

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this Circular apply to this Circular in its entirety.

### Action required

This Circular is important and should be read in its entirety, with particular attention to the section entitled "Action required by Shareholders", which commences on page 2.

If you are in any doubt as to what action you should take, please consult your accountant, broker, banker, attorney, CSDP or other professional adviser immediately.

If you have disposed of all your Imperial shares, this Circular should be handed to the purchaser of such Imperial shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

**Imperial does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Imperial to notify such beneficial owner of the details set out in this Circular.**



### 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 "Company")

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## CIRCULAR TO SHAREHOLDERS

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relating to:

- **The small related party transaction regarding the acquisition by the Imperial Group of the sale shares from a related party to the Company, to be settled through an issue of Imperial ordinary shares and cash;**

and incorporating:

- **Notice of the General Meeting; and**
- **Form of Proxy (*blue*) in respect of the General Meeting (for use by certificated shareholders and "own-name" dematerialised shareholders only).**

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#### Sponsor to Imperial



#### Independent Professional Expert



#### Legal Advisors to Imperial



#### Legal Advisor to Wooddale



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Date of issue: 31 March 2016

*This Circular is only available in English. Copies may be obtained from the registered office of the Company or at the transfer secretaries, during office hours on Business Days from 31 March until 29 April 2016, at the addresses set out in the "Corporate information" section.*

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## CORPORATE INFORMATION

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### **Company secretary and registered office**

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

### **Company Sponsor**

Merrill Lynch South Africa Proprietary Limited  
138 West Street  
Sandown  
Sandton, 2196  
(PO Box 651987, Benmore, 2016)

### **Independent Professional Expert**

PricewaterhouseCoopers Corporate Finance Proprietary Limited  
(Registration number 1998/012055/21)  
2 Eglin Road  
Sunninghill, 2157  
(Private Bag X36, Sunninghill, 2157)

### **Legal advisor to Imperial**

Tugendhaft Wapnick Banchetti & Partners  
20th Floor, Sandton City Office Towers  
5th Street  
Sandown  
Sandton, 2196  
(PO Box 786728, Sandton, 2146)

### **Legal advisor to Wooddale**

Edward Nathan Sonnenbergs Inc.  
150 West Street  
Sandton, 2196  
(PO Box 783347, Sandton, 2146)

### **Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)  
South Africa

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## ACTION REQUIRED BY SHAREHOLDERS

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**This Circular is important and requires your immediate attention. The action you need to take is set out below. The definitions commencing on page 4 of this Circular have been used in this section.**

**If you are in any doubt as to what action to take, consult your CSDP, broker, attorney or other professional advisor immediately.**

**If you have dematerialised your Imperial shares without “own-name” registration:**

- (a) Voting at the General Meeting
  - (i) Your CSDP/broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP/broker to ascertain how you wish to cast your vote at the General Meeting and thereafter to cast your vote in accordance with your instructions.
  - (ii) If you have not been contacted, it would be advisable for you to contact your CSDP/broker and furnish it with your voting instructions.
  - (iii) If your CSDP/broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP/broker.
  - (iv) You should NOT complete the attached form of proxy (blue).

- (b) Attendance and representation at the General Meeting

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

**If you have not dematerialised your Imperial shares or you have dematerialised your Imperial shares with “own-name” registration:**

- (a) Voting, attendance and representation at the General Meeting
  - (v) You are entitled to attend and vote at the General Meeting in person.
  - (vi) Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (blue) in accordance with the instructions it contains and returning it to the registered office of the Company or the transfer secretaries to be received by no later than 09:00 on Tuesday, 26 April 2016.

**If you wish to dematerialise your Imperial shares, please contact your broker. If you have disposed of your Imperial shares, this Circular, together with the attached form of proxy (blue), should be handed to the purchaser of such Imperial shares or the broker or other agent who disposed of your Imperial shares for you.**

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## SALIENT DATES AND TIMES

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**2016**

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|   |                    |
|---|--------------------|
| Record date to receive the Circular and notice of General Meeting | Thursday, 24 March |
| Record date for the General Meeting                               | Friday, 22 April   |
| Last day to receive forms of proxy by 09:00 on                    | Tuesday, 26 April  |
| General Meeting to be held at 09:00 on                            | Friday, 29 April   |
| Results of the General Meeting published on SENS on               | Friday, 29 April   |
| Results of the General Meeting published in the press on          | Tuesday, 3 May     |

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**Notes:**

1. The dates and times provided for in this Circular are subject to amendment. Any material amendments will be published on SENS.
2. All times referred to in this Circular are local times in South Africa.
3. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.

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## INTERPRETATION AND DEFINITIONS

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In this Circular and the annexure hereto, unless the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column, the singular includes the plural and vice versa, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and vice versa, and cognate expressions shall bear corresponding meanings.

|  |  |
|--|--|
| “ADAL”                                 | Automotive Distributors Africa Limited (registration number 2015/286662/10), a company incorporated in accordance with the laws of Dubai;  |
| “ADAL sale price”                      | the purchase consideration payable by Imperial Capital to Wooddale for the ADAL sale shares, being R20 million;  |
| “ADAL sale shares”                     | 10 ordinary shares in the capital of ADAL which are owned by Wooddale, comprising 10% of the total issued share capital of ADAL;   |
| “the Act”                              | the Companies Act, 2008 (Act 71 of 2008), as amended;  |
| “Agreement” or “Transaction Agreement” | the share sale agreement concluded between the Company, Wooddale, AMH, Boundlesstrade, Imperial Capital, IMI and MP de Canha on 11 March 2016;   |
| AMA                                    | Associated Motors Australia Proprietary Limited (registration number ACN113527263), a company incorporated in accordance with the laws of Australia;   |
| “AMA sale price”                       | the purchase consideration payable by IMI to Wooddale for the AMA sale shares, being R80 million;  |
| “AMA sale shares”                      | 100 ordinary shares in the capital of AMA which are owned by Wooddale, comprising 10% of the total issued share capital of AMA;  |
| “AMH”                                  | Associated Motor Holdings Proprietary Limited (registration number 1969/002321/07), a private company duly incorporated in accordance with the laws of South Africa;   |
| “AMH Group”                            | AMH and its subsidiaries, Boundlesstrade, ADAL and AMA;  |
| “AMH sale price”                       | the consideration that is to be given by Imperial or AMH to Wooddale for the AMH sale shares, in terms of paragraph 4.2.3 or paragraph 4.2.4, as the case may be, equal in value to R555 million;                            |
| “AMH sale shares”                      | 50 000 ordinary shares in the capital of AMH which are owned by Wooddale, comprising 10% of the total issued share capital of AMH;   |
| “the Board”                            | the Board of Directors of Imperial from time to time;  |
| “Boundlesstrade “                      | Boundlesstrade 154 Proprietary Limited (registration number 2000/025968/07), a company incorporated in accordance with the laws of the RSA;  |
| “Boundlesstrade sale price”            | means the consideration that is to be given by Imperial or Boundlesstrade to Wooddale for the Boundlesstrade sale shares, in terms of paragraph 4.2.3 or paragraph 4.2.4, as the case may be, equal in value to R95 million; |
| “Boundlesstrade sale shares”           | 20 ordinary shares in the capital of Boundlesstrade which are owned by Wooddale, comprising 10% of the total issued share capital of Boundlesstrade;   |
| “business day”                         | any day other than a Saturday, Sunday or an official public holiday in South Africa;   |
| “certificated shareholders”            | shareholders who hold Imperial shares, represented by a share certificate, which Imperial shares have not been dematerialised in terms of the requirements of Strate;  |
| “completion date”                      | the seventh business day after the effective date;   |

|   |   |
|---|---|
| “conditions precedent”                    | the conditions precedent in paragraph 4.4;  |
| “CSDP”                                    | Central Securities Depository Participant;  |
| “dematerialise” or “dematerialisation”    | the process by which securities held by certificated shareholders are converted or held in an electronic form as uncertificated securities and recorded in a sub-register of security holders maintained by a CSDP or broker; |
| “dematerialised shareholders”             | shareholders who hold Imperial ordinary shares which have been dematerialised in terms of the requirements of Strate;   |
| “Director(s)”                             | The Directors of Imperial as disclosed on page 8 of this Circular;  |
| “effective date”                          | the date of fulfilment of the last of the conditions precedent;   |
| “form of proxy”                           | the blue form of proxy attached to and forming part of this Circular;   |
| “General Meeting”                         | General Meeting to be held at 09:00 on 29, April 2016 at Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview;   |
| “IMI”                                     | Imperial Mobility International B.V. (trade register number 11063295), a company incorporated in the Netherlands, a wholly-owned subsidiary of Imperial;  |
| “Imperial Capital”                        | Imperial Capital Limited (registration number 2003/008195/06), a company incorporated in accordance with the laws of the RSA, a wholly-owned subsidiary of Imperial;  |
| “Imperial deferred ordinary shares”       | deferred ordinary shares of 4 cents each in the issued share capital of Imperial;   |
| “Imperial Group”                          | Imperial and its subsidiaries;  |
| “Imperial” or “the Company”               | Imperial Holdings Limited (registration number 1946/021048/06), a public company registered and incorporated in South Africa, all of the issued ordinary shares of which are listed on the JSE;                               |
| “Imperial ordinary shares”                | ordinary shares of 4 cents each in the issued share capital of Imperial;  |
| “Imperial preference shares”              | non-redeemable, non-participating preference shares of 4 cents each in the issued share capital of Imperial;  |
| “Imperial shareholders” or “Shareholders” | the holders of Imperial shares;   |
| “Imperial shares”                         | collectively, Imperial ordinary shares, Imperial deferred ordinary shares and Imperial preference shares;   |
| “Income Tax Act”                          | the Income Tax Act No. 58 of 1962;  |
| “Independent Expert”                      | PricewaterhouseCoopers Corporate Finance (Pty) Ltd, a, the independent professional expert acceptable to the JSE to provide the opinion on the Transaction;   |
| “JSE”                                     | JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa, which is licensed as an exchange under the Securities Services Act, 2004 (Act 36 of 2004);       |
| “last practicable date”                   | Wednesday, 23 March 2016, being the last practicable date prior to the finalising of this Circular;   |
| “Listings Requirements”                   | the Listings Requirements of the JSE;   |
| “MP de Canha”                             | Manuel Pereira De Canha;  |
| “MOI”                                     | Memorandum of Incorporation;  |
| “NAV”                                     | value of net assets that are the subject of the Transaction;  |
| “OEMs and Brands”                         | Original Equipment Manufacturers and International Brands;  |

|                         |  |
|-------------------------|--|
| “Own-name registration” | dematerialised shareholders who have instructed their CSDP to hold their Imperial shares in their own name on the uncertificated register of Imperial;   |
| “sale shares”           | the AMH sale shares, the Boundlestrade sale shares, the ADAL sale shares and the AMA sale shares;  |
| “SENS”                  | the Securities Exchange News Service of the JSE;   |
| “South Africa”          | the Republic of South Africa;  |
| “South Africa shares”   | shares in AMH and Boundlestrade;   |
| “Strate”                | Strate Limited (registration number 1998/022242/06), a public company incorporated under the laws of South Africa a registered central securities depository in terms of the Security Services Act, 2004 (Act 36 of 2004);   |
| “Subject Companies”     | AMH, Boundlestrade, ADAL and AMA;  |
| “this Circular”         | this Circular, dated 31 March 2016, including the annexures thereto;   |
| “trading day”           | a day on which the JSE is open for business;   |
| “Transaction”           | collectively: <ul style="list-style-type: none"> <li>• the sale by Wooddale of the AMH sale shares to Imperial or AMH, as the case may be;</li> <li>• the sale by Wooddale of the Boundlestrade sale shares to Imperial or Boundlestrade, as the case may be;</li> <li>• the sale by Wooddale of the ADAL sale shares to Imperial Capital;</li> <li>• the sale by Wooddale of the AMA sale shares to IMI;</li> </ul> |
| “transfer secretaries”  | Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in South Africa and the transfer secretaries of Imperial in South Africa;   |
| “VWAP”                  | the volume weighted average price per share, quoted to 2 decimal places, for trades in Imperial shares made on the JSE calculated over the 45 consecutive trading days, up to and including the effective date, which shall include trading days on which there are no trades at all in Imperial shares; and   |
| “Wooddale”              | Wooddale Investments Proprietary Limited (registration number 1996/000572/07), a company incorporated in accordance with the laws of the RSA.  |





## 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 "Company")

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### Non-executive

SP Kana\* (Chairman)  
A Tugendhaft (Deputy chairman)  
P Cooper\*  
GW Dempster\*  
T Dingaan\*  
RM Kgosana\*  
P Langeni\*  
MV Moosa  
RJA Sparks\*  
Y Waja\*

*\*Independent*

### Executive

MJ Lamberti (Chief Executive Officer)  
OS Arbee (Chief Financial Officer)  
MP de Canha  
PB Michaux  
M Swanepoel

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## CIRCULAR TO IMPERIAL SHAREHOLDERS

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### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

Shareholders of Imperial are referred to the announcements released on SENS on 23 February 2016 and 22 March 2016 wherein Shareholders were advised that Imperial had reached an agreement to acquire the remaining 10% interest in AMH Group, owned by Wooddale with which company MP de Canha is associated. Imperial currently holds a 90% interest in AMH Group, and is consequently, the holding company of AMH Group. Subsequent to the Transaction, AMH Group will effectively become a wholly-owned subsidiary of Imperial.

MP de Canha is the Chief Executive Officer of AMH Group and an executive Director of Imperial and he is therefore deemed to be a related party to Imperial in terms of section 10.1(b)(ii) of the Listings Requirements.

Wooddale is an associate of MP de Canha as defined in the Listings Requirements and therefore Wooddale is a related party to Imperial by virtue of section 10.1(b)(vii) of the Listings Requirements. Wooddale is also a related or inter-related person to MP de Canha as contemplated in section 2 of the Act.

Furthermore, it is proposed that the Transaction be partly settled through an issue of Imperial ordinary shares, in that certain of the sale shares will be exchanged for Imperial ordinary shares, as an asset-for-share transaction in terms of section 42 of the Income Tax Act, as outlined in paragraph 4.2 below. As such, Imperial requires Shareholder approval, in terms of section 41(1)(b) of the Act, to issue shares to Wooddale.

The purpose of this Circular is to provide Imperial Shareholders with information on the Transaction and to convene the General Meeting at which the Imperial ordinary and deferred ordinary shareholders can vote on the special resolution for the allotment and issue of Imperial ordinary shares.

A General Meeting has been convened in terms of the notice of General Meeting as attached to this Circular, for 29 April 2016 at 09:00 or at any other adjourned or postponed time and date determined in accordance with the provisions of the Act, as read with the Listings Requirements, at which the Imperial ordinary and deferred ordinary shareholders can consider and vote on the resolution as set out in the notice of General Meeting attached hereto.

## 2. **BACKGROUND INFORMATION ON AMH GROUP**

The AMH Group comprises AMH, Boundlesstrade, AMA and ADAL. AMH is a Southern African importer and distributor of motor vehicles and parts, including financial and other associated services. Boundlesstrade is a South African importer and distributor of motor vehicles and parts, including golf carts. AMA is a dealership group that sells new and used motor vehicles in Australia. ADAL is an Eastern African importer and distributor of motor vehicles and parts.

These companies have been reported on in Imperial's segmental accounts as the Vehicle Import, Distribution and Dealerships division and the Motor Related Financial Services and Products division.

## 3. **RATIONALE FOR THE TRANSACTION**

MP de Canha has indicated his intention to retire as an executive Director of the Imperial Group in January 2018. Imperial has therefore decided to enter into the Transaction Agreement, well in advance of his retirement, in order to ensure an orderly succession of a highly regarded AMH Group CEO, while drawing on his invaluable experience and expertise.

Furthermore, in anticipation of challenging trading conditions in South Africa, it has become imperative to combine the two vehicle businesses, namely the Vehicle Import, Distribution and Dealerships as well as the Vehicle Retail, Rental and Aftermarket Parts, thereby simplifying the realisation of inherent financial, operational, managerial, administrative and financial services efficiencies and synergies that exist within the two businesses.

A detailed planning and prioritising of strategies, structures, systems and processes to extract value of Imperial's vehicle interest will commence immediately following Transaction approval, ensuring a staged implementation and realisation of benefits commencing on 1st July 2016. As such, all vehicle businesses will be reported as one entity from commencement of the 2017 financial year, however, taking into consideration the necessary disclosures to facilitate understanding and insight needed by Shareholders. During this process, MP de Canha's experience and expertise will be referenced to prioritise projects and mitigate risk.

Imperial is fully committed to preserving the independence of the OEM's and Brands for whom it acts as motor vehicle distributors and retailers. Any restructuring pursuant to this Transaction will in no way infringe on the contractual commitments to, compromise Imperial's obligations, or test the valued relationships with the OEM's and Brands that Imperial and its subsidiaries have developed over decades.

Imperial and MP de Canha have expressed an intention that he should remain highly invested in the Imperial Group, and remain a Director thereof.

In view of MP de Canha's longstanding association and relationship with the Imperial Group, and his, and Imperial's wish, that he continues to remain so associated, inter alia, in a significant Shareholder capacity, MP de Canha's preference is for Wooddale to dispose of the AMH sale shares and the Boundlesstrade sale shares to Imperial, in exchange for the allotment and issue by Imperial to Wooddale of Imperial ordinary shares, subject to the requisite approval of the Imperial ordinary and deferred ordinary Shareholders by way of a special resolution, as required, being obtained. If approval is not obtained then the AMH sale shares and the Boundlesstrade sale shares will be acquired as a share buy back in two separate sale transactions in terms of section 48(2)(a) by AMH and Boundlesstrade respectively, and the purchase consideration discharged in cash.

## 4. **SALIENT TERMS OF THE TRANSACTION**

### 4.1 **Effective date**

The effective date of the Transaction will be the day on which the last of the conditions precedent are fulfilled.

### 4.2 **Purchase consideration**

With effect on the effective date:

4.2.1 IMI will purchase the AMA sale shares;

4.2.2 Imperial Capital will purchase the ADAL sale shares;

4.2.3 Imperial will purchase the AMH sale shares and the Boundlesstrade sale shares, subject to the approval, in terms of section 41(1)(b) of the Act, of a special resolution of the Imperial ordinary and deferred ordinary Shareholders at the General Meeting, to allot and issue Imperial ordinary shares to Wooddale in exchange for the acquisition by Imperial of the AMH sale shares and the Boundlesstrade sale shares as an asset-for-share transaction in terms of section 42 of the Income Tax Act;

- 4.2.4 if the requisite approval of the Imperial ordinary Shareholders as provided in paragraph 4.2.3 is not obtained, the AMH sale shares and the Boundlesstrade sale shares will be acquired as a share buy back in two separate sale transactions in terms of section 48(2)(a) of the Act by AMH and Boundlesstrade respectively, and the purchase consideration discharged in cash.

The total consideration in respect of the Transaction will in value be equivalent to R750m (seven hundred and fifty million Rand) comprising as follows:

- R650 million (six hundred and fifty million Rand) in value, representing the AMH sale price and the Boundlesstrade sale price, will be discharged by means of the issue of Imperial ordinary shares, in exchange, in terms of section 42 of the Income Tax Act, if so approved by special resolution of the Imperial ordinary and deferred ordinary Shareholders, alternatively in cash by AMH and Boundlesstrade respectively. The number of Imperial ordinary shares to be allotted and issued will:

- (i) in exchange for the acquisition of the AMH sale shares, be that number of Imperial ordinary shares determined in accordance with the following formula:

where:

$$N = \frac{ASP}{VWAP}$$

N = the number of Imperial shares to be allotted and issued to Wooddale;

ASP = R555 million (the AMH sale price);

- (ii) in exchange for the acquisition of the Boundlesstrade sale shares, be that number of Imperial ordinary shares determined in accordance with the following formula:

where:

$$N = \frac{BSP}{VWAP}$$

N = the number of Imperial shares to be allotted and issued to Wooddale;

BSP = R95 million (the Boundlesstrade sale price).

- R100 million (one hundred million Rand) in value, representing the AMA sale price and the ADAL sale price, will be payable in cash.

The total consideration will be discharged on the completion date.

### 4.3 Shareholder approval

Imperial does not have the authority to issue shares to its Directors or any person related to a Director, and, therefore, any issue of Imperial ordinary shares in respect of the Transaction will require approval of the Imperial ordinary and deferred ordinary Shareholders by special resolution at the General meeting.

### 4.4 Conditions precedent

The issue of the Imperial ordinary shares is conditional upon the Imperial ordinary and deferred ordinary Shareholders approving the passing of the special resolution required in terms of section 41(1)(b) of the Act, to permit the allotment and issue by Imperial to Wooddale of Imperial ordinary shares, in exchange for the acquisition of the AMH sale shares and the Boundlesstrade sale shares .

The Transaction is conditional upon certain conditions precedent being met on or before 7 May 2016 or such later date as agreed to by all the parties including:

- the shareholders of Wooddale approve the passing of the special resolution required in terms of section 115, to permit the disposal by Wooddale of the sale shares in terms of the Transaction Agreement;
- Wooddale having satisfied all the other requirements set out in section 115 of the Act, to the extent that those requirements are applicable to the disposal by Wooddale of the sale shares in terms of the Transaction Agreement;
- Compliance by AMH and Boundlesstrade with the relevant provisions of the Act in the event that the special resolution in terms of section 41(1)(b) of the Act is not passed by the Imperial ordinary Shareholders, to permit the repurchase by those companies of the AMH sale shares and the Boundlesstrade sale shares respectively.

#### 4.5 **Warranties**

The Transaction Agreement contains certain warranties normal for a transaction of this nature.

#### 4.6 **Related party transaction and categorisation**

MP de Canha is an executive Director of Imperial. In terms of paragraph 10.1(b)(ii) of the Listings Requirements, MP de Canha is a related party to Imperial. Wooddale is an associate of MP de Canha, and is therefore a related party to Imperial in terms of paragraph 10.1(b)(vii) of the Listings Requirements. The Transaction is accordingly classified as a related party transaction. The total consideration measured against the market capitalisation of Imperial results in a percentage ratio of more than 0.25% but less than 5%. As such, the Transaction is classified as a small related party transaction in terms of paragraph 10.7 of the Listings Requirements.

#### 4.7 **Independent Expert Fairness Opinion**

In terms of paragraph 10.7(b) of the JSE Listings Requirements, a fairness opinion must be provided by an Independent Expert with respect to small related party transactions.

Shareholders are referred to Annexure I to this Circular, which sets out the full text of the Independent Expert's fairness opinion, which concludes that the Independent Expert is of the opinion that the Transaction is fair insofar as the Shareholders are concerned.

In respect of a repurchase by a company of its own shares, in terms of section 48(2) of the Act, the repurchase is, in terms of section 48(8)(b), subject to the requirements of sections 114 and 115 of the Act if it involves the acquisition by the Company of more than 5% of the issued shares of any particular class of the Company's shares. Accordingly, if the repurchase by AMH and Boundlestrade of the AMH sale shares and the Boundlestrade sale shares respectively, takes place, those acquisitions will require compliance by AMH and Boundlestrade respectively, with the aforementioned provisions. In terms of the Act, AMH and Boundlestrade are therefore required to appoint an Independent Expert to prepare a report and cause it to be distributed to all holders of the shares of AMH and Boundlestrade respectively.

### 5. **FINANCIAL INFORMATION REGARDING THE TRANSACTION**

#### 5.1 ***Pro forma* financial effects**

The Transaction does not have a significant (i.e. more than 3%) on Imperial's earnings, headline earnings or NAV per share.

The cash portion of the Transaction will be funded out of Imperial's available cash resources.

#### 5.2 **NAV and attributable profits**

The NAV of the assets that are the subject of the Transaction is R613 039 289 at 30 June 2015, being the last financial year-end.

The profits attributable to the net assets that are the subject of the Transaction are R73 688 291 at 30 June 2015, being the last financial year-end.

#### 5.3 **Share capital**

Imperial shares to be issued in respect of the AMH sale price and the Boundlestrade sale price will be calculated as outlined in paragraph 4.2 and will be determined on the effective date.

## 6. ADDITIONAL INFORMATION ON IMPERIAL

### 6.1 Major Shareholders

Shareholders, other than Directors of Imperial, who beneficially held a 4% or greater shareholding in the issued ordinary share capital of Imperial, as at the last practicable date were as follows:

| Name of Shareholder                    | Share class       | Number of shares held | Percentage of issued share capital* |
|--|-------------------|-----------------------|-------------------------------------|
| Public Investment Corporation Limited  | Ordinary          | 23 343                | 11.51                               |
| Prudential Group                       | Ordinary          | 20 183                | 9.95                                |
| Lazard Asset Management LLC Group      | Ordinary          | 17 181                | 8.47                                |
| Ukhamba Holdings (Proprietary) Limited | Ordinary          | 12 561                | 6.19                                |
| Ukhamba Holdings (Proprietary) Limited | Deferred Ordinary | 10 194                | 5.03                                |
| Lynch Family Holdings                  | Ordinary          | 8 576                 | 4.23                                |
| <b>Total</b>                           |                   |                       |                                     |

\* *excluding treasury stock*

### 6.2 Directors' interests in Imperial shares

The direct and indirect interests of the Company's Directors, and their associates, in the ordinary share capital of Imperial, as at the last practicable date, are set out below:

| Director             | 2016              |                     | Percentage holding |
|----------------------|-------------------|---------------------|--------------------|
|                      | Direct beneficial | Indirect beneficial |                    |
| <b>Non-executive</b> |                   |                     |                    |
| GW Dempster          | 99                |                     | 0.00               |
| SP Kana              | 9 417             |                     | 0.00               |
| RJA Sparks           | 40 000            |                     | 0.03               |
| Y Waja               | 3000              |                     | 0.00               |
| <b>Executive</b>     |                   |                     |                    |
| OS Arbee             | 73 253            | 27 818              | 0.05               |
| MP de Canha          | 580 364           | 1 161 243           | 0.86               |
| MJ Lamberti          |                   | 600 000             | 0.30               |
| M Swanepoel          | 74 866            |                     | 0.03               |
| P Michaux            | 67 286            |                     | 0.03               |
| <b>Total</b>         |                   |                     |                    |

\* *excluding treasury stock*

MV Moosa is a non-executive director of Imperial and he holds shares in Lereko Mobility (Pty) Limited. As a result of the implementation of the Lereko Mobility BEE transaction, MV Moosa being a shareholder of Lereko Mobility holds an indirect beneficial interest in 12 845 ordinary shares in Imperial.

### 6.3 Directors' interest in the Transaction

Other than as disclosed in this Circular, the Directors do not have any beneficial interest, whether direct or indirect, in the Transaction nor did they have any material interest in a transaction that was effected by Imperial during:

- the current or immediately preceding the financial year; or
- an earlier financial year and remain in any respect outstanding or unperformed.

#### **6.4 Material change**

As at the last practicable date, there has been no material change in the affairs, financial or trading position of the Group since the publication of the unaudited interim results for the six month period ended 31 December 2015.

#### **6.5 Litigation statement**

As at the last practicable date, there are no legal or arbitration proceedings, including proceedings that are pending or threatened, of which Imperial is aware, that may have or have had, in the twelve month period preceding the date of this Circular, a material effect on the financial position of the Group.

#### **6.6 Expenses relating to the Transaction**

The estimated expenses that will be incurred by Imperial in respect of the Transaction are R3 million.

### **7. DIRECTORS' RESPONSIBILITY STATEMENT AND RECOMMENDATION**

The Director, whose names are set out on page 7 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to Imperial and certify that, to the best of their knowledge and belief, no material facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the Listing Requirements.

Having regard to the terms of the Transaction and the Independent Expert's Fairness Opinion, the Board, (other than MP de Canha who recused himself), is of the opinion that the Transaction is fair insofar as the Imperial Shareholders are concerned and, accordingly, recommends that Shareholders vote in favour of the special resolution necessary to effect the Transaction.

### **8. CONSENTS**

All parties detailed on the cover page of this Circular have consented in writing to the inclusion of their names and reports in the Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

### **9. GENERAL MEETING AND VOTING RIGHTS**

A General meeting of Imperial ordinary Shareholders will be held at in the boardroom of Imperial Holdings Limited, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng on Friday 29 April 2016 at 09:00. In order to consider, and if deemed fit, pass, with or without modification, the resolutions set out in the notice of General Meeting attached and forming part of this Circular.

Shareholders are referred to the notice of General Meeting attached to this Circular for detail on the resolutions to be proposed at the General Meeting and to the "Action Required by Shareholders" section of this Circular for information on the procedure to be followed by Shareholders in order to exercise their votes at the General Meeting.

Every Shareholder present or represented by proxy at the General Meeting shall have all votes determined in accordance with the voting rights associated with the Imperial ordinary shares held by that Shareholder. MP de Canha and Wooddale, being classified as related parties, are precluded from voting on the resolution in respect of the Transaction, in terms of the Listings Requirements.

#### 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the registered offices of Imperial at Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Gauteng, from 31 March 2016 up to and including the date of the General Meeting:

- the MOI of Imperial;
- the Transaction Agreement;
- the signed Independent Expert's Fairness Opinion set out in Annexure I;
- Imperial's annual financial statement for the three years ended 30 June 2013, 2014, 2015, as well as the interim results for the six-month period ended 31 December 2015; and
- A signed copy of this Circular.

By order of the Board

**Imperial Limited**

**RA Venter**

*Company Secretary*

23 March 2016

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## INDEPENDENT FAIRNESS OPINION FOR THE TRANSACTION

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22 March 2016

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

Dear Directors

### **Fairness opinion in connection with a related party transaction entered into between Imperial Holdings Limited and Wooddale Investments Proprietary Limited**

#### **1. INTRODUCTION**

Shareholders of Imperial Holdings Limited (“Imperial” or the “Company”) and Wooddale Investments Proprietary Limited (“Wooddale”) have entered into a transaction whereby Imperial will purchase an additional interest in the following Imperial subsidiaries that Imperial does not already own:

- 10% of the ordinary shares of Associated Motor Holdings (“AMH”) resulting in a 100% ownership by Imperial;
- 10% of the ordinary shares of Associated Motors Australia Proprietary Limited (“AMA”) resulting in a 100% ownership by Imperial;
- 10% of the ordinary shares of Automotive Distributors Africa Limited (“ADAL”) resulting in a 100% ownership by Imperial; and
- 10% of the ordinary shares of Boundlesstrade 154 Proprietary Limited (“Boundlesstrade”) resulting in a 100% ownership by Imperial.

AMH, AMA, ADAL and Boundlesstrade are collectively hereinafter referred to as “the Subject Companies”.

We understand from Imperial management that the above series of transactions is considered to be a single transaction by the JSE Limited (“JSE”), and is hereinafter referred to as “the Transaction”.

The total consideration for the Transaction will be equivalent to R750 million (seven hundred and fifty million Rand) comprising R650 million (six hundred and fifty million Rand) in value, discharged by means of the issue of Imperial ordinary shares or cash, and R100 million (one hundred million Rand), discharged in cash.

Accordingly, subject to the approval by special resolution of the Imperial ordinary shareholders, as contemplated in section 41(1)(b) of the Companies Act, No. 71 of 2008 as amended (“the Companies Act”), the AMH sale price and the Boundlesstrade sale price, being in aggregate in value R650 million, will be discharged by the allotment and issue to Wooddale of Imperial ordinary shares in exchange for the AMH sale shares and the Boundlesstrade sale shares, as an asset for share transaction in terms of in section 42 of the Income Tax Act, and failing such approval, the AMH sale shares and the Boundlesstrade sale shares will be repurchased by AMH and Boundlesstrade, respectively, for cash, in terms of section 48(2)(a), as read with section 46 of the Companies Act.

The value of an Imperial share will be based on a volume weighted average price per share, quoted to 2 decimal places, for trades in Imperial shares made on the JSE calculated over the 45 consecutive trading days, up to and including the effective date, which shall include trading days on which there are no trades at all in Imperial shares. The number of Imperial shares to be included as part of the purchase consideration will then be calculated by dividing the sale price of AMH and Boundlesstrade by the volume weighted price per share.

The purchase consideration relating to AMA and ADAL will be paid in cash.



In terms of JSE Listings Requirements rule 10.1(b), a related party includes a “material shareholder”. The Transaction represents a transaction between Imperial and a company controlled by one of its directors, being Wooddale. Wooddale therefore meets the definition of a related party.

In terms of JSE Listings Requirements rule 10.7, in the case of a transaction with a related party where the transaction value as a percentage of market capitalisation is less than or equal to 5% but exceeds 0.25%, the transaction is classified as a small related party transaction.

We understand that the Transaction will be less than 5% of the market capitalisation of Imperial, and that the Transaction therefore constitutes a small related party transaction. Therefore, in terms of rule 10.7(b), Imperial is required to provide the JSE with written confirmation from an independent professional expert acceptable to the JSE that the terms of the Transaction with the related party are fair as far as the shareholders of Imperial are concerned.

The board of directors of Imperial (“the Board”) has therefore requested PricewaterhouseCoopers Corporate Finance Proprietary Limited (“PwC”) to act as independent professional expert in terms of the JSE Listings Requirements.

We understand that the results of our work will be used by the Board to satisfy the requirements of section 10.7(b) of the JSE Listings Requirements.

## 2. DEFINITION OF FAIR

The JSE requires an opinion on fairness which, in the case of a related party transaction where the issuer is the purchaser, would be considered Fair if the consideration payable by the purchaser is equal to, or less than the underlying market value of the businesses acquired in the transaction.

Market value is 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.

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 on the reasonability of the Transaction.

This Fairness opinion does not purport to cater for individual shareholders’ positions but rather the general body of shareholders. Should a shareholder be in doubt, he or she should consult an independent adviser as to the merits of the Transaction.

## 3. SOURCES OF INFORMATION

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial 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 general sources of information used in performing our valuation included:

- Discussions held with Imperial and AMH management;
- For our macroeconomic research we used the following sources: Bureau for Economic Research, Business Monitor International, IHS Global Insight, International Monetary Fund, Oxford Economics; South African Reserve Bank, Nedbank, Investec, First National Bank;
- Selected analyst reports on AMH;
- Bond exchange of South Africa for interest rates used in our cost of capital calculations;
- Capital IQ for market sector beta information;
- Capital IQ for business descriptions and basic financial information used to identify comparable companies and for financial information relating to the Comparable Companies used in our Cost of Capital calculation;
- Capital IQ, analyst reports and other Public sources for financial results and forecast financial results of the Comparable Companies analysed in our Market Approach; and
- PwC Valuation Methodology Survey 2014/15 Edition.

The principal sources of information used in performing our valuation of AMH included:

- The shareholders’ agreement entered into between Imperial, Wooddale, Manuel Pereira De Canha (“MP de Canha”) and AMH on 21 January 2001.
- AMH board minutes for the 2015 calendar year;

- Audited financial statements for AMH for 30 June 2014 and 30 June 2015;
- Unaudited management accounts for AMH as follows:
  - Income statements and balance sheets for Kia Motors SA (Pty) Ltd as at 30 June 2013, 30 June 2014, 30 June 2015 and 31 January 2016;
  - Income statements and balance sheets for Hyundai Automotive SA (Pty) Ltd as at 30 June 2013, 30 June 2014, 30 June 2015 and 31 January 2016;
  - Income statements and balance sheets for Imperial Car Imports (Pty) Ltd, and its subsidiary, Renault South Africa (Pty) Ltd as at 30 June 2013, 30 June 2014, 30 June 2015 and 31 January 2016;
  - Company income statements and balance sheets for AMH, including AMH Dealers and AMH Financial Services (divisions of AMH) as at 30 June 2013, 30 June 2014, 30 June 2015 and 31 January 2016;
  - Consolidated income statements and balance sheets for AMH as at 30 June 2013, 30 June 2014, 30 June 2015 and 31 January 2016; and
  - Income statements and balance sheets for the smaller subsidiaries and associates of AMH as at 30 June 2015 and 31 January 2016.
- Forecast financial information for the following divisions or entities:
  - Forecast income statements for Kia Motors SA (Pty) Ltd for the years ending 30 June 2016, 30 June 2017 and 30 June 2018;
  - Forecast income statements for Hyundai Automotive SA (Pty) Ltd for the years ending 30 June 2016, 30 June 2017 and 30 June 2018;
  - Forecast income statements for Renault South Africa (Pty) Ltd for the years ending 30 June 2016, 30 June 2017 and 30 June 2018;
  - Forecast income statements for AMH Dealers (a division of AMH) for the years ending 30 June 2016, 30 June 2017 and 30 June 2018; and
  - Forecast income statements for AMH Financial Services (a division of AMH) for the years ending 30 June 2016, 30 June 2017, 30 June 2018 and 30 June 2019.

The principal sources of information used in performing our valuation of AMA included:

- Audited financial statements for AMA for 30 June 2013, 30 June 2014 and 30 June 2015; and
- Forecast income statements for AMA for the years ending 30 June 2016, 30 June 2017, 30 June 2018 and 30 June 2019.

The principal sources of information used in performing our valuation of ADAL included:

- Unaudited management accounts for ADAL as follows:
  - Income statements and balance sheets for ADAL as at 31 January 2016; and
  - Income statements and balance sheets for Tokidex (Pty) Ltd as at 30 June 2015 and 31 January 2016.
- Forecast financial information for the following entities:
  - Forecast income statements for ADAL for the years ending 30 June 2016, 30 June 2017 and 30 June 2018;
  - Forecast income statements for IC AMH Tanzania for the years ending 30 June 2016, 30 June 2017 and 30 June 2018;
  - Forecast income statements for IC AMH Kenya for the years ending 30 June 2016, 30 June 2017 and 30 June 2018;
  - Forecast income statements for IC AMH Malawi for the years ending 30 June 2016, 30 June 2017 and 30 June 2018; and
  - Forecast income statements for IC AMH Zambia for the years ending 30 June 2016, 30 June 2017 and 30 June 2018.

