

This Circular is important and requires your immediate attention

The definitions and interpretations commencing on page 17 of this Circular apply, *mutatis mutandis*, to this front cover.

Action required

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

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

Imperial Shareholders are referred to the section titled: “**Action required by Shareholders**” commencing on page 3 of this Circular, which sets out the action required by them.

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 or Preference 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, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever in any jurisdiction.



LEADERS IN MOBILITY

Imperial Holdings Limited

Incorporated in the Republic of South Africa

Registration Number: 1946/021048/06

Share code: IPL ISIN: ZAE000067211

Preference share code: IPLP ISIN: ZAE000088076

“Imperial” or “the Company”

Circular to Imperial shareholders regarding:

- the Unbundling by Imperial of all its Motus Shares to Ordinary Shareholders by way of a distribution *in specie* in terms of section 46 of the Companies Act and section 46 of the Income Tax Act, in the ratio of 1 Motus Share for every 1 Ordinary Share held at the close of business on the Record Date;
- the approval by Imperial Shareholders of the Unbundling in terms of section 112 read with section 115 of the Companies Act;
- the Listing of Motus in the Specialty Retailers sector on the main board of the JSE;
- the approval by Imperial Shareholders of amendments to the Existing Share Schemes; and
- the approval by Imperial Shareholders of the proposed change of name by the Company to “*Imperial Logistics Limited*” (and consequent amendments to the MOI of the Company) after the effective date of the Unbundling;

and incorporating:

- a notice convening a General Meeting of Imperial Shareholders; and
- a form of proxy (*yellow*) (for use by Certificated Shareholders and own-name Dematerialised Shareholