from the Scheme Operative Date, repurchase all the Scheme Shares, which Scheme Shares shall be Delisted, cancelled and shall thereafter have the same status as Preference Shares that have been authorised and not issued.

5.7 Surrender of Documents of Title

5.7.1 *Certificated Eligible Shareholders*

- 5.7.1.1 Certificated Eligible Shareholders shall, subject to the Scheme becoming unconditional and operative, only be entitled to receive the Scheme Consideration in respect of their Scheme Shares once they have surrendered their Documents of Title in respect thereof.
- 5.7.1.2 Certificated Eligible Shareholders who wish to surrender their Documents of Title in anticipation of the Scheme becoming operative may complete the Form of Surrender (*pink*) and return it, together with the Documents of Title relating to all their Scheme Shares, to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107), **prior to 12:00 on the Scheme Record Date (expected to be 12 October 2018).**
- 5.7.1.3 Alternatively, Certificated Eligible Shareholders can surrender their Documents of Title after 12:00 on the Scheme Record Date under cover of a completed Form of Surrender (*pink*) at that time. In this regard, if requested by any of those Shareholders, a further Form of Surrender (*pink*) will be sent to Certificated Eligible Shareholders for use by those Certificated Shareholders who may not yet have surrendered their Documents of Title. The Scheme Consideration will be posted to Certificated Eligible Shareholders within 5 (five) Business Days of receipt of the Form of Surrender (*pink*) and the relevant Documents of Title, **if received after 12:00 on the Scheme Record Date (expected to be 12 October 2018).**
- 5.7.1.4 If the Documents of Title relating to the Shares held by Certificated Eligible Shareholders have been lost or destroyed, then such Certificated Eligible Shareholders should nevertheless return a duly completed Form of Surrender (*pink*), together with an indemnity on terms satisfactory to Imperial indemnifying Imperial against any loss or damage in respect of such lost or destroyed Documents of Title. Imperial may, in its sole discretion dispense with the surrender of such Documents of Title upon production of satisfactory evidence that the Documents of Title have been lost or destroyed and upon provision of such an indemnity. Unless otherwise agreed by Imperial, only indemnity forms obtained from the Transfer Secretaries (available on request) will be regarded as suitable. Imperial shall be entitled, in its absolute discretion, to waive the requirement of an indemnity.
- 5.7.1.5 No receipts will be issued for Documents of Title surrendered unless specifically requested. In order to comply with the requirements of the JSE, lodging agents must prepare special transaction receipts, if required.
- 5.7.1.6 Documents of Title surrendered by Certificated Eligible Shareholders prior to the Scheme Operative Date will be held in trust by the Transfer Secretaries, at the risk of the Certificated Eligible Shareholders concerned, pending the Scheme becoming unconditional. In the event of the Scheme not being implemented for any reason whatsoever, the Transfer Secretaries will, by not later than 5 (five) Business Days after the date upon which it becomes known that the Scheme will not be implemented, return the Documents of Title to the Certificated Eligible Shareholders concerned by registered post, at the risk of such Certificated Eligible Shareholders, to their addresses recorded in the Register.
- 5.7.1.7 The attention of Certificated Eligible Shareholders is drawn to the fact that, if they surrender their Documents of Title in advance, they will not be in a position to deal in their Shares on the JSE between the date of surrender and the Scheme Operative Date, or if the Scheme is not implemented, between the date of surrender and the date on which their Shares are returned to them as set out in this Circular.

5.7.2 *Dematerialised Eligible Shareholders*

Dematerialised Eligible Shareholders must **not** complete the attached Form of Surrender (*pink*) and are not required to surrender any Documents of Title.

5.8 Dissenting Shareholders' Appraisal Rights

- 5.8.1 Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act.
- 5.8.2 In terms of section 164(2)(b) of the Companies Act, Shareholders are entitled to the Appraisal Rights provided for in section 164 of the Companies Act. Shareholders who wish to exercise their rights in terms of the aforementioned section of the Companies Act are required:
- 5.8.2.1 in the case of Eligible Shareholders, before the Scheme Resolution to approve the Scheme is voted on at the Eligible Shareholder General Meeting; and
- 5.8.2.2 in the case of any Shareholder/s, before Special Resolution Number 2 in the Notice of Combined General Meeting (to approve the Repurchase) is voted on at the Combined General Meeting,
- to:
- 5.8.2.3 give notice to Imperial in writing objecting to the aforesaid Scheme Resolution or Special Resolution Number 2 in the Notice of Combined General Meeting, as the case may be, under section 164(3) of the Companies Act; and
- 5.8.2.4 to vote against the Scheme Resolution at the Eligible Shareholder General Meeting or Special Resolution Number 2 in the Notice of Combined General Meeting at the Combined General Meeting, as the case may be.
- 5.8.3 A copy of section 164 of the Companies Act (which sets forth the Appraisal Rights) is included in **Annexure 4** to this Circular.
- 5.8.4 Any Dissenting Shareholder that, pursuant to the exercise of its Appraisal Rights, has accepted an Appraisal Rights Offer and/or transferred Preference Shares to Imperial pursuant to section 164(13) or section 164(15)(c)(v) of the Companies Act shall not participate in the Scheme.
- 5.8.5 In the event that any Dissenting Shareholder withdraws a valid demand in the circumstances contemplated in section 164(9)(a) and (b) of the Companies Act and a Dissenting Shareholder has not exercised its rights in terms of section 164(14) of the Companies Act to apply to court to determine a fair value in respect of the shares that were the subject of the demand, then:
- 5.8.5.1 on or prior to the Scheme Record Date, an Eligible Shareholder who was, up until that time, a Dissenting Shareholder, will be deemed a Scheme Participant and be subject to the terms and conditions of the Scheme; and
- 5.8.5.2 after the Scheme Record Date, an Eligible Shareholder who was, up until that time, a Dissenting Shareholder will be deemed to have been a Scheme Participant as at the Scheme Operative Date and be deemed to have transferred its Scheme Shares to Imperial, provided that settlement of the Scheme Consideration shall take place on the later of: (i) the Scheme Operative Date; (ii) the date which is 5 (five) Business Days after that Dissenting Shareholder so withdrew its demand or allowed the Company's offer to lapse, as the case may be, without exercising its rights in terms of section 164(14); and (iii) if that Dissenting Shareholder is a Certificated Eligible Shareholder, the date which is 5 (five) Business Days after that Dissenting Shareholder shall have submitted its Documents of Title and duly completed Form of Surrender (*pink*) to the Transfer Secretaries.
- 5.8.6 For the sake of clarity, except where expressly provided otherwise, all provisions applicable to other Scheme Participants shall apply equally to any Dissenting Shareholder who becomes a Scheme Participant as a result of his rights to Preference Shares being reinstated in terms of section 164(10) of the Companies Act, or pursuant to a final court order.
- 5.8.7 Before exercising their rights under section 164 of the Companies Act, Shareholders should have regard to the following factors relating to the Scheme:
- 5.8.7.1 the Independent Expert Report set out in **Annexure 1** to this Circular, which concludes that the terms of the Scheme are fair and reasonable to the Shareholders; and

- 5.8.7.2 the court is empowered to grant a costs order in favour of, or against, a Dissenting Shareholder, as may be applicable.

5.9 Potential court approval

- 5.9.1 Shareholders are advised that, in accordance with section 115(3) of the Companies Act, Imperial may in certain circumstances not proceed to implement the Scheme without the approval of the court, despite the fact that the Scheme Resolution and Special Resolution Number 2 set out in the Notice of Combined General Meeting will have been duly adopted at the Meetings.
- 5.9.2 In this regard, a copy of section 115 of the Companies Act which details the circumstances under which court approval may be required for implementation of the Scheme, is set out in **Annexure 4** to this Circular.

5.10 Governing law and jurisdiction

- 5.10.1 The Scheme shall be governed by, and construed in accordance with, the laws of South Africa.
- 5.10.2 Each Shareholder shall be deemed to have irrevocably submitted to the exclusive jurisdiction of the courts of South Africa in relation to matters arising out of or in connection with the Scheme.

5.11 Tax Implications for Eligible Shareholders

The tax implications of the Scheme on Scheme Participants will depend on the individual circumstances of each Scheme Participant. Accordingly, Eligible Shareholders are advised to obtain independent tax advice in relation to the tax implications of the Scheme.

5.12 Foreign Shareholders and Exchange Control Regulations

Annexure 5 to this Circular contains a summary of certain important information for Foreign Shareholders, including a summary of the Exchange Control Regulations as they apply to Scheme Participants who are Foreign Shareholders. Scheme Participants who are Foreign Shareholders must satisfy themselves as to the full observance of the laws of any relevant jurisdiction 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 issue, transfer or other taxes due in such jurisdiction. If in doubt, Scheme Participants should consult their professional advisors immediately.

6. PRO FORMA FINANCIAL EFFECTS

- 6.1 The table below sets out the *pro forma* Financial Effects of the Repurchase pursuant to the Scheme and has been prepared for illustrative purposes only, in order to enable Shareholders to assess the impact the Scheme would have if it were implemented on the dates indicated in the notes below.
- 6.2 Although it does not form the subject of this Circular, the table below also sets out the *pro forma* Financial Effects of the Bonds redemption, on the basis that it is a subsequent corporate action to the Interim Results as described in notes 8, 9 and 10 below.
- 6.3 Due to their *pro forma* nature, the Financial Effects may not fairly present the financial position or the effect on earnings, changes in equity or cash flows of Imperial after implementation of the Scheme and redemption of the Bonds.
- 6.4 The Financial Effects are presented in a manner that is consistent with the accounting policies of the Company for the six months ended 31 December 2017, being IFRS. For a full understanding of Imperial's accounting policies, please refer to Imperial's audited annual financial statements for the year ended 30 June 2017, which can be found on Imperial's website at: <http://www.imperial.co.za/pdf/investor-relations/annual-financial-statements/2017/full-afs.pdf>.
- 6.5 The preparation of the Financial Effects is the responsibility of the Directors. Consistent with the foregoing, the *pro forma* Financial Effects set out in the table below are based on available information and certain assumptions and estimates, which the Board believe, are reasonable.

6.6 The *pro forma* figures below have been given no greater prominence than unadjusted financial figures, are presented in a manner consistent with both the format and accounting policies adopted in the historical financial information of Imperial and adjustments have been quantified on the same basis as would normally be calculated in preparing financial statements.

Scheme at ZAR85.53 per Preference Share	Unaudited Interim Results¹ (Before Scheme)	Adjustments for the redemption of the Bonds^{8, 9, 10}	Adjustments for the Scheme^{2, 3, 4, 5, 6, 7}	Pro Forma Interim Results (After Scheme)	% Change
NAV ^{6, 9} per Ordinary Share (cents)	10 179	(5)	31	10 205	0.3
NTAV ^{6, 9} per Ordinary Share (cents)	5 546	(5)	31	5 572	0.5
EPS ^{7, 10} (cents)	671	(3)	35	703	4.8
Diluted EPS ^{7, 10} (cents)	652	(3)	34	683	4.8
Basic HEPS ^{7, 10} (cents)	717	(3)	35	749	4.5
Diluted basic HEPS ^{7, 10} (cents)	698	(3)	34	729	4.4
Weighted average number of Ordinary Shares (millions)	194.7			194.7	–
Weighted diluted number of Ordinary Shares (millions)	200.2			200.2	–

Notes and assumptions:

1. The financial information, in the unaudited Interim Results (Before Scheme) column, has been based on the unaudited Interim Results without adjustment.
2. If the Scheme becomes operative, Preference Shares are bought back at ZAR85.53 per Preference Share.
3. Scheme costs of ZAR2 million have been expensed for the Scheme. The transaction costs will have no continuing effect on the Company.
4. The Scheme Shares are treated as a financial liability for accounting purposes, due to the cumulative nature of dividends.
5. The settlement of the Scheme Consideration will be through existing debt facilities.
6. The NAV and NTAV includes the once-off profit on redemption (ZAR64 million) and transaction costs (ZAR2 million), as though the Repurchase transaction took place effective 31 December 2017.
7. The HEPS and EPS includes the once-off profit on redemption (ZAR64 million) and the reduced cost of the replacement funding, as though the Repurchase transaction took place effective 1 July 2017.
8. The Group redeemed all of the Bonds that were in issue, amounting to ZAR3.5 billion, on 6 August 2018.
9. The NAV and NTAV includes the after tax once-off loss on redemption of the Bonds (ZAR13 million) and transaction costs (ZAR1 million), as though the Bonds transaction took place effective 31 December 2017.
10. The HEPS and EPS includes the once-off loss on redemption of the Bonds (ZAR13 million), transaction costs (ZAR1 million) and the reduced cost of the replacement funding (ZAR7 million), as though the Bonds transaction took place effective 1 July 2017.

6.7 The Financial Effects set out above, should be read in conjunction with the full *pro forma* consolidated statement of comprehensive income, *pro forma* statement of financial position and related detailed notes and assumptions, as set out in **Annexure 3** to this Circular, together with the reasonable assurance report of the Independent Reporting Accountant set out in **Annexure 2** to this Circular.

7. FINANCIAL INFORMATION

7.1 *Pro forma* financial information

The *pro forma* Financial Effects detailing the financial impact of the Scheme is set out in paragraph 6 of, and **Annexure 3** to, this Circular, respectively, and the Independent Reporting Accountant's report on the *pro forma* financial information of Imperial is attached to this Circular as **Annexure 2**.

7.2 Historical financial information of Imperial

Imperial's published audited consolidated annual financial statements for the financial years ended 30 June 2015, 2016 and 2017 and the Interim Results are incorporated herein by reference and can be accessed on the Company's website at the following links:

Information incorporated by reference	Website link
Audited annual financial statements of Imperial for the year ended 30 June 2017	http://www.imperial.co.za/inv-reports.php
Audited annual financial statements of Imperial for the year ended 30 June 2016	http://www.imperial.co.za/inv-reports.php
Audited annual financial statements of Imperial for the year ended 30 June 2015	http://www.imperial.co.za/inv-reports.php
Interim Results	http://www.imperial.co.za/inv-interims.php

8. ADEQUACY OF CAPITAL AND THE SOLVENCY AND LIQUIDITY TEST

8.1 The Directors have considered the effect of implementing the Scheme (and the associated Repurchase) on Imperial's working capital requirements and are of the opinion that:

- 8.1.1 the Company and the Group will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of the approval of this Circular;
- 8.1.2 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 after the date of this Circular. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the Company's latest Group audited consolidated annual financial statements;
- 8.1.3 the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of this Circular;
- 8.1.4 the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of this Circular; and
- 8.1.5 a resolution by the Board has been passed authorising the Repurchase, the Company and its subsidiary/ies 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.

It is further recorded that:

- 8.2 in terms of section 46(1)(a)(ii) of the Companies Act and the Listings Requirements, the Board has authorised the Repurchase in terms of the Scheme by way of a resolution;
- 8.3 in terms of section 46(1)(b) of the Companies Act, the Board is satisfied that it reasonably appears that the Company will satisfy the solvency and liquidity test as set out in section 4 of the Companies Act, immediately after completing the Scheme;
- 8.4 in terms of section 46(1)(c) of the Companies Act, the Board has by resolution, acknowledged that they have applied the solvency and liquidity test, as set out in section 4 of the Companies Act, and reasonably concluded that the Group will satisfy the solvency and liquidity test immediately after completing the Scheme; and
- 8.5 since the test was done, there have been no material changes to the financial position of the Group.

9. SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of Imperial before and after the Scheme is shown as at the Last Practicable Date in the table below.

Authorised share capital	R'000
394 999 000 Ordinary Shares with a par value of 4 cents each	15 000
50 000 000 Deferred Ordinary Shares with a par value of 4 cents each	2 000
15 000 000 preferred ordinary shares with a par value of 4 cents each	1 000
1 000 redeemable preference shares with a par value of 4 cents each	–
40 000 000 Preference Shares with a par value of 4 cents each	2 000
Total authorised share capital	20 000
Issued share capital prior to the Scheme	
201 971 450 Ordinary Shares with a par value of 4 cents each ¹	8 079
7 699 360 Deferred Ordinary Shares with a par value of 4 cents each	308
4 540 041 Preference Shares with a par value of 4 cents each	181
Share premium account as at the Last Practicable Date	1 021 000
Total issued share capital	1 029 568
Issued share capital post the Scheme	
201 971 450 Ordinary Shares with a par value of 4 cents each ¹	8 079
7 669 360 Deferred Ordinary Shares with a par value of 4 cents each	308
Nil Preference Shares with a par value of 4 cents each	–
Share premium account after the Scheme	1 021 000
The total value of the issued share capital	1 029 387

Note:

- At the Last Practicable Date, Imperial Corporate Services Proprietary Limited (a wholly-owned subsidiary of Imperial) held 3 500 000 Ordinary Shares, which are used for the sole purpose of settlement of the Company's obligations in terms of the Group's share schemes and are accounted for as treasury shares.

As at the Last Practicable Date, the Ordinary Shares and the Preference Shares are listed in South Africa on the JSE.

10. MAJOR SHAREHOLDERS OF IMPERIAL

As at the Last Practicable Date, to the knowledge of the Company, the names of Shareholders who are directly or indirectly beneficially interested in 5% or more of the issued ordinary share capital of Imperial, are as follows:

Ordinary Shareholders	Number of Ordinary Shares	% of issued Ordinary Shares¹
Public Investment Corporation (SOC) Limited (Pretoria) ²	22 006 319	10.90
Lazard Asset Mgt (New York) ³	21 215 938	10.50
M&G Investment Mgt (London) ³	17 910 410	8.87
Ukhamba Holdings (Pty) Ltd (South Africa) ⁴	15 056 029	7.45

Notes:

- Based on 201 971 450 Ordinary Shares in issue on the Last Practicable Date.
- Held on behalf of the Public Investment Corporation (SOC) Limited and the Government Employees Pension Fund.
- Held on behalf of various funds.
- Held directly.

As at the Last Practicable Date, to the knowledge of the Company, the names of Shareholders who are directly or indirectly beneficially interested in 5% or more of the issued preference share capital of Imperial, are as follows:

Preference Shareholders	Number of Preference Shares	% of issued Preference Shares¹
Peregrine Capital Proprietary Limited ²	821 824	18.10
Coronation Asset Management Proprietary Limited ³	472 784	10.41
Standard Chartered Bank ⁴	431 493	9.5
URD Beleggings (EDMS) BPK	300 000	6.6
RMB Securities Proprietary Limited	268 909	5.92
Nedgroup Investment Advisors Proprietary Limited	263 844	5.81

Notes:

1. Based on 4 540 041 Preference Shares in issue on the Last Practicable Date.
2. Including acting on behalf of clients.
3. Acting on behalf of its clients.
4. Held as trustee.

As at the Last Practicable Date, to the knowledge of the Company, the name of Shareholder who is directly or indirectly beneficially interested in 5% or more of the issued deferred ordinary share capital of Imperial, is as follows:

Deferred Ordinary Shareholders	Number of Deferred Ordinary Shares	% of issued Deferred Ordinary Shares
Ukhamba Holdings (Pty) Ltd (South Africa)	7 669 360	100

11. MATERIAL CHANGE

There have been no material changes in the financial or trading position of the Group between 31 December 2017 and the Last Practicable Date.

12. DIRECTORS' INTERESTS IN IMPERIAL SHARES

12.1 The table below sets forth, to the knowledge of Imperial's management, the total amount of Ordinary Shares, directly or indirectly owned by: (i) the Directors and their associates as at the Last Practicable Date; and (ii) any Director who resigned during the 18-month period preceding the Last Practicable Date. To the extent that a Director has not been listed in the table below, such Director or his/her associates did not own, directly or indirectly, any Ordinary Shares during the period as aforementioned.

	Direct Beneficial	Indirect Beneficial	Associate	Total	Percentage of Ordinary Share Capital (%)
Executive Directors					
M Akoojee	72 365	–	–	72 365	0.04
OS Arbee	161 476	–	–	161 476	0.08
MP de Canha ^{1, 6}	6 298 946	–	–	6 298 946	3.12
P Michaux ^{2, 6}	95 931	–	–	95 931	0.05
M Swanepoel	144 147	–	–	144 147	0.07
MJ Lambert ^{3, 6}	600 000	–	–	600 000	0.30

	Direct Beneficial	Indirect Beneficial	Associate	Total	Percentage of Ordinary Share Capital (%)
Non-executive Directors					
GW Dempster	99	–	–	99	*5
SP Kana	9 417	–	–	9 417	*5
RJA Sparks	40 000	–	–	40 000	0.02
Y Waja ^{4, 6}	1 000	–	–	1 000	*5
Total	7 423 381	–	–	7 423 381	3.67

Notes:

1. Resigned as a Director with effect from 31 January 2018.
2. Resigned as a Director with effect from 21 August 2017.
3. Resigned as a Director with effect from 30 April 2018.
4. Resigned as a Director with effect from 13 October 2017.
5. * Less than 0.01%.
6. As at the date of resignation.

12.2 Trades by Directors in the financial year preceding the Last Practicable Date

Executive Directors participate in long-term incentive schemes (being a share appreciation rights scheme (“SAR”) and deferred bonus plan (“DBP”)), designed to recognise the contributions of senior employees to the growth in the Company’s equity. The table below sets forth the rights in Shares held, acquired or disposed during the financial year preceding the Last Practicable Date. For further information on the long-term incentive schemes in which executive Directors participate, please refer to Imperial’s audited annual financial statements for the year ended 30 June 2017.

	SAR exercise and delivery of Ordinary Shares	SAR exercise and delivery of Ordinary Shares	DBP vesting and delivery of Ordinary Shares	SAR exercise and delivery of Ordinary Shares	Sale of Ordinary Shares
	2017/08/23	2017/08/24	2017/09/18	2017/11/29	2017/11/29
Executive Directors					
M Akoojee	2 711		18 579		
OS Arbee	4 425	5 171	30 965		
M Swanepoel	4 425		27 352	5 377	(5 377)

In addition, the sale of non-beneficial interests in 20 000 Ordinary Shares by a non-executive Director, RJA Sparks occurred during the financial year preceding the Last Practicable Date.

13. DIRECTORS REMUNERATION

The remuneration of Directors in their capacity as Directors will in no way be affected by the Scheme.

14. DISCLOSURE REQUIRED IN TERMS OF THE TAKEOVER REGULATIONS

14.1 In terms of regulation 106(4)(c)(i) of the Takeover Regulations, an offer circular must contain a statement of direct and indirect beneficial interests in or holdings of securities, or actions to be effected by the offeror, including separate disclosure of concert party holdings, in the offeree regulated company.

14.2 In terms of regulation 106(7)(d)(i) of the Takeover Regulations, an offer circular must contain a statement of direct and indirect beneficial interests in or holdings of securities, or actions to be effected by the offeree regulated company in the offeror.

- 14.3 In terms of regulation 106(7)(g) of the Takeover Regulations, an offeree response circular must contain a statement indicating whether or not any agreement exists between the offeree regulated company and:
- 14.3.1 the offeror and any of its concert parties;
 - 14.3.2 any of the directors or equivalent of the offeror, or persons who were directors or equivalent within the preceding 12 months; or
 - 14.3.3 holders of offeror securities or a beneficial interest in the offeror, or persons who were holders thereof or interested therein within the preceding 12 months if the agreement is considered to be material to a decision regarding the offer to be taken by holders or offeror holders.
- 14.4 In terms of regulation 106(4)(e) of the Takeover Regulations, an offeror offer circular must contain a statement indicating whether or not any agreement exists between the offeror, or any person acting on concert with the offeror, and:
- 14.4.1 the offeree regulated company;
 - 14.4.2 any of the directors or equivalent of the offeree regulated company, or persons who were directors or equivalent within the preceding 12 months of the offeree regulated company; or
 - 14.4.3 holders of offeree regulated company securities, or persons who were holders thereof within the preceding 12 months, if the agreement is considered to be material to a decision regarding the offer to be taken by the holders or offeror holders, and materials terms of any such agreement.
- 14.5 Due to the nature of the Scheme, the Takeover Regulations referred to above are not applicable to this Circular.
- 14.6 Disclosures per the Takeover Regulations have been made in paragraph 5 of (and elsewhere in) this Circular, to the extent that they are applicable to the Scheme.