The principal sources of information used in performing our valuation of Boundlesstrade included:

- Unaudited management accounts for Boundlesstrade as follows:
  - Income statements and balance sheets for Boundlesstrade as at 30 June 2013, 30 June 2014, 30 June 2015 and 31 January 2016; and
  - Forecast income statements for Boundlesstrade for the years ending 30 June 2016, 30 June 2017 and 30 June 2018.

In respect of assessing the market value of the consideration paid in terms of the Transaction, we considered the liquidity of Imperial's ordinary shares in order to determine whether the volume weighted price per share is reflective of its market value.

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.

#### 4. PROCEDURES

In respect of the Subject Companies, the procedures that were followed included the following:

- We considered the rationale for the offer as represented by the directors of Imperial;
- We considered the relevant information included in the terms and conditions of the Transaction;
- We considered the prevailing economic and market conditions in the automotive sector;
- We held discussions with the management of the Subject Companies on information and assumptions pertaining to the Subject Companies that were made available by management of the Subject Companies;
- We reviewed the operating and financial results of the Subject Companies covering three years up to the date of valuation;
- We considered financial and operating projections including revenues, operating margins (e.g. earnings before interest and taxes), and working capital investments, based on the historical operating results of the Subject Companies, expectations and management representations. These projections formed the basis of our income approach (Discounted cash flow) valuations;
- We identified the key value drivers for each income approach. We performed a sensitivity and scenario analysis for each income approach based on the key value drivers;
- We obtained and considered financial data for publicly traded companies engaged in the same or similar lines of business to develop appropriate valuation multiples and operating comparisons to apply to the Subject Companies; and
- We considered and applied appropriate valuation discounts/premiums to the results of our valuation analysis as deemed applicable.

#### 5. VALUATION APPROACH

The following approaches are generally considered when estimating the market value of the ordinary shares of a company: the Income Approach, the Market Approach and the Net Assets Approach.

The Income Approach indicates the Market Value of the ordinary shares of a business based on the value of the cash flows that the company to be valued can be expected to generate in the future.

The Market Approach indicates the Market Value of the ordinary shares of a business based on a comparison of the company to be valued with comparable publicly traded companies and transactions in its industry as well as prior transactions involving stakes in comparable companies.

The Net Assets Approach indicates the Market Value of the ordinary shares of a business by adjusting the asset and liability balances on the balance sheet of the company to be valued to their Market Value equivalents. The approach is based on the summation of the individual piecemeal Market Values of the underlying assets less the Market Value of the liabilities.

##### **AMH**

The valuation of the ordinary shares of AMH was performed on a sum-of-the-parts basis, and we valued each of the operating divisions/entities within AMH separately, considering the facts and circumstances appropriate to each division/entity.

The Income Approach (discounted cash flow) is the preferred approach when valuing businesses on a going concern basis. We therefore performed detailed Income Approach valuations of Kia Motors (Pty) Ltd, Hyundai Automotive (Pty) Ltd, Renault South Africa (Pty) Ltd, the AMH Dealers division, and the AMH Financial Services division. The remaining entities within AMH contribute a small portion of the value of the AMH Group, and were valued using either a Market Approach or Net Assets Approach. Management of AMH confirmed that no reliable financial forecasts were available in respect of the various smaller subsidiaries and associates not listed above. Based on the lack of financial forecasts, and the relatively small contribution to the overall Transaction consideration, a Market Approach valuation was performed on Car Find (Pty) Ltd, Araucan Properties (Pty) Ltd and Pearl Automotive (Pty) Ltd. Various other small subsidiaries and associates were valued using the Net Assets Approach.

The valuation of the AMH was supported by a Market Approach analysis on a consolidated basis.

## AMA

The valuation of AMA was performed using the Income Approach. The Market Approach was used as a secondary approach.

## ADAL

The valuation of the ordinary shares of ADAL was performed on a sum-of-the-parts basis, and we valued each of the operating divisions/entities within ADAL separately, considering the facts and circumstances appropriate to each division/entity. As ADAL is a relatively new operation, a reliable Market Approach analysis could not be performed. The valuation of the AMH was therefore supported by a Net Assets Approach analysis on a consolidated basis.

## Boundlesstrade

The valuation of Boundlesstrade was performed using the Income Approach.

### Analysis of key value drivers

Where an income approach was performed, the key external value drivers were considered. These key external factors include the forecast growth rates for the automotive industry, specifically expectations of sales growth in the automotive industry. In addition, we considered the real gross domestic product growth and consumer price inflation based on consensus analyst forecasts for the South African economy.

Key internal value drivers related to revenue growth rates, forecast profitability margins, capital expenditure and working capital forecasts. We performed sensitivity analyses based on the key assumptions and key value drivers for each of the businesses where an income approach was performed. We noted that the income approach valuations were most sensitive to changes in revenue growth rates and profitability margins. The starting point of our analysis was management's current budgets and business plans available at the time of our analysis. In addition we tested the impact of alternative outcomes for key drivers through a scenario analysis based on our analysis of external value drivers and the financial performance of the group.

The resultant financial forecasts were used as the basis for discounted cash flow valuations using a South African Rand weighted average cost of capital range of between 11.9% and 12.5% for the South African businesses, an Australian dollar weighted average cost of capital range of between 7.9% and 8.5% for the Australian business, and a US dollar weighted average cost of capital range of between 10.8% and 11.4% for the ADAL business. We tested the sensitivity of the valuations to changes in the cost of capital and perpetuity growth rates.

The table below summarises the key external drivers considered in our valuation:

|                         | 2014   | 2015    | 2016 | 2017 | 2018 | 2019 |
|-------------------------|--------|---------|------|------|------|------|
| Passenger vehicle sales | (1.1)% | (14.9)% | 1.9% | 2.2% | 2.5% | 2.2% |
| Real GDP Growth         | 1.5%   | 1.4%    | 1.4% | 2.1% | 2.5% | 2.6% |
| Nominal GDP growth      | 7.7%   | 6.1%    | 7.6% | 8.0% | 8.1% | 8.2% |
| CPI                     | 6.1%   | 4.6%    | 6.1% | 5.7% | 5.5% | 5.4% |

Sources: PwC analysis, BMI, BER, D&B, FNB, HIS, IMF, Investec, Nedbank, Oxford Economics, SARB.

## 6. ASSUMPTIONS

Our opinion is based on the following key assumptions:

- Current economic, regulatory and market conditions will not change materially;
- The Subject Companies are not involved in any other material legal proceedings other than those conducted in the ordinary course of business;
- The Subject Companies have no material outstanding disputes with the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of the Subject Companies;
- The Transaction will not give rise to any undisclosed tax liabilities;
- For the purposes of this engagement, we assumed the Subject Companies' existing businesses to be ongoing under current business plans and management; and
- Representations made by Imperial and AMH management during the course of forming this opinion.

## 7. **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 5 March 2016. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Based upon our analysis, subject to the foregoing and after taking into account all financial and non-financial considerations, we are of the opinion that the terms and conditions in respect of the Transaction are Fair to the ordinary shareholders of Imperial.

Our valuation is based on a standalone valuation of the Subject Companies under the current strategies and business plans of the Subject Companies. As a result our valuation currently excludes any potential synergies that may arise from a purchase by Imperial and its future plans for the businesses. In addition, there may be benefits to Imperial relating to acquiring 100% ownership of the Subject Companies. These potential benefits have not been considered in concluding on a standalone valuation of the interests acquired in the Subject Companies by Imperial from Wooddale.

## 8. **INDEPENDENCE**

We confirm that PwC holds no shares in Imperial, AMH, AMA, ADAL or Boundlestrade, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, in Imperial, AMH, AMA, ADAL or Boundlestrade, or in the outcome of the Transaction.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent on the outcome of the Transaction.