15. **INDEPENDENT EXPERT REPORT**

- 15.1 The report of the Independent Expert prepared in accordance with section 114(3) of the Companies Act and regulation 90 of the Companies Regulations is provided in **Annexure 1** to this Circular.
- 15.2 Having considered the terms and conditions of the Scheme and based upon and subject to the terms and conditions set out in the report of the Independent Expert, the Independent Expert is of the opinion that the Scheme is fair and reasonable to the Shareholders.

16. **INDEPENDENT BOARD OPINION AND RECOMMENDATION**

- 16.1 The Independent Board, after due consideration of the Independent Expert Report, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the Scheme and the Offer Consideration as contemplated in the regulation 110(3)(b) of the Takeover Regulations. The Independent Board has also formed a view of the range of the fair value of the Scheme Shares, which accords with the higher end of the valuation range contained in the Independent Expert Report.
- 16.2 In forming its opinion, the Independent Board considered the factors which are difficult to quantify or are unquantifiable (as contemplated in regulation 110(6) of the Takeover Regulations) as identified in the Independent Expert Report.
- 16.3 The Independent Board is of the opinion that, after taking into consideration the opinion of the Independent Expert, the terms and conditions of the Scheme in respect of the Offer Consideration of ZAR83.00 per Preference Share are fair and reasonable to the Shareholders. Accordingly, the Independent Board recommends to Shareholders to vote in favour of the Scheme Resolution pertaining to the Scheme and Repurchase Resolutions pertaining to the Repurchase. All Directors who own Shares in their personal capacity, who are able to vote, intend to vote in favour of the Repurchase Resolutions at the Combined General Meeting.

16.4 Each of the non-independent members of the Board recommends that Eligible Shareholders vote in favour of the Scheme Resolution at the Eligible Shareholder General Meeting and the Repurchase Resolutions at the Combined General Meeting and, accordingly, the Board unanimously recommends that Shareholders vote in favour of the Scheme at the Meetings.

17. DIRECTORS' RESPONSIBILITY STATEMENT

17.1 Board

The Directors, whose names are set out on page 22 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

17.2 Independent Board

The members of the Independent Board individually and collectively accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, no facts have been omitted that would make any statement in this Circular false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

18. DIRECTORS' SERVICES CONTRACTS

There are no service contracts between Imperial and the non-executive Directors. The employment contracts with the executive Directors contain normal terms and conditions of employment and have not been entered into or amended during the period beginning six months prior to the date of this Circular.

No service contracts have been entered into or amended within six months before the Last Practicable Date other than in the ordinary course of business and on arm's length terms.

Material particulars of service contracts with executive members of the Board are as follows:

Director	Position	Gross fixed remuneration (ZAR) ¹	Notice period (months)	Leave (Business Days per 12 months)	Retirement Age
M Akoojee	Acting Chief Executive Officer and Chief Financial Officer	9 250 000	3	25	63
OS Arbee	Motus Chief Executive Officer	10 600 000	3	25	63
M Swanepoel	Chief Executive Officer – Imperial Logistics	10 000 000	3	25	63

Note:

1. Effective 1 July 2018.

19. LITIGATION STATEMENT

The Group is not aware of any legal or arbitration proceedings (including any such proceedings which are pending or threatened), which may have or may have had, in the last 12 months, a material effect on the Group's financial position.

20. CASH GUARANTEE

Imperial has provided the Takeover Regulation Panel with an irrevocable, unconditional bank guarantee (in conformity with regulations 111(4) and 111(5) of the Takeover Regulations) issued by Nedbank Limited in favour of Imperial, to satisfy, in full, the Scheme Consideration.

21. EXPERTS' CONSENTS

The financial advisor and transaction sponsor, Independent Expert, legal advisors, Transfer Secretaries and Independent Reporting Accountants have consented in writing to act in the capacities stated and to their names being stated in this Circular and had not withdrawn the consents prior to the Last Practicable Date.

22. EXPENSES RELATING TO THE SCHEME

The expenses relating to the Scheme are estimated to be approximately ZAR1 935 000 and comprise:

Description	ZAR (exclusive of VAT)
Legal advisors – Bowman Gilfillan Inc.	800 000
Financial advisors and transaction sponsor – Standard Bank	250 000
Independent Expert Report – PwC	250 000
Independent Reporting Accountant – Deloitte	100 000
Transfer Secretaries – Computershare	50 000
TRP inspection and exemption fees	125 000
JSE documentation fees	60 000
Printing and publishing costs – Ince	300 000
Total	1 935 000

The transaction costs as set out above will be payable by Imperial.

23. NOTICE OF MEETINGS

23.1 Eligible Shareholder General Meeting

The Eligible Shareholder General Meeting, convened in terms of the Notice of Eligible Shareholder General Meeting incorporated in this Circular, will be held in the boardroom of Imperial, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, at 10:00 on Friday, 14 September 2018 or at any other adjourned or postponed date and time determined in accordance with the provisions of the Companies Act and the Listings Requirements to consider and, if deemed fit, pass the special resolution set out therein. A notice convening the Eligible Shareholder General Meeting of the Eligible Shareholders is attached to, and forms part of, this Circular.

23.2 Combined General Meeting

The Combined General Meeting, convened in terms of the Notice of Combined General Meeting incorporated in this Circular, will be held in the boardroom of Imperial, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, at 10:30 on Friday, 14 September 2018 or at any other adjourned or postponed date and time determined in accordance with the provisions of the Companies Act and the Listings Requirements to consider and, if deemed fit, pass the special resolutions set out therein. A notice convening a Combined General Meeting of the Shareholders is attached to, and forms part of, this Circular.

23.3 Conditions applicable to the special resolutions being proposed at Meetings

Shareholders are advised to note the conditions to which the special resolution/s being put to the vote at the relevant Meeting is subject, as more fully described in paragraphs 6.1 and 6.2 of the section titled: "Action required by Shareholders" commencing on page 3 and restated in the Notices.

24. **SHARE TRADING HISTORY**

Annexure 7 to this Circular sets out the aggregate volumes and values of Preference Shares traded on the JSE, as well as the highest and lowest traded prices:

24.1 for each trading day during the 41-day period ended on the Last Practicable Date; and

24.2 for each month over the previous 12 months prior to the date of issue of this Circular.

25. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection at the registered offices of the Company during normal business hours on Business Days from the date of this Circular up to the start of the Meetings:

25.1 a copy of the MOI;

25.2 the consolidated audited annual financial statements of Imperial for the preceding three years ended 30 June 2017, 2016 and 2015;

25.3 the unaudited Interim Results;

25.4 the Independent Reporting Accountants' report on the unaudited reviewed *pro forma* financial information of Imperial as set out in **Annexure 2** to this Circular;

25.5 the signed Independent Expert Report;

25.6 consent letters of the appointed professional advisors as set out in paragraph 21 of this Circular;

25.7 a signed copy of this Circular;

25.8 a signed copy of the cash guarantee from Nedbank Limited in favour of Imperial; and

25.9 the letter from the TRP approving this Circular.

By order of the Board

16 August 2018

RA Venter

Company Secretary

Bedfordview

INDEPENDENT EXPERT REPORT

8 August 2018

The Directors
Imperial Holdings Limited
Imperial Place
79 Boeing Road East
Bedfordview
2008

Dear Directors

Fair and Reasonable opinion in connection with the proposed repurchase by Imperial Holdings Limited of all the outstanding non-redeemable, cumulative, non-participating preference shares with a par value of 4 cents each in the issued preference share capital of Imperial Holdings Limited by way of a scheme of arrangement

1. INTRODUCTION

In the cautionary announcement released on SENS on 21 June 2018 in connection with the proposed unbundling of the automotive business of Imperial Holdings Limited ("Imperial"), which business is to be housed in its wholly-owned subsidiary, Motus Holdings Limited ("the Proposed Unbundling"), it was stated that the holders of the outstanding non-redeemable, cumulative non-participating preference shares with a par value of 4 cents each in the issued preference share capital of Imperial, all of which are listed on the JSE Limited ("JSE") ("the Preference Shares", and the holders of the Preference Shares are hereinafter referred to as "the Preference Shareholders") are not entitled to participate in the Proposed Unbundling, and that Imperial would therefore undertake a formal engagement with the Preference Shareholders to consider the position of the Preference Shareholders in light of the Proposed Unbundling.

As a result, we understand that the Board of Imperial ("the Board") has considered the position of the Preference Shareholders and wishes to make an offer in cash to acquire all (and not only a portion) of the outstanding Preference Shares held by Preference Shareholders by way of a scheme of arrangement ("the Scheme").

Consequently, the Board has resolved to propose (and implement) the Scheme in terms of section 114(1)(c) of the South African Companies Act, No. 71 of 2008, as amended ("the Companies Act"), between Imperial and the Preference Shareholders, in terms of which Imperial proposes (and offers) to repurchase all (and not only a portion) of the outstanding Preference Shares held by Preference Shareholders for a cash consideration of ZAR83.00 per Preference Share ("the Offer Consideration").

Section 114 of the Companies Act requires that in the event an expropriation of securities from its holders, the company is required to appoint an independent expert and compile a report in accordance with section 114(3) of the Companies Act. The Board has therefore requested PricewaterhouseCoopers Corporate Finance Proprietary Limited ("PwC") to act as Independent Expert in terms of section 114(2) of the Companies Act. Moreover, the Scheme constitutes an "affected transaction" as defined in section 117(1)(c)(iii) of the Companies Act, and as such, the Scheme is regulated by the Companies Act and the Takeover Regulations contained in chapter 5 of the Companies Regulations, 2011, ("Takeover Regulations"), and in terms of regulation 90 of the Takeover Regulations, this opinion is also delivered to the independent board of directors of Imperial ("Independent Board") for purposes of assisting the Independent Board in forming and expressing an opinion on the Scheme in terms of regulation 110 of the Takeover Regulations.

2. IDENTIFICATION OF SECURITIES THAT ARE AFFECTED

The securities affected by the Scheme are the 4 540 041 non-redeemable, cumulative, non-participating preference shares with a par value of 4 cents each in the issued preference share capital of Imperial, all of which are listed on the JSE.

In addition, given that the repurchase (associated with the Scheme) (the “Share Repurchase”) constitutes the proposed acquisition by Imperial of more than 5% of the issued Preference Shares, the repurchase requires approval by the requisite majority of the Preference Shareholders, the Ordinary Shareholders and the Deferred Ordinary Shareholders (“collectively, the “Shareholders”), the Ordinary Shareholders and Deferred Ordinary Shareholders are also affected by the Share Repurchase.

3. DEFINITION OF FAIR AND REASONABLE

Market Value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the case of an expropriation of securities, a transaction is generally Fair and Reasonable to the holder of that security if the consideration paid to those shareholders is equal to or greater than the value of the securities being acquired.

Fairness is primarily based on quantitative issues but certain qualitative issues surrounding the particular transaction may also need to be considered in arriving at our conclusion. Even though the consideration may differ from the Market Value of the Preference Shares, the entire transaction may still be fair after considering other significant factors. An individual Shareholder’s decision as to whether to vote in favour of a transaction may be influenced by his or her particular circumstances (for example taxation).

The fair and reasonable opinion letter will not purport to cater for individual shareholder positions but rather the general body of Shareholders. Should a Shareholder be in doubt, he or she should consult an independent advisor.

We also considered qualitative and other factors in reaching our conclusion.

4. VALUATION APPROACH

In considering the Scheme, PwC performed an independent valuation of the Preference Shares. For the purposes of our valuation, we used the income approach in order to determine the Market Value of the Preference Shares as contemplated in Regulation 90(4).

5. SOURCES OF INFORMATION

In the course of our valuation analysis, we relied upon financial and other information, obtained from Imperial management and from various public, financial, and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our valuation of the Preference Shares included:

- the terms and conditions of the Scheme;
- the rights and interests of the Preference Shares;
- published share price and transaction volume information of the Preference Shares and assessment of the liquidity of the Preference Shares;
- historic dividends declared and paid in respect of the Preference Shares;
- current zero-coupon interest rate curves sourced from Capital IQ;
- projected interim and final dividends in respect of the Preference Shares;
- audited annual financial statements of Imperial for the years ended 30 June 2017;
- half year results of Imperial for the six months ended 31 December 2017; and
- discussions held with Imperial management.