## 9. **LIMITING CONDITIONS**

This letter and opinion has been prepared solely for the Imperial board in connection with and for the purposes of the Transaction in terms of JSE Listings Requirements. Therefore it shall not be relied upon for any other purpose. We assume no responsibility to anyone if this letter and opinion are used for anything other than their 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 the Subject Companies. 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.

Budgets/projections/forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those projected/forecast by the management of the Subject Companies.

Yours sincerely



**Matthew Human**

Director

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**TRADING HISTORY OF IMPERIAL SHARES**


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| <b>Date</b>       | <b>Close</b> | <b>High</b> | <b>Low</b> | <b>Volume</b> | <b>Value</b>  |
|-------------------|--------------|-------------|------------|---------------|---------------|
| <b>Monthly</b>    |              |             |            |               |               |
| 29 February 2016  | 12020        | 13893       | 10507      | 22 615 376    | 2 694 948 122 |
| 31 January 2016   | 12133        | 12133       | 9746       | 25 621 332    | 2 759 728 175 |
| 31 December 2015  | 11936        | 15255       | 11025      | 28 654 766    | 3 607 856 883 |
| 30 November 2015  | 15195        | 18110       | 15056      | 16 152 208    | 2 600 518 733 |
| 31 October 2015   | 18026        | 18548       | 16725      | 15 061 336    | 2 715 629 099 |
| 30 September 2015 | 16954        | 18442       | 16434      | 20 690 284    | 3 612 403 854 |
| 31 August 2015    | 18450        | 18697       | 15001      | 19 635 983    | 3 348 473 873 |
| 31 July 2015      | 17020        | 18731       | 16500      | 12 421 538    | 2 201 838 295 |
| 30 June 2015      | 18550        | 18864       | 17504      | 19 041 623    | 3 478 462 255 |
| 31 May 2015       | 18210        | 20098       | 18110      | 13 078 731    | 2 488 215 216 |
| 30 April 2015     | 19949        | 20148       | 18666      | 14 785 701    | 2 895 394 224 |
| 31 March 2015     | 19291        | 20149       | 18089      | 18 482 518    | 3 523 066 027 |
| 28 February 2015  | 19652        | 20634       | 18608      | 15 435 376    | 3 023 103 624 |
| 29 February 2016  | 12020        | 13893       | 10507      | 22 615 376    | 2 694 948 122 |
| <b>Daily</b>      |              |             |            |               |               |
| 01 February 2016  | 11658        | 12257       | 11554      | 812 227       | 95 709 070    |
| 02 February 2016  | 11153        | 11755       | 11115      | 863 928       | 97 939 147    |
| 03 February 2016  | 11224        | 11321       | 10902      | 911 481       | 101 392 406   |
| 04 February 2016  | 11680        | 11999       | 11128      | 1 772 187     | 204 144 046   |
| 05 February 2016  | 12100        | 12353       | 11501      | 945 528       | 113 510 151   |
| 08 February 2016  | 11600        | 12000       | 11399      | 521 935       | 60 974 542    |
| 09 February 2016  | 11551        | 12100       | 11210      | 894 691       | 102 799 636   |
| 10 February 2016  | 11436        | 11738       | 11200      | 546 600       | 62 293 296    |
| 11 February 2016  | 10650        | 11500       | 10507      | 1 114 521     | 120 691 631   |
| 12 February 2016  | 11051        | 11214       | 10737      | 1 452 736     | 160 600 991   |
| 15 February 2016  | 11751        | 11751       | 11100      | 642 287       | 74 380 963    |
| 16 February 2016  | 11513        | 11948       | 11512      | 426 265       | 49 757 156    |
| 17 February 2016  | 11982        | 12233       | 11407      | 1 425 850     | 171 324 012   |
| 18 February 2016  | 12691        | 12778       | 11982      | 1 298 308     | 162 593 455   |
| 19 February 2016  | 12650        | 12950       | 12240      | 1 589 257     | 197 736 044   |
| 22 February 2016  | 12663        | 12700       | 12303      | 809 187       | 101 084 278   |
| 23 February 2016  | 13000        | 13893       | 12562      | 2 024 042     | 266 502 265   |
| 24 February 2016  | 11679        | 13291       | 11510      | 2 112 317     | 259 247 893   |
| 25 February 2016  | 11900        | 12100       | 11212      | 880 076       | 102 580 838   |
| 26 February 2016  | 11772        | 12270       | 11651      | 494 416       | 59 389 027    |
| 29 February 2016  | 12020        | 12581       | 11403      | 1 077 537     | 130 297 275   |
| 01 March 2016     | 12705        | 13050       | 11706      | 881 745       | 111 950 154   |
| 02 March 2016     | 13099        | 13391       | 12600      | 995 601       | 130 894 201   |
| 03 March 2016     | 13340        | 13399       | 13000      | 881 779       | 116 486 360   |
| 04 March 2016     | 13700        | 13814       | 13155      | 1 486 466     | 202 076 873   |
| 07 March 2016     | 14800        | 14837       | 13610      | 1 412 399     | 200 994 898   |
| 08 March 2016     | 14200        | 15000       | 13557      | 1 453 147     | 206 655 452   |
| 09 March 2016     | 14000        | 14057       | 13390      | 1 115 561     | 154 465 087   |
| 10 March 2016     | 14000        | 14357       | 13550      | 1 309 019     | 183 664 350   |
| 11 March 2016     | 14111        | 14795       | 13550      | 533 997       | 74 665 055    |
| 14 March 2016     | 14000        | 14460       | 13611      | 533 020       | 75 294 360    |
| 15 March 2016     | 13367        | 14000       | 13190      | 1 359 620     | 182 990 417   |
| 16 March 2016     | 13515        | 13799       | 13251      | 705 066       | 94 503 456    |
| 17 March 2016     | 14159        | 14430       | 13140      | 1 807 599     | 252 067 226   |
| 18 March 2016     | 15002        | 15002       | 13706      | 1 711 200     | 250 490 301   |
| 22 March 2016     | 15 036       | 15 159      | 14 400     | 1 453 720     | 214 604 688   |
| 23 March 2016     | 14 615       | 15 036      | 14 358     | 1 201 324     | 177 223 714   |





## 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 "Company")

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### NOTICE OF GENERAL MEETING OF SHAREHOLDERS

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Notice is hereby given that a General Meeting of the Shareholders will be held on Friday, 29 April 2016 at 09:00, at the registered office of the Company at Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Johannesburg.

The purpose of the meeting is to transact the following business and resolutions, with or without amendments approved at the meeting.

Terms defined in the Circular to which the Notice of General Meeting is attached, shall have the same meanings in this Notice of General Meeting.

Only Shareholders who are registered in the register of members of the Company on 22 April 2016 will be entitled to attend, speak and vote at the General Meeting. Therefore, the last date to trade to be eligible to participate and vote at the General Meeting of Imperial Shareholders is 15 April 2016.

In terms of section 62(3) (e) of the Act:

- a Shareholder who is entitled to attend and vote at the General Meeting of Imperial Shareholders in respect of the Shareholder resolutions is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the General Meeting of Imperial Shareholders in the place of the Shareholder; and
- a proxy need not be a Shareholder of the Company.

Kindly note that, in terms of section 63(1) of the Act, any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a Shareholder or as a proxy for a Shareholder) has been reasonably verified. Accordingly, all Shareholders recorded in the registers of the Company on the voting record date will be required to provide identification satisfactory to the chairman of the General Meeting of Imperial Shareholders in order to participate in and vote at the General Meeting of Imperial Shareholders. Forms of identification include valid identity documents, drivers' licenses and passports.