Where practicable, we have corroborated the reasonableness of the information provided to us for the purpose of supporting our opinion, whether in writing or obtained through discussions with Imperial management.

Our procedures and enquiries did not constitute an audit in terms of the International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

6. PROCEDURES

In respect of the valuation of the Preference Shares, the procedures that were followed included the following:

- We reviewed the terms and conditions of the Scheme;
- We held discussions with the directors and management of Imperial as to their strategy and the rationale for the Scheme;
- We performed a valuation of the Preference Shares based on the net present value of forecast dividend cash flows discounted at an appropriate market-related rate of return;
- We estimated appropriate future dividend rates by looking at prime rate forecasts and forward curves;
- We considered the terms of the Preference Shares and corresponding terms for market-related instruments;
- We considered market yields of preferred shares with similar dividend payment risk;
- We obtained the relevant model input data such as risk-free rates, market observed credit spreads and industry benchmarks;
- We performed a sensitivity analysis on key assumptions included in the preference share valuation, specifically related to fair market yields; and
- We analysed other facts and data considered pertinent to this valuation to arrive at a conclusion of value.

7. ASSUMPTIONS

Our opinion is based on the following key assumptions:

- Current economic, regulatory and market conditions will not change materially;
- Imperial is not involved in any other material legal proceedings other than those conducted in the ordinary course of business that may affect the Market Value of the Preference Shares;
- That the agreements that are to be entered into in terms of the Scheme would be legally enforceable; and
- Representations made by Imperial management during the course of forming this opinion.

8. OPINION

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Imperial management up to 8 August 2018. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Based on the results of our procedures performed, our detailed valuation work and other considerations, we concluded that the Market Value of a Preference Share is between ZAR75.60 and ZAR84.60. The most likely value is ZAR80.10, which approximates the midpoint of our value range. This represents the clean price of the Preference Share, that is, excluding the accrual and award of preference dividend payments before the valuation date.

Based on the results of our procedures performed, our detailed valuation work and other considerations, we are of the opinion that the Scheme is Fair and Reasonable as far as the Shareholders are concerned, as the Offer Consideration of ZAR83.00 per Preference Share, excluding the accrual and award of preference dividend payments, falls within the range of the value of the securities being acquired.

9. INDEPENDENCE

We confirm that we meet the competence, experience, and impartiality requirements of section 114(2)(a) of the Companies Act and we confirm that we meet the independence requirements set out in section 114(2)(b) of the Companies Act and regulation 90(3)(a) of the Takeover Regulations.

Furthermore, we confirm that our professional fees were ZAR250 000 (excluding VAT), payable in cash, are not contingent on the outcome of the Scheme.

10. MATERIAL INTERESTS OF DIRECTORS

In accordance with sections 114 (3)(e) and (f) of the Companies Act, we confirm that directors' interests in the Preference Shares are as follows:

Name of Director	Direct Beneficial Interest		Indirect Beneficial Interest	
	Preference Shares	Percentage Interest	Preference Shares	Percentage Interest ¹
None	None	None	None	None

There were no directors' interests noted and hence no opinion was expressed in terms of section 114(3)(f) of the Companies Act on the effect of the proposed Scheme on such directors and that it has on other Preference Shareholders.

11. LIMITING CONDITIONS

This letter and opinion is provided in terms of section 114(2) of the Companies Act and regulation 90 of the Takeover Regulations. It does not constitute a recommendation to any Preference Shareholder on any matter relating to the Scheme, nor as to the acceptance of the Scheme. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this letter and opinion are used or relied upon for anything other than its intended purpose.

While our work has involved an analysis of financial information and the preparation of financial models, our engagement does not include an audit in accordance with International Standards on Auditing of the business records and financial data of Imperial. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

The valuation of companies and businesses is not a precise science, and conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of individual judgement. Further, whilst we consider our opinion to be defensible based on the information available to us others may have a different view and arrive at a different conclusion.

In accordance with section 114(3)(g) of the Companies Act, a copy of sections 115 and 164 of the Companies Act is attached hereto as **Appendix A** and also in Annexure 4 of the Circular, to which this opinion is annexed.

Yours sincerely

Matthew Human
Director

Appendix A

Sections 115 and 164 of the Companies Act, No. 71 of 2008, as amended

115. Required approval for transactions contemplated in Part

- (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).

[Para. (b) substituted by s. 71 of Act 3/2011]

- (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
- [Para. (a) substituted by s. 71 of Act 3/2011]*
- (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
- [Subpara. (iii) substituted by s. 71 of Act 3/2011]*
- (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
- [Para. (a) substituted by s. 71 of Act 3/2011]*
- (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).

[Para. (b) substituted by s. 71 of Act 3/2011]

- (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.
- [Subs. (4) substituted by s. 71 of Act 3/2011]*
- (4A) In subsection (4), “**act in concert**” has the meaning set out in section 117(1)(b).
- [Subs. (4A) inserted by s. 71 of Act 3/2011]*
- (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
- [Para. (a) substituted by s. 71 of Act 3/2011]*
- (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.

164. Dissenting shareholders appraisal rights

- (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 sections 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 subsections (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;
 - (b) the company has adopted the resolution contemplated in subsection (2); and
 - (c) 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:

[Words preceding para. (a) substituted by s. 103 of Act 3/2011]

 - (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.
- [Para. (c) substituted by s. 103 of Act 3/2011]*
- (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
[Item (aa) substituted by s. 103 of Act 3/2011]
 - (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).

[Subs. (15A) inserted by s. 103 of Act 3/2011]

- (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.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON *PRO FORMA* FINANCIAL INFORMATION

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR

To the Directors of Imperial Holdings Limited
Imperial Place
Jeppe Quondam
79 Boeing Road East
Bedfordview
2007

Dear Sirs/Mesdames

Report on the assurance engagement on the compilation of *Pro Forma* Financial Information included in the Circular

We have completed our Assurance Engagement to Report on the Compilation of *Pro Forma* Financial Information of the Imperial Holdings Limited (**Imperial** or the **Company**) group by the directors. The *Pro Forma* financial information, as set out in paragraph 6 and **Annexure 3** of the Circular (the **Circular**), to be dated on or about Thursday, 16 August 2018, consists of a *Pro Forma* consolidated statement of profit and loss, earnings per share information and a condensed consolidated statement of financial position and related notes. The *Pro Forma* financial information has been compiled on the basis of the applicable criteria specified in the listings requirements of the JSE Limited (the **Listings Requirements**).

The *Pro Forma* financial information has been compiled by the Directors to illustrate the impact of the corporate action or event, described in paragraph 5 of the Circular, on the Company's financial position as at 31 December 2017, and the company's financial performance for the period then ended, as if the corporate action or event had taken place at 1 July 2017 and for the period then ended. As part of this process, information about the Imperial group financial position and financial performance has been extracted by the Directors from the unaudited interim group financial statements for the six-month period ended 31 December 2017.

Directors' responsibility for the *Pro Forma* Financial Information

The Directors are responsible for compiling the *Pro Forma* financial information on the basis of the applicable criteria specified in the Listings Requirements and described in paragraph 6 and **Annexure 3**.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (**IRBA Code**), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* financial information has been compiled, in all material respects, by the Directors on the basis specified in the Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* financial information has been compiled, in all material respects, on the basis specified in the Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* financial information.

The purpose of *Pro Forma* financial information included in the Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. We do not provide any assurance that the actual outcome of the event or transaction at 31 December 2017 would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *Pro Forma* adjustments give appropriate effect to those criteria; and
- the *Pro Forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *Pro Forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro Forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the Listings Requirements and described in paragraph 6 of the Circular and **Annexure 3**.

Deloitte & Touche

Registered Auditor

Per: Trevor Brown

Partner

10 August 2018

Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead
Sandton
Johannesburg
2193

PRO FORMA FINANCIAL INFORMATION

The definitions and interpretations commencing on page 16 of the Circular apply, mutatis mutandis, to this Annexure.

Basis of preparation:

The table below sets forth the *pro forma* Financial Effects of the Repurchase pursuant to the Scheme and has been prepared for illustrative purposes only, in order to enable Shareholders to assess the impact the Scheme would have if it were implemented on the dates indicated in the notes below.

Although it does not form the subject of this Circular, the table below also sets out the *pro forma* Financial Effects of the redemption of the Bonds, on the basis that it is a subsequent corporate action to the Interim Results as described in notes 6, 7 and 8 below.

Due to their *pro forma* nature, the Financial Effects may not fairly present the financial position or the effect on earnings, equity or cash flows of Imperial after implementation of the Scheme.

The Financial Effects are presented in a manner that is consistent with the accounting policies of the Company for the six months ended 31 December 2018, being IFRS. For a full understanding of Imperial's accounting policies, please refer to Imperial's audited annual financial statements for the year ended 30 June 2017, which can be found on Imperial's website at: <http://www.imperial.co.za/pdf/investor-relations/annual-financial-statements/2017/full-afs.pdf>.

The preparation of the Financial Effects is the responsibility of the Directors. Consistent with the foregoing, the *pro forma* Financial Effects set out in the table below are based on available information and certain assumptions and estimates, which the Board believe, are reasonable.

The *pro forma* figures below have been given no greater prominence than unadjusted financial figures, are presented in a manner consistent with both the format and accounting policies adopted in the historical financial information of Imperial and adjustments have been quantified on the same basis as would normally be calculated in preparing financial statements.

Pro Forma consolidated statement of profit or loss for the six months ended 31 December 2017

ZAR million	Unaudited Interim Results¹ (Before Scheme)	Adjustments for the redemption of the Bonds	Adjustments for the Scheme	Pro Forma Interim Results (After Scheme)
CONTINUING OPERATIONS				
Revenue	66 520	(1) ⁶	(2) ²	66 520 (62 170)
Net operating expenses	(62 167)			
Profit from operations before depreciation and recoupments	4 353	(1)	(2)	4 350 (1 260)
Depreciation, amortisation, impairments and recoupments	(1 260)			
Operating profit	3 093	(1)	(2)	3 090 11
Recoupments from sale of properties, net of impairments	11			
Amortisation of intangible assets arising on business combinations	(226)			(226)
Foreign exchange losses	(84)			(84)
Other non-operating items	(140)	(13) ⁷	64 ³	(89)
Profit before net finance costs	2 654	(14)	62	2 702 (743)
Net finance costs	(753)	7 ⁸	3 ⁴	
Profit before share of result of associates and joint ventures	1 901	(7)	65	1 959 41
Share of result of associates and joint ventures	41			
Profit before tax	1 942	(7)	65	2 000 (569)
Income tax expense	(575)	2 ⁹	4 ⁵	
Net profit for the period	1 367	(5)	69	1 431
Net profit attributable to: Owners of Imperial	1 306	(5)	69	1 370
Non-controlling interests	61			61
	1 367	(5)	69	1 431
EPS (cents)				
– Basic	671	(3)	35	703
– Diluted	652	(3)	34	683

Notes:

1. *The financial information, in the unaudited Interim Results (Before Scheme) column, has been based on the unaudited Interim Results without adjustment.*
2. *This amount is the estimated transaction costs for the Scheme of the preference shares and will not recur.*
3. *This is the once-off profit on the Scheme being the difference between the carrying value (ZAR471 million) and the Scheme Consideration and Accrued Preference Dividend paid (ZAR407 million) in respect of the Preference Shares.*
4. *This is the ongoing reduced net financing costs as though the Repurchase of the Scheme Shares took place effective 1 July 2017 being the difference between the funding cost for Preference Shares (ZAR18 million) and the cost of the replacement funds (ZAR15 million) at an interest rate of 7.5%.*
5. *This is the tax impact on the replacement financing costs of ZAR15 million at 28%. The Preference Dividends were not tax deductible.*
6. *This amount is the estimated transaction costs for the redemption of the Bonds and will not recur.*
7. *This is the once-off loss on redemption of the Bonds being the difference between the carrying value (ZAR3 532 million) and the redemption of the Bonds amount paid (ZAR3 545 million).*
8. *This is the ongoing decrease in net financing costs as though the transaction took place effective 1 July 2017 being the estimated interest rate differential of 40 basis points between the funding cost for Bonds and the cost of the replacement funds on ZAR3.5 billion.*
9. *This is the tax impact on the decrease in the profit before share of results of associates and joint ventures, calculated at 28%.*

Earnings per share information for the six months ended 31 December 2017

ZAR million	Unaudited Interim Results (Before Scheme)¹	Adjustments for the redemption of the Bonds	Adjustments for the Scheme	Pro Forma Interim Results (After Scheme)
Headline earnings reconciliation				
Earnings	1 306	(5)	69	1 370
Recoupment for disposal of property, plant and equipment (IAS 16)	(64)			(64)
Impairment of property, plant and equipment (IAS 36)	27			27
Impairment of intangible assets (IAS 36)	9			9
Impairment of goodwill (IAS 36)	22			22
Loss on disposal of subsidiaries and businesses (IFRS 10)	18			18
Impairment loss on assets of disposal groups	72			72
Tax effects of remeasurements	7			7
Headline earnings	1 397	(5)	69	1 461
HEPS (cents)				
– Basic	717	(3)	35	749
– Diluted	698	(3)	34	729
Number of ordinary shares in issue (million)				
– total shares	201.1			201.1
– net of shares repurchased	198.0			198.0
– weighted average for basic	194.7			194.7
– weighted average for diluted	200.2			200.2

Pro forma consolidated statement of financial position at 31 December 2017

ZAR million	Unaudited Interim Results¹ (Before Scheme)	Adjustments for the redemption of the Bonds	Adjustments for the Scheme	Pro Forma Interim Results (After Scheme)
ASSETS				
Goodwill and intangible assets	9 172			9 172
Investment in associates and joint ventures	1 204			1 204
Property, plant and equipment	9 667			9 667
Transport fleet	5 345			5 345
Deferred tax assets	1 736			1 736
Investments and other financial assets	1 213			1 213
Vehicles for hire	4 489			4 489
Inventories	16 803			16 803
Tax in advance	409			409
Trade and other receivables	14 606			14 606
Cash resources	2 758			2 758
Assets of disposal groups	3 097			3 097
Total assets	70 499			70 499
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium	1 030			1 030
Shares repurchased	(547)			(547)
Other reserves	(1 102)			(1 102)
Retained earnings	20 773	(10) ⁶	62 ²	20 825
Attributable to owners of Imperial	20 154	(10)	62	20 206
Put arrangement over non-controlling interests	(521)			(521)
Non-controlling interests	820			820
Total equity	20 453	(10)	62	20 505
Liabilities				
Non-redeemable, non-participating preference shares	441		(441) ³	1 046
Retirement benefit obligations	1 046			19 985
Interest-bearing borrowings	19 566	10 ⁷	409 ⁴	2 953
Maintenance and warranty contracts	2 953			1 155
Deferred tax liabilities	1 155			

ZAR million	Unaudited Interim Results' (Before Scheme)	Adjustments for the redemption of the Bonds	Adjustments for the Scheme	Pro Forma Interim Results (After Scheme)
Other financial liabilities	1 275			1 275
Trade, other payables and provisions	22 525		(30) ⁵	22 495
Current tax liabilities	458			458
Liabilities of disposal groups	627			627
Total liabilities	50 046	10	(62)	49 994
Total equity and liabilities	70 499			70 499
NAV ^{6,9} per Ordinary Share (cents)	10 179	(5)	31	10 205
NTAV ^{6,9} per Ordinary Share (cents)	5 546	(5)	31	5 572

Notes:

1. The financial information, in the Interim Results (Before Scheme) column, has been based on the unaudited Interim Results without adjustment.
2. This is the net impact on equity being the profit on the Repurchase (ZAR64 million) less the transaction costs (ZAR2 million).
3. This is the Repurchase of the Preference Shares.
4. This is the funding required to settle the Scheme Consideration and Accrued Preference Dividends (ZAR407 million) and transaction costs (ZAR2 million).
5. This is the settlement of the Accrued Preference Dividends and the Pro Rata Preference Dividend.
6. This is the impact on equity net of tax being the loss on redemption of the Bonds (ZAR13 million) plus the transaction costs (ZAR1 million).
7. The redemption of the Bonds is made out of bank facilities. Both the Bonds and borrowings from bank facilities are included in interest-bearing borrowings. This amount is the premium paid on redemption of the Bonds (ZAR13 million) and transaction costs (ZAR1 million), net of tax this amounts to ZAR 10 million.

EXTRACTS OF SECTIONS 115 AND 164 OF THE COMPANIES ACT

“Section 115: Required approval for transactions contemplated in Part A

(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).

[Para. (b) substituted by s. 71 of Act 3/2011]

(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

[Para. (a) substituted by s. 71 of Act 3/2011]

(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

[Subpara. (iii) substituted by s. 71 of Act 3/2011]

(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

[Para. (a) substituted by s. 71 of Act 3/2011]

- (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).

[Para. (b) substituted by s. 71 of Act 3/2011]

- (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.

[Subs. (4) substituted by s. 71 of Act 3/2011]

- (4A) In subsection (4), “**act in concert**” has the meaning set out in section 117(1)(b).

[Subs. (4A) inserted by s. 71 of Act 3/2011]

- (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

[Para. (a) substituted by s. 71 of Act 3/2011]

- (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.”

“Section 164: Dissenting shareholders appraisal rights

164. Dissenting shareholders appraisal rights

- (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 sections 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;
 - (b) the company has adopted the resolution contemplated in subsection (2); and
 - (c) 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:

[Words preceding para. (a) substituted by s. 103 of Act 3/2011]

- (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.

[Para. (c) substituted by s. 103 of Act 3/2011]

- (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

[Item (aa) substituted by s. 103 of Act 3/2011]

- (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).

[Subs. (15A) inserted by s. 103 of Act 3/2011]

(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.”

FOREIGN SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS

The definitions and interpretations commencing on page 16 of this Circular apply, mutatis mutandis, to this Annexure.

1. FOREIGN SHAREHOLDERS

The Scheme may be affected by the laws of the relevant jurisdiction of a Foreign Shareholder.

A Foreign Shareholder should acquaint itself with and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this Circular that may affect it. It is the responsibility of each Foreign Shareholder to satisfy itself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental, exchange control or other consents, the making of any filings which may be required, the compliance with other necessary formalities and the payment of any taxes or other requisite payments due in such jurisdiction.

The Scheme is governed by the laws of South Africa, including the Exchange Control Regulations.

Any Foreign Shareholder who is in doubt as to its position, including, without limitation, its tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

2. EXCHANGE CONTROL REGULATIONS

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

The following is a summary of the Exchange Control Regulations. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which apply to Foreign Shareholders. Foreign Shareholders must satisfy themselves as to the full observance of the laws of the relevant jurisdiction concerning the receipt of the Scheme Consideration, including applicable Exchange Control Regulations. Foreign Shareholders who have any queries regarding the Exchange Control Regulations should contact their own professional advisors without delay.

2.1 Residents of the Common Monetary Area

In the case of:

- Certificated Eligible 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 posted or transferred to such Shareholder by EFT (should this option have been selected on the Form of Surrender (*pink*)).
- Dematerialised Eligible Shareholders whose registered addresses in the Register are within the Common Monetary Area and whose accounts with their CSDP or Broker 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 Shareholder by their duly appointed CSDP or Broker in terms of the provisions of the custody agreement with their CSDP or Broker.

2.2 Emigrants from the Common Monetary Area

The Scheme Consideration is not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations.

The Scheme Consideration owing to a Certificated Eligible Shareholder who is an emigrant from South Africa, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations will be deposited in a blocked Rand account with the authorised dealer in foreign exchange in South

Africa controlling the Shareholders' blocked assets in accordance with his instructions, against delivery of the relevant Documents of Title.

In terms of a recent relaxation to the Exchange Control Regulations, emigrants may externalise the Scheme Consideration by making application to the Financial Surveillance Department of the SARB via the requisite authorised dealer channel. Previously, a 10% levy would have been payable on externalisation. This is, however, no longer the position and the Scheme Consideration may, on application, be externalised free of the levy.

The authorised dealer releasing the relevant Documents of Title must countersign the Form of Surrender (*pink*) thereby indicating that the Cash Consideration will be placed directly in its control.

The Form of Surrender (*pink*) makes provision for the details and signature of the authorised dealer concerned to be provided.

2.3 **All other non-residents of the Common Monetary Area**

The Scheme Consideration due to a Certificated Eligible Shareholder who is a non-resident of South Africa and who has never resided in the Common Monetary Area, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited with the authorised dealer in foreign exchange in South Africa nominated by such Shareholder. It will be incumbent on the Shareholder concerned to instruct the nominated authorised dealer as to the disposal of the amounts concerned, against delivery of the relevant Documents of Title.

The Form of Surrender (*pink*) attached to this Circular makes provision for the nomination required in terms of the paragraph above. If the information regarding the authorised dealer is not given in terms of such paragraph, the Scheme Consideration will be held in trust by Imperial for the Eligible Shareholders concerned pending receipt of the necessary information or instruction.

2.4 **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 Scheme Participants in question appears in the Register, the Scheme Consideration will be held in trust by Imperial or the Transfer Secretaries on behalf of Imperial for the Scheme Participants concerned, pending receipt of the necessary information or instructions.

SALIENT FEATURES OF EXISTING DEBT FACILITY

Banking facilities

Revolving credit facility agreement entered into between, *inter alia*, Imperial and Nedbank Limited on or about 1 April 2016, in terms of which numerous ZAR revolving facilities are made available to members of the Group.

These are the salient terms of the debt facility referred to in paragraph 5.4.2 of the Circular, being the debt facility which Imperial will utilise to fund the Scheme Consideration:

Parties	<i>Inter alia</i> , Imperial and Nedbank Limited
Capital amount	ZAR5 832 477 338 is the aggregate capital amount available under all facilities provided by Nedbank Limited to the Group in terms of this facility agreement.
Interest rate	JIBAR <i>plus</i> 1.1% For purposes of this Annexure 6 , JIBAR means: the mid-market rate for deposits in Rand for the relevant period which appears on the Reuters Screen SAFEY Page alongside the caption "YLD" as of 11:00 Johannesburg time or, if no such rate is available, the arithmetic mean of the rates as supplied to Nedbank Limited at its request by FirstRand Bank Limited, The Standard Bank of South Africa Limited and ABSA Bank Limited to leading banks in the Johannesburg inter-bank markets on the relevant date for the offering of deposits in Rand.
Security	<ul style="list-style-type: none"> (i) an unlimited deed of suretyship (incorporating cession of claims in respect of cash management) on Nedbank's standard terms and conditions given by Imperial Group Limited and various subsidiaries of Imperial (collectively referred to as the "principle debtors") in terms of which each of principle debtors binds itself as surety for and co-principal debtor <i>insolidum</i> for the due and punctual fulfilment by the principle by the principle debtors each of their obligations under the facility; (ii) a guarantee given by Imperial on or about 20 February 2012 in terms of which Imperial guarantees the due and punctual fulfilment by the Group of its obligations under the facilities; (iii) a guarantee given by Imperial on or about 20 February 2012 in terms of which Imperial Group Limited guarantees the due and punctual fulfilment by Imperial and all of the subsidiaries of Imperial of each of their obligations under the facilities; (iv) a guarantee limited to the amount of ZAR361 000 000 given by Imperial Group Limited on or about 20 February 2012 in terms of which Imperial Group Limited guarantees the due and punctual fulfilment by Imperial Cold Logistics Proprietary Limited of its obligations under the facilities; (v) a guarantee given by Imperial on or about 11 August 2014 in terms of which Imperial guarantees the due and punctual fulfilment by Group Limited of its obligations under the facilities; (vi) a guarantee given by Imperial Group Limited on or about 26 March 2014 in terms of which Imperial Group Limited guarantees the due and punctual fulfilment by Imperial and the subsidiaries of Imperial of each of their obligations under the facilities; and (vii) a guarantee given by Imperial in terms of which Imperial guarantees the due and punctual fulfilment by Imperial Capital Proprietary Limited of its obligations under the facilities.