#### **SPECIAL RESOLUTION NUMBER 1 – APPROVAL TO ISSUE ORDINARY SHARES TO WOODDALE IN TERMS OF SECTION 41(1)(b) OF THE ACT**

**“RESOLVED THAT**, in terms of section 41(1)(b) of the Act, the Company be and is hereby authorised, as an asset-for-share transaction in terms of section 42 of the Income Tax Act, to issue and allot to Wooddale in exchange for the acquisition of the AMH sale shares and the Boundlesstrade sale shares respectively, the number of Imperial ordinary shares referred to in paragraph 4.2(i) and (ii) of the Circular.

Reason and effect

Section 41(1)(b) of the Act, requires that the Shareholders approve, by way of special resolution, an issue of shares, to a person related or inter-related to a Director of the Company.

Wooddale is such a person, being related to MP de Canha who is a Director of Imperial. Accordingly, the issue of the Imperial ordinary shares to Wooddale in exchange for the acquisition by Imperial of the AMH sale shares and the Boundlesstrade sale shares requires the approval by special resolution of the Imperial ordinary and deferred ordinary Shareholders.

In terms of the Act and the MOI of the Company, the minimum percentage of voting rights that is required for Special Resolution Number 1 to be adopted is 75% (seventy five percent) of the votes exercised on such special resolution by Shareholders present or represented by proxy at the General Meeting.

## ORDINARY RESOLUTION NUMBER 1: AUTHORITY GRANTED TO DIRECTORS

“**RESOLVED THAT**, any Director of the Company be and is hereby authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of the resolutions passed at the General Meeting.”

In terms of the MOI of the Company, Ordinary Resolution Number 1 requires the approval of a majority in votes cast in favour thereof by all Shareholders present or represented by proxy at the General Meeting.

### **Electronic participation**

The Company has made provision for Shareholders or their proxies to participate electronically in the General Meeting of Imperial Shareholders by way of telephone conferencing. Should you wish to participate in the General Meeting of Imperial Shareholders by telephone conference call as aforesaid, you, or your proxy, will be required to advise the Company thereof by no later than 16h30 on Friday, 22 April 2016 by submitting by email to the Company secretary at [rventer@ih.com](mailto:rventer@ih.com) or by fax to +27 11 372 6550, for the attention of Rohan Venter, relevant contact details, including an email address, cellular number and landline as well as full details of the Shareholder's title to securities issued by the Company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shares) and (in the case of dematerialised shares) written confirmation from the Shareholder's Central Securities Depository Participant (“CSDP”) confirming the Shareholder's title to the dematerialised shares.

Upon receipt of the required information, the Shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the General Meeting of Imperial Shareholders. Shareholders must note that access to the electronic communication will be at the expense of the Shareholders who wish to utilise the facility.

Shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the General Meeting of Imperial Shareholders through this medium.

### **Proxies and authority for representatives to act**

A form of proxy is attached for the convenience of any Shareholder holding certificated shares, who cannot attend the General Meeting of Imperial Shareholders but wishes to be represented thereat.

The attached form of proxy is only to be completed by those Shareholders who are:

- holding shares in certificated form; or
- recorded on the Company's sub-register in dematerialised electronic form with “own name” registration.

All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the General Meeting of Imperial sShareholders, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These Shareholders must not use a form of proxy.

Forms of proxy must be deposited at the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 09:00 on 26 April 2016. Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the General Meeting of Imperial Shareholders should the Shareholder decide to do so.

A company that is a Shareholder, wishing to attend and participate at the General Meeting of Imperial Shareholders should ensure that a resolution authorising a representative to so attend and participate at the General Meeting of Imperial Shareholders on its behalf is passed by its Directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the Company's transfer secretaries prior to the General Meeting of Imperial Shareholders.

**The Company does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the General Meeting of Imperial Shareholders or any business to be conducted thereat.**

By order of the board

Imperial Holdings Limited  
23 March 2016

Registered office  
Imperial Place  
Jeppe Quondam  
79 Boeing Road East  
Bedfordview, Johannesburg





**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 USE BY CERTIFICATED SHAREHOLDERS AND “OWN NAME” DEMATERIALISED SHAREHOLDERS ONLY)**

For completion by the aforesaid registered Shareholders who are unable to attend the General Meeting of Shareholders of the Company to be held at the office of the Company at Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, Johannesburg on Friday, 29 April 2016 at 09:00 (“the General Meeting of Imperial ordinary Shareholders”).

If you are a dematerialised shareholder, other than with “own name” registration, do not use this form. Dematerialised shareholders, other than with “own name” registration, should provide instructions to their appointed Central Securities Depository Participant (“CSDP”) or broker in the form as stipulated in the agreement entered into between the Shareholder and the CSDP or broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (ADDRESS)

Telephone number

Cellphone number

E-mail address

being a Shareholder(s) of the Company holding ordinary or deferred ordinary shares in the Company do hereby appoint

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

2. \_\_\_\_\_ or failing him/her

3. The Chairman of the General Meeting of Imperial Shareholders

as my/our proxy to vote for me/our behalf at the General Meeting (and any adjournment thereof) for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolutions to be considered at the General Meeting of Imperial Shareholders.

|  | Number of votes |          |          |
|--|-----------------|----------|----------|
|  | *In favour of   | *Against | *Abstain |
| Special Resolution Number 1: Approval to issue ordinary shares to Wooddale in terms of section 41(1)(b) of the Act |                 |          |          |
| Ordinary Resolution Number 2: Authority granted to Directors   |                 |          |          |

Insert an X in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each Shareholder entitled to attend and vote and the meeting may appoint one or more proxies (who need not be a Shareholder of the Company) to attend, speak and vote in his/her stead.

**Please read the notes on the reverse side hereof.**

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2016

Signature

Assisted by (where applicable)

**Notes to form of proxy:**

1. This form of proxy should only be used by certificated Shareholders or Shareholders who have dematerialised their shares with own name registration.
2. All other Shareholders who have dematerialised their shares through a Central Securities Depository Participant or broker and wish to attend the General Meeting, must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A Shareholder may insert the name/s of one or more proxies, none of whom need be a member of the Company, in the space provided, with or without deleting "the chairman of the General Meeting". The person whose name appears first on the 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. In the event that no names are indicated, the proxy shall be exercised by the chairman of the General Meeting.
4. A Shareholder's instructions on the form of proxy must be indicated by the insertion of an "X" or the number of shares in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all of the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Shareholder or by his/her proxy.
5. In order to be effective, completed proxy forms must reach the registered office of the Company or the transfer secretaries by 09:00 on 26 April 2016.
6. The completion and lodging of this form of proxy shall in no way preclude the Shareholder from attending, speaking and voting in person at the General Meeting to the exclusion of any proxy appointed in terms hereof.
7. Should this form of proxy not be completed and/or received in accordance with these notes, the chairman may accept or reject it, provided that in the case of acceptance, the chairman is satisfied as to the manner in which the Shareholder wishes to vote.
8. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the General Meeting.
9. The chairman shall be entitled to reject the authority of a person signing the form of proxy -
  - 9.1 under a power of attorney; or
  - 9.2 on behalf of a Company,unless that person's power of attorney or authority is deposited at the registered office of the Company or the transfer secretaries not less than forty-eight hours before the meeting.
10. Where shares are held jointly, all joint holders are required to sign the form of proxy.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
12. Any alteration of or correction to this form of proxy must be initialled by the signatory/ies.
13. On a show of hands, every Shareholder present in person or represented by proxy shall have only one vote, irrespective of the number of shares he/she holds or represents.
14. On a poll, every Shareholder present in person or represented by proxy shall have one vote for every share held by such Shareholder.
15. A resolution put to the vote shall be decided by a show of hands, unless, before or on the declaration of the results of the show of hands, a poll shall be demanded by any person entitled to vote at the General Meeting.

**Registered office**

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

**Transfer secretaries**

Computershare Investor Services Proprietary Limited  
Ground Floor  
70 Marshall Street  
Johannesburg 2001  
(PO Box 61051, Marshalltown, 2107)