Period	<p>The facility agreement provides for various revolving debt facilities, which have varying termination terms. The terms of “<i>facility B</i>” which will be utilised to fund the Scheme Consideration provide that “<i>facility B</i>” may be terminated by Nedbank Limited on 15 months’ written notice to Imperial or by Imperial on three months’ written notice to Nedbank Limited.</p>
Repayment terms	<p>Repayments to be made under the facility must be made before 12:00 on the due date in such manner as Nedbank Limited may notify in writing from time to time and furthermore shall be made free of exchange or right of deferment, avoidance or set-off and without deduction for or on account of any tax unless the payment is required to be made subject to deduction or withholding of tax, in which case the amount payable in respect of which such deduction or withholding is required shall be increased to the extent necessary to ensure that, after making the required deduction or withholding, Nedbank Limited receives and retains (free from liability in respect of such deduction or withholding) a net amount equal to the amount which it would have received and so retained had no such deduction or withholding been required to be made.</p> <p>All interest, charges, commission, costs and fees which are payable to Nedbank Limited shall be paid in the currency of the relevant instrument, and unless paid directly by the borrower, shall, at the election of Nedbank Limited, be paid out of any current account of the borrower held at Nedbank Limited. Nedbank Limited is authorised to debit and deduct such interest, charges, commissions, costs and fees from such current account.</p> <p>Nedbank Limited shall be entitled to allocate all and any payments, after deduction of costs, to any indebtedness of the borrower to Nedbank Limited and the borrower waives all and any rights that it may have to name the debt in respect of which such payment is made.</p>

SHARE TRADING HISTORY OF PREFERENCE SHARES ON THE JSE

Set out below is a table showing the highest and lowest prices traded and the aggregate volumes and values traded in the Preference Shares for:

- for each trading day during the 41-day period ended on the Last Practicable Date; and
- for each month over the previous 12 months prior to the date of issue of this Circular.

	High (Rands per share)	Low (Rands per share)	Volume (Shares)	Value (Rand thousands)
Monthly				
2018				
July	77.00	71.00	53 823	3 993
June	71.00	68.10	9 083	629
May	69.40	67.00	57 177	3 896
April	68.50	66.50	58 410	3 961
March	73.79	67.50	341 239	23 671
February	72.00	68.00	110 393	7 685
January	73.50	70.39	62 977	4 521
2017				
December	73.00	71.64	35 825	2 591
November	74.00	71.81	264 047	19 197
October	73.99	72.50	37 565	2 745
September	76.01	72.53	38 555	2 862
August	78.99	74.72	140 160	10 529
Daily				
2018				
August				
10/08/2018	–	–	–	–
08/08/2018	76.00	69.50	5 980	439 052
07/08/2018	76.00	76.00	2 569	195 244
06/08/2018	78.00	75.55	172	13 039
03/08/2018	76.00	76.00	128	9 728
02/08/2018	75.55	75.55	1 283	96 931
01/08/2018	76.99	76.50	35 000	2 682 880

	High (Rands per share)	Low (Rands per share)	Volume (Shares)	Value (Rand thousands)
Daily				
July				
31/07/2018	–	–	–	–
30/07/2018	77.00	75.50	2 000	151 895
27/07/2018	–	–	–	–
26/07/2018	75.75	75.75	1 000	75 750
25/07/2018	75.75	75.50	5 511	417 333
24/07/2018	74.75	74.50	8 009	598 548
23/07/2018	74.10	74.00	643	47 605
20/07/2018	74.00	74.00	30 980	2 292 520
19/07/2018	74.00	73.00	232	17 036
18/07/2018	73.00	73.00	134	9 782
17/07/2018	75.55	73.00	400	29 220
16/07/2018	–	–	–	–
13/07/2018	–	–	–	–
12/07/2018	–	–	–	–
11/07/2018	–	–	–	–
10/07/2018	–	–	–	–
09/07/2018	–	–	–	–
06/07/2018	–	–	–	–
05/07/2018	72.00	72.00	14	1 008
04/07/2018	72.00	72.00	4 817	346 824
03/07/2018	72.00	72.00	83	5 976
02/07/2018	–	–	–	–
June				
29/06/2018	–	–	–	–
28/06/2018	–	–	–	–



LEADERS IN MOBILITY

Imperial Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1946/021048/06)

Ordinary share code: **IPL** ISIN: **ZAE000067211**

Preference share code: **IPLP** ISIN: **ZAE000088076**

("Imperial" or the "Company")

NOTICE OF ELIGIBLE SHAREHOLDER GENERAL MEETING

Notice is hereby given of a general meeting of Eligible Shareholders to be held at 10:00 on Friday, 14 September 2018 in the boardroom of Imperial, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, for the purpose of considering and, if deemed fit, passing with or without modification, the special resolution set out in this Notice of Eligible Shareholder General Meeting.

All terms used but not defined in this Notice of Eligible Shareholder General Meeting shall, unless the context indicates otherwise, have the meaning attributed to them in the Circular to which this Notice of Eligible Shareholder General Meeting is attached.

Shareholders should have regard to the section titled: "Notes to Notice of Eligible Shareholder General Meeting", set out at the end of this Notice.

Special Resolution – Approval of the Scheme in terms of section 114(1)(c) read with section 115(2)(a) of the Companies Act

The proposal of this Special Resolution for consideration and vote at the Eligible Shareholder General Meeting is subject to the **condition** that if, before it is voted on at the Eligible Shareholder General Meeting, the Company receives any written notice from any Eligible Shareholder/s in terms of section 164(3) of the Companies Act objecting to this Special Resolution, then the chairperson of the Eligible Shareholder General Meeting **may** close the Eligible Shareholder General Meeting without putting this Special Resolution to the vote.

"Resolved as a special resolution that, subject to the condition above and the fulfilment or waiver (as the case may be) of the Conditions Precedent set out in paragraph 5 of the Circular, the Scheme (being a scheme of arrangement in terms of section 114(1)(c) of the Companies Act and the terms and conditions of which are set out more fully in the Circular), proposed by the Board between the Company and the Scheme Participants, in terms of which, if the Scheme becomes operative, the Company will acquire (and the Scheme Participants will be deemed to have transferred and disposed to the Company) all (100%) of the Scheme Shares for the Scheme Consideration, be and is hereby approved in terms of section 114(1)(c) read with section 115(2)(a) of the Companies Act."

In order for this Special Resolution to be **adopted**, it requires the support of at least 75% of the voting rights entitled to be exercised by Eligible Shareholders, present in person or by proxy, on the resolution in terms of section 115 of the Companies Act, and the required quorum is at least 25% of all of the voting rights that are entitled to be exercised on the matter.

The **reason** for this Special Resolution is to obtain the required Eligible Shareholder approval necessary in order for Imperial to implement the Scheme in terms of section 114(1)(c) read with section 115(2)(a) of the Companies Act.

The **effect** of this Special Resolution is that the Scheme will be approved and, if the Scheme becomes operative, Imperial will acquire all (100%) of the Scheme Shares from the Scheme Participants, and Scheme Participants will be deemed to have transferred and disposed all of their Scheme Shares to Imperial, in exchange for the Scheme Consideration.

NOTES TO NOTICE OF ELIGIBLE SHAREHOLDER GENERAL MEETING:

RECORD DATE

The record date set by the Directors in terms of sections 59(1)(a) and (b) of the Companies Act for the purpose of determining which Eligible Shareholders are entitled to: (i) receive notice of the Eligible Shareholder General Meeting, is **Friday, 10 August 2018**; and (ii) participate in and vote at the Eligible Shareholder General Meeting, is **Friday, 7 September 2018**. The last day to trade in order to be recorded in the Register of the Company on the Meetings Record Date, is **Tuesday, 4 September 2018**.

VOTING

Eligible Shareholders of the Company will be entitled to attend and speak at the Eligible Shareholder General Meeting and to vote (or abstain from voting) on the special resolution set out above.

On a show of hands every Eligible Shareholder who is present, in person or by proxy, at the Eligible Shareholder General Meeting shall have 1 vote (irrespective of the number of shares held in the Company) and, on a poll, every Eligible Shareholder of the Company shall have 1 vote for every share held or represented.

PROXIES

An Eligible Shareholder entitled to attend, speak and vote at the Eligible Shareholder General Meeting may appoint one or more persons as its proxy to attend, speak and vote (or abstain from voting) in its stead. A proxy need not be a Shareholder of the Company.

A form of proxy (*green*) is attached for the convenience of Certificated Eligible Shareholders and (“*own name*”) Dematerialised Eligible Shareholders who are unable to attend the Eligible Shareholder General Meeting but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) or by fax to +27 11 688 5238 by no later than 10:00 on Wednesday, 12 September 2018. Alternatively, a duly completed form of proxy may be handed to the chairperson of the Eligible Shareholder General Meeting prior to the commencement of the Eligible Shareholder General Meeting. Any Eligible Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the Eligible Shareholder General Meeting should the Eligible Shareholder decide to do so, in place of the proxy.

Dematerialised Eligible Shareholders, other than with “*own name*” registration, who have not been contacted by their CSDP or Broker with regard to how they wish to cast their votes should contact their CSDP or Broker and instruct their CSDP or Broker as to how they wish to cast their votes at the Eligible Shareholder General Meeting in order for their CSDP or Broker to vote in accordance with such instructions. If your CSDP or Broker does not obtain voting instructions from you by the cut-off time stipulated in the custody agreement concluded between you and your CSDP or Broker, they will vote in accordance with instructions contained in such agreement. In accordance with the mandate between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to attend the Eligible Shareholder General Meeting in person, or if you wish to send a proxy to represent you at the Eligible Shareholder General Meeting. Your CSDP or Broker will issue the necessary letter of representation to you or your proxy to attend the Eligible Shareholder General Meeting.

ELECTRONIC PARTICIPATION

Eligible Shareholders or their proxies may participate in (but not vote at) the Eligible Shareholder General Meeting by way of telephone conference call and if they wish to do so:

- must contact the company secretary (by email at the address rventer@ih.co.za) by no later than 14:00 on **Monday, 10 September 2018**, in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification;
- will not be able to vote telephonically at the Eligible Shareholder General Meeting and will still need to appoint a proxy or representative to vote on their behalf at the Eligible Shareholder General Meeting; and
- will be billed separately by their own telephone service providers for their own telephone calls to participate in the Eligible Shareholder General Meeting.

Shareholders hereby are deemed to agree that Imperial has no responsibility or liability for any loss, damage, penalty or claim arising in any way from using the telephone conference call facilities whether or not as a result of any act or omission on the part of the Company or anyone else.

PROOF OF IDENTIFICATION REQUIRED

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the Eligible Shareholder General Meeting, that person must present reasonably satisfactory identification and the person presiding at the Eligible Shareholder General Meeting must be reasonably satisfied that the right of the person to participate and vote at the Eligible Shareholder General Meeting, either as an Eligible Shareholder, or as a proxy for an Eligible Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green-bar coded or smart card identification document issued by the South African Department of Home Affairs, South African driver's licence or a valid passport.

APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS

Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act.

In terms of section 164 of the Companies Act, at any time before the special resolution as set out in this Notice of Eligible Shareholder General Meeting is to be voted on, a Dissenting Shareholder may give the Company a written notice objecting to the special resolution.

Within 10 (ten) Business Days after the Company has adopted the special resolution as set out in this Notice of Eligible Shareholder General Meeting, the Company must send a notice that the special resolution has been adopted to each Dissenting Shareholder who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of the special resolution.

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

- the Dissenting Shareholder has sent the Company a notice of objection as contemplated above;
- the Company has adopted the special resolution; and
- the Dissenting Shareholder voted against the special resolution and has strictly complied with all of the procedural requirements of section 164 of the Companies Act.

A copy of section 164 of the Companies Act is set out in **Annexure 4** to the Circular to which this Notice of Eligible Shareholder General Meeting is attached.

Before exercising their rights under section 164 of the Companies Act, Shareholders should have regard to the following factors relating to the Scheme:

- the Independent Expert Report set out in **Annexure 1** to the Circular, which concludes that the terms of the Scheme are fair and reasonable to the Shareholders; and
- the court is empowered to grant a costs order in favour of, or against, a Dissenting Shareholder, as may be applicable.

For and on behalf of the Board

RA Venter

Company Secretary
Bedfordview
16 August 2018

Registered office

Imperial Place
Jeppe Quondam
79 Boeing Road East
Bedfordview, 2007
(PO Box 3013, Edenvale, 1610)

Transfer secretaries

Computershare Investor Services Proprietary Limited
1st Floor, Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)



LEADERS IN MOBILITY

Imperial Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1946/021048/06)

Ordinary share code: **IPL** ISIN: **ZAE000067211**

Preference share code: **IPLP** ISIN: **ZAE000088076**

("Imperial" or the "Company")

NOTICE OF COMBINED GENERAL MEETING

Notice is hereby given of a general meeting of Shareholders to be held at 10:30 on **Friday, 14 September 2018** in the boardroom of Imperial, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, for the purpose of considering and, if deemed fit, passing with or without modification, the special resolutions set out in this Notice of Combined General Meeting.

All terms used but not defined in this Notice of Combined General Meeting shall, unless the context indicates otherwise, have the meaning attributed to them in the Circular to which this Notice of Combined General Meeting is attached.

Shareholders should have regard to the section titled: "Notes to Notice of Combined General Meeting", set out at the end of this Notice.

Special resolution number 1 – specific repurchase of Preference Shares in terms of paragraph 5.69 of the Listings Requirements and article 16.3 of the MOI

The proposal of this Special Resolution for consideration and vote at the Combined General Meeting is subject to the **condition** that if the special resolution set out in the Notice of Eligible Shareholder General Meeting has not been put to the vote at the Eligible Shareholder General Meeting, or if the special resolution set out in the Notice of Eligible Shareholder General Meeting has been put to the vote but has not been duly adopted, then the chairperson of the Combined General Meeting **shall** close the Combined General Meeting without putting this Special Resolution to the vote.

In addition, in the event that special resolution in the Notice of Eligible Shareholder General Meeting has been put to the vote and is duly adopted at the Eligible Shareholder General Meeting, then the proposal of this Special Resolution is subject to the **further condition** that if, before the special resolutions set out in this Notice of Combined General Meeting are to be voted on at the Combined General Meeting, the Company receives any written notice from any Shareholder/s in terms of section 164(3) of the Companies Act objecting to Special Resolution Number 2 in this Notice of Combined General Meeting, then the chairperson of the Combined General Meeting **may** close the Combined General Meeting without putting the special resolutions set out in this Notice of Combined General Meeting to the vote.

***"Resolved as a special resolution that,** subject to the conditions above and the fulfilment or waiver (as the case may be) of the Conditions Precedent set out in paragraph 5 of the Circular, and subject to the passing of Special Resolution Number 2 (save to the extent that such resolution is conditional on the passing of this resolution), the specific repurchase by the Company of all (100%) of the issued Preference Shares from the Eligible Shareholders in terms of the Scheme (the terms and conditions of which are set out more fully in the Circular) in exchange for the Scheme Consideration, be and is hereby approved in terms of paragraph 5.69(b) of the Listings Requirements and article 16.3 of the MOI."*

In order for this Special Resolution to be **adopted**, it requires the support of at least 75% of the voting rights entitled to be exercised by all Shareholders, present in person or by proxy, on the resolution in terms of paragraph 5.69 of the Listings Requirements and article 16.3 of the MOI, excluding the votes of the Eligible Shareholders and their associates in terms of paragraph 5.69(b) of the Listings Requirements, and the required quorum is at least 25% of all of the voting rights that are entitled to be exercised on the matter.

The **reason** for Special Resolution Number 1 is to authorise Imperial to repurchase all (100%) of the issued Preference Shares from the Preference Shareholders in terms of paragraph 5.69 of the Listings Requirements and article 16.3 of the MOI.

The **effect** of Special Resolution Number 1 is that Imperial will be authorised, if the Scheme becomes operative, to repurchase, in terms of paragraph 5.69 of the Listings Requirements and article 16.3 of the MOI, the aforesaid Preference Shares for the Scheme Consideration, and such Preference Shares will be cancelled and will be restored to the status of the authorised but unissued share capital of Imperial.

Special resolution number 2 – Acquisition of more than 5% of the issued Preference Shares in terms of section 48(8)(b) read with sections 114 and 115 of the Companies Act

The proposal of this Special Resolution for consideration and vote at the Combined General Meeting is subject to the **condition** that if Special Resolution Number 1 above has not been put to the vote by the chairperson of the Combined General Meeting or Special Resolution Number 1 has been put to the vote but has not been duly adopted, then the chairperson of the Combined General Meeting **shall** close the Combined General Meeting without putting this Special Resolution to the vote.

“Resolved as a special resolution that, subject to the condition above and the fulfilment or waiver (as the case may be) of the Conditions Precedent set out in paragraph 5 of the attached Circular, and subject to the passing of Special Resolution Number 1 (save to the extent that such resolution is conditional on the passing of this resolution), the repurchase by the Company of all (100%) of the issued Preference Shares from the Eligible Shareholders in terms of the Scheme (the terms and conditions of which are set out more fully in the Circular) in exchange for the Scheme Consideration, which Preference Shares would constitute more than 5% of the issued Preference Shares, be and is hereby approved in terms of the provisions of section 48(8)(b) read with sections 114 and 115 of the Companies Act.”

In order for this Special Resolution to be **adopted**, it requires the support of at least 75% of the voting rights entitled to be exercised by all Shareholders, present in person or by proxy, on the resolution in terms of section 115 of the Companies Act, and the required quorum is at least 25% of all of the voting rights that are entitled to be exercised on the matter.

The **reason** for Special Resolution Number 2 is to authorise Imperial to repurchase all (100%) of the issued Preference Shares, thus constituting more than 5% of the issued Preference Shares, in terms of section 48(8)(b) of the Companies Act.

The **effect** of Special Resolution Number 2 is that Imperial will be authorised, if the Scheme becomes operative, to repurchase the aforesaid Preference Shares for the Scheme Consideration, and such Preference Shares will be cancelled and will be restored to the status of the authorised but unissued share capital of Imperial.

NOTES TO NOTICE OF COMBINED GENERAL MEETING:

RECORD DATE

The record date set by the Directors in terms of sections 59(1)(a) and (b) of the Companies Act for the purpose of determining which Shareholders are entitled to: (i) receive notice of the Combined General Meeting is **Friday, 10 August 2018**; and (ii) participate in and vote at the Combined General Meeting is **Friday, 7 September 2018**. The last day to trade in order to be recorded in the register of the Company on the Meetings Record Date, is **Tuesday, 4 September 2018**.

VOTING

Shareholders of the Company will be entitled to attend and speak at the Combined General Meeting and to vote (or abstain from voting) on the special resolutions set out above.

On a show of hands every Shareholder who is present in person or by proxy at the Combined General Meeting shall have 1 vote (irrespective of the number of shares held in the Company) and, on a poll, every Shareholder of the Company shall have 1 vote for every share held or represented.

PROXIES

A Shareholder entitled to attend, speak and vote at the Combined General Meeting may appoint one or more persons as its proxy to attend, speak and vote (or abstain from voting) in its stead. A proxy need not be a Shareholder of the Company.

A form of proxy (*white*) is attached for the convenience of Certificated Shareholders and (“*own name*”) Dematerialised Shareholders who are unable to attend the Combined General Meeting but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) or by fax to +27 11 688 5238 by no later than 10:00 on Wednesday, 12 September 2018. Alternatively, a duly completed form of proxy may be handed to the chairperson of the Combined General Meeting prior to the commencement of the Combined General Meeting. Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the Combined General Meeting should the Shareholder decide to do so, in place of the proxy.

Dematerialised Shareholders, other than with “*own name*” registration, who have not been contacted by their CSDP or Broker with regard to how they wish to cast their votes should contact their CSDP or Broker and instruct their CSDP or Broker as to how they wish to cast their votes at the Combined General Meeting in order for their CSDP or Broker to vote in accordance with such instructions. If your CSDP or Broker does not obtain voting instructions from you by the cut-off time stipulated in the custody agreement concluded between you and your CSDP or Broker, they will vote in accordance with instructions contained in such agreement. In accordance with the mandate between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to attend the Combined General Meeting in person, or if you wish to send a proxy to represent you at the Combined General Meeting. Your CSDP or Broker will issue the necessary letter of representation to you or your proxy to attend the Combined General Meeting.

ELECTRONIC PARTICIPATION

Shareholders or their proxies may participate in (but not vote at) the Combined General Meeting by way of telephone conference call and if they wish to do so:

- must contact the company secretary (by email at the address rventer@ih.co.za) by no later than 14:00 on **Monday, 10 September 2018**, in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification;
- will not be able to vote telephonically at the Combined General Meeting and will still need to appoint a proxy or representative to vote on their behalf at the Combined General Meeting; and
- will be billed separately by their own telephone service providers for their own telephone calls to participate in the Combined General Meeting.

Shareholders hereby are deemed to agree that Imperial has no responsibility or liability for any loss, damage, penalty or claim arising in any way from using the telephone conference call facilities whether or not as a result of any act or omission on the part of the Company or anyone else.

PROOF OF IDENTIFICATION REQUIRED

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the Combined General Meeting, that person must present reasonably satisfactory identification and the person presiding at the Combined General Meeting must be reasonably satisfied that the right of the person to participate and vote at the Combined General Meeting, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green-bar coded or smart card identification document issued by the South African Department of Home Affairs, South African driver's licence or a valid passport.

APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS

Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act.

In terms of section 164 of the Companies Act, at any time before Special Resolution Number 2 as set out in this Notice of Combined General Meeting is to be voted on, a Dissenting Shareholder may give the Company a written notice objecting to the Special Resolution Number 2.

Within 10 (ten) Business Days after the Company has adopted Special Resolution Number 2, the Company must send a notice that Special Resolution Number 2 has been adopted to each Dissenting Shareholder who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of Special Resolution Number 2.

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

- the Dissenting Shareholder has sent the Company a notice of objection as contemplated above;
- the Company has adopted Special Resolution Number 2; and
- the Dissenting Shareholder voted against the Special Resolution Number 2 and has strictly complied with all of the procedural requirements of section 164 of the Companies Act.

A copy of section 164 of the Companies Act is set out in **Annexure 4** to the Circular to which this Notice of Combined General Meeting is attached.

Before exercising their rights under section 164 of the Companies Act, Shareholders should have regard to the following factors relating to the Scheme:

- the Independent Expert Report set out in **Annexure 1** to the Circular, which concludes that the terms of the Scheme are fair and reasonable to the Shareholders; and
- the court is empowered to grant a costs order in favour of, or against, a Dissenting Shareholder, as may be applicable.

For and on behalf of the Board

RA Venter

Company Secretary

Bedfordview

16 August 2018

Registered office

Imperial Place

Jeppe Quondam

79 Boeing Road East

Bedfordview, 2007

(PO Box 3013, Edenvale, 1610)

Transfer secretaries

Computershare Investor Services Proprietary Limited

1st Floor, Rosebank Towers

15 Biermann Avenue

Rosebank, 2196

(PO Box 61051, Marshalltown, 2107)



LEADERS IN MOBILITY

Imperial Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1946/021048/06)

Ordinary share code: **IPL** ISIN: **ZAE000067211**

Preference share code: **IPLP** ISIN: **ZAE000088076**

("Imperial" or the "Company")

FORM OF PROXY FOR THE ELIGIBLE SHAREHOLDER GENERAL MEETING

For use only by Eligible Shareholders who:

- hold their Shares in certificated form ("**Certificated Eligible Shareholders**"); or
- have Dematerialised their Shares with "*own name*" registration ("**Dematerialised Eligible Shareholders**"),

at the Eligible Shareholder General Meeting of the Company to be held at 10:00 on **Friday, 14 September 2018**, in the boardroom of Imperial, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, or at any other adjourned or postponed date and time determined in accordance with the provisions of the Companies Act and the Listings Requirements.

Dematerialised Eligible Shareholders who do not have "*own name*" registration who wish to attend or send a proxy to represent them at the Eligible Shareholder General Meeting must inform their central securities depository participant ("**CSDP**") or broker of their intention to attend or be represented at the Eligible Shareholder General Meeting and request their CSDP or Broker to issue them with the relevant letter of representation to attend or be represented at the general meeting and vote. If they do not wish to attend or be represented at the Eligible Shareholder General Meeting, they must provide their CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or Broker. In the absence of such instructions, the CSDP or Broker will be obliged to vote in accordance with the instructions contained in the custody agreement between them and their CSDP or Broker. These shareholders must **not** use this form of proxy.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE):

of (ADDRESS):

Telephone (work + area code):

Telephone (home + area code):

Cellphone number:

email address:

Identity number:

being a shareholder of Imperial and the holder/s of

Preference Shares

do hereby appoint (see notes):

_____ or, failing him/her,

_____ or, failing him/her,

the chairperson of the general meeting,

as my/our proxy to attend, speak and vote on a show of hands or on a poll for me/us on my/our behalf at the Eligible Shareholder General Meeting (or any adjournment thereof) convened for purposes of considering

and, if deemed fit, passing, with or without modification, the special resolution to be proposed thereat and at each adjournment thereof, and to vote for and/or against or abstain from voting for and/or against the special resolution in respect of the shares registered in my/our name/s in accordance with the following instructions:

	Number of Preference Shares		
	*For	*Against	*Abstain
Special resolution – Approval of the Scheme in terms of section 114(1)(c) read with section 115(2)(a) of the Companies Act			

** Insert the number of votes to be cast "for", "against" or "abstain" as required. If you insert an "X", all votes will be cast in the manner indicated by that X. If no options are marked and no instructions are given in a separate sheet of paper accompanying and attached to this form of proxy, the proxy will be entitled to vote as he/she thinks fit.*

Signed at _____ on _____ 2018

Signature/s _____

Assisted by (where applicable) _____



LEADERS IN MOBILITY

Imperial Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1946/021048/06)

Ordinary share code: **IPL** ISIN: **ZAE000067211**

Preference share code: **IPLP** ISIN: **ZAE000088076**

("Imperial" or the "Company")

FORM OF PROXY FOR THE COMBINED GENERAL MEETING

For use only by Shareholders who:

- hold their Shares in certificated form ("**Certificated Shareholders**"); or
- have Dematerialised their Shares with "*own name*" registration ("**Dematerialised Shareholders**"),

at the Combined General Meeting of the Company to be held at 10:30 on **Friday, 14 September 2018**, in the boardroom of Imperial, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, or at any other adjourned or postponed date and time determined in accordance with the provisions of the Companies Act and the Listings Requirements.

Dematerialised Shareholders who do not have "*own name*" registration who wish to attend or send a proxy to represent them at the Combined General Meeting must inform their central securities depository participant ("**CSDP**") or broker of their intention to attend or be represented at the Combined General Meeting and request their CSDP or Broker to issue them with the relevant letter of representation to attend or be represented at the Combined General Meeting and vote. If they do not wish to attend or be represented at the Combined General Meeting, they must provide their CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or Broker. In the absence of such instructions, the CSDP or Broker will be obliged to vote in accordance with the instructions contained in the custody agreement between them and their CSDP or Broker. These shareholders must **not** use this form of proxy.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE): _____

of (ADDRESS): _____

Telephone (work + area code): _____

Telephone (home + area code): _____

Cellphone number: _____

email address: _____

Identity number: _____

being a shareholder of Imperial and the holder/s of Imperial
[Ordinary Shares/Preference Shares/Deferred Ordinary Shares] (SELECT APPROPRIATE OPTION)

do hereby appoint (see notes): _____

_____ or, failing him/her

_____ or, failing him/her

the chairperson of the general meeting,

as my/our proxy to attend, speak and vote on a show of hands or on a poll for me/us on my/our behalf at the Combined General Meeting (or any adjournment thereof) convened for purposes of considering and, if deemed fit, passing, with or without modification, the special resolutions to be proposed thereat and at each adjournment thereof, and to vote for and/or against or abstain from voting for and/or against the special resolutions in respect of the shares registered in my/our name/s in accordance with the following instructions:

	Number of Shares		
	*In favour	*Against	*Abstain
Special resolution number 1 – specific repurchase of Preference Shares in terms of paragraph 5.69 of the Listings Requirements and article 16.3 of the MOI			
Special resolution number 2 – Acquisition of more than 5% of the issued Preference Shares in terms of section 48(8)(b) read with sections 114 and 115 of the Companies Act			

** Insert the number of votes to be cast “for”, “against” or “abstain” as required. If you insert an “X”, all votes will be cast in the manner indicated by that X. If no options are marked and no instructions are given in a separate sheet of paper accompanying and attached to this form of proxy, the proxy will be entitled to vote as he/she thinks fit.*

Signed at _____ on _____ 2018

Signature/s _____

Assisted by (where applicable) _____

Notes and summary of salient rights in terms of section 58 of the Companies Act:

1. A shareholder entitled to attend and vote at the general meeting may insert the name of a proxy or the names of two alternative proxies of his/her/its choice in the space provided, with or without deleting “the chairperson of the general meeting”. A proxy need not be a shareholder of the company. The person whose name stands first on this form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder is entitled to 1 vote on a show of hands and, on a poll, 1 vote in respect of each ordinary share. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of shares represented by the shareholder in the appropriate box. Failure to comply with this will be deemed to authorise the proxy to vote or abstain from voting at the general meeting as he deems fit in respect of all the shareholder's votes.
3. If a shareholder does not indicate on this form that his proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution/s or any amendment/s which may properly be put before the general meeting be proposed, the proxy shall be entitled to vote as he things fit.
4. The chairperson of the general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
5. The completion and lodging of this form of proxy 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.
6. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company or unless the chairperson of the general meeting waives this requirement.
7. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the company.
8. Where there are joint holders of shares, any one of such holders may sign the form of proxy provided that if more than one of such holders is present or represented at the general meeting, the holder whose name stands first in the register of the company in respect of such shares, or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has previously been registered with the company or the transfer secretaries.
10. A proxy may delegate his/her authority to act on behalf of a shareholder to another person subject to any restriction therefore set out in this instrument of proxy.
11. The proxy appointment made herein shall remain valid for a period of one year from the date of signature or any longer or shorter period expressly set out in the appointment, unless revoked by the shareholder by cancelling it in writing or making a later inconsistent appointment of proxy and delivering a copy of the revocation instrument to the proxy and the company.
12. A vote given in accordance with the terms of this form of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy of the authority under which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the company before the commencement of the general meeting (or any adjournment thereof).
13. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or mailed to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107), to be received no later than 10:00 on Wednesday, 12 September 2018, or handed to the chairperson of the general meeting before that meeting is due to commence.
14. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.
15. Irrespective of the form of instrument used to appoint a proxy: (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder; (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and (c) if the appointment is revocable, 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 the company.
16. 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 of the later of: (a) the date stated in the revocation instrument, if any; or (b) the date on which the revocation instrument was delivered to the proxy and to the company.



LEADERS IN MOBILITY

Imperial Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 1946/021048/06)

Ordinary share code: **IPL** ISIN: **ZAE000067211**

Preference share code: **IPLP** ISIN: **ZAE000088076**

("Imperial" or the "Company")

FORM OF SURRENDER AND TRANSFER FOR THE SCHEME – FOR USE BY CERTIFICATED ELIGIBLE SHAREHOLDERS ONLY

Instructions:

1. Words and definitions used herein will bear the meanings assigned to them in the section headed "Definitions and interpretations" commencing on page 16 of the Circular, of which this Form of Surrender forms part.
2. The surrender of Documents of Title is only applicable to Certificated Eligible Shareholders.
3. A separate Form of Surrender is required for each Certificated Preference Shareholder.
 - **Part A** must be completed by all Certificated Eligible Shareholders who return this Form of Surrender.
 - **Part B** must be completed by all Certificated Eligible Shareholders who are emigrants from or non-residents of the Common Monetary Area.
 - **Part C** must be completed by Scheme Participants wishing payment of the Scheme Consideration to be made by way of the EFTs, and must be returned to Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) so as to be received before 12:00 on the Scheme Record Date, presently scheduled to be Friday, 12 October 2018. EFTs will be made on the Scheme Operative Date only to Scheme Participants who surrender their Documents of Title prior to 12:00 on the Scheme Record Date.
 - If this Form of Surrender is returned with the relevant Document(s) of Title to Preference Shares before the unconditional date, it will become treated as a conditional surrender which is made subject to the Scheme (details of which are set out in this Circular to which this Form of Surrender is attached) becoming unconditional and being implemented. In the event of the Scheme not being implemented for any reason whatsoever, Computershare Investor Services Proprietary Limited will, within 5 (five) Business Days of the date upon which it becomes known that the Scheme will not be implemented, return the Document(s) of Title to the Scheme Participants concerned, by registered mail, at the risk of such Scheme Participants.
4. Persons who have acquired Preference Shares in Imperial after the date of issue of the document to which this Form of Surrender is attached can obtain copies of the Form of Surrender and the Circular from Computershare Investor Services Proprietary Limited at 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107).
5. The Scheme Consideration for every Certificated Eligible Shareholder held on the Scheme Record Date, presently scheduled to be on Friday, 12 October 2018, in the case of the Scheme becoming unconditional and being implemented, will not be sent to Scheme Participants unless and until Documents of Title in respect of the relevant Preference Shares have been surrendered to Computershare Investor Services Proprietary Limited.

Please also read the notes contained at the end of this form.

Substitute address	Stamp and address of agent lodging this form (if any)
Signature of Preference Shareholder	
Details of authorised dealer	
Signature of authorised dealer	

PART C – submission of banking details (excluding third party accounts) in respect of Certificated Eligible Shareholders wishing payment of the Scheme Consideration to be made by way of the EFT. In terms of the Financial Intelligence Centre Act requirements, Computershare will only be able to record the banking details if the following documents are attached:

- a certified copy of identity document; and
- a certified true copy of a bank statement.

Name of certificated Scheme Participant
Name of bank
Branch and branch code
Account number
Contact person
Signature of Scheme Participant

Imperial undertakes no responsibility for verifying the banking details provided above or the authenticity of the signature below. Scheme Participants warrant the correctness of the above banking details and indemnify Imperial against any loss once funds have been paid into the account whose details have been provided above.

	Stamp and address of agent lodging this form (if any)
Signature of Preference Shareholder	

Note: In order to comply with the requirements of the Financial Intelligence Act, 2001 (Act 38 of 2001), Computershare Investor Services Proprietary Limited will be unable to record any changes of address or payment mandates unless the following documentation is received from the relevant Preference 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).

Notes:

1. All documents are posted at the risk of the Scheme Participants. The Scheme Consideration will be posted or transferred, as the case may be, at the risk of Scheme Participants.
2. Emigrants from the Common Monetary Area must complete **Part B**.
3. All other non-residents of the Common Monetary Area must also complete **Part B** (if they wish the Scheme Consideration to be sent to an authorised dealer in South Africa).
4. If **Part B** is not properly completed, the Scheme Consideration (in the case of emigrants) will be paid by the Company, to an authorised dealer of its choice to hold on behalf of the relevant emigrant pending receipt of the necessary nomination or instruction. No interest will be payable to the Scheme Participant in respect of such monies.
5. The Scheme Consideration will not be sent to Scheme Participants unless and until the Documents of Title in respect of the relevant Preference Shares have been surrendered to the Transfer Secretaries. No interest will be payable to the Scheme Participant in respect of such monies. If an Scheme Participant produces evidence to the satisfaction of Imperial that Document(s) of Title in respect of Scheme Shares have been lost or destroyed, surrender of such Document(s) of Title may be waived by Imperial, provided that Imperial are, if so required given an indemnity in respect of such document(s) of title and additional evidence or documents or undertakings (including insurance or a guarantee) as Imperial may require.
6. If this Form of Surrender is not signed by the Preference Shareholder, the Preference Shareholder will be deemed to have irrevocably appointed the Company Secretary of Imperial to implement that Preference Shareholder's obligation under the Scheme on his/her behalf.
7. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, 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 of Surrender.
8. Any alteration to this Form of Surrender must be signed in full and not initialled.
9. If this Form of Surrender is signed under a power of attorney, then such power of attorney or a notarially certified copy thereof must be sent with this form for noting (unless it has already been noted by Imperial or its Transfer Secretaries).
10. Where the Preference Shareholder is a company or a close corporation, unless it has already been registered with Imperial or its Transfer Secretaries, a certified copy of the Directors' or members' resolution authorising the signing of this Form of Surrender must be submitted if so requested by Imperial.
11. Note 9 above does not apply in the event of this form bearing the stamp of a broking member of the JSE.
12. Where there are joint holders of any Preference Shares, only the holder whose name stands first in the register in respect of such Preference Shares need sign this Form of Surrender.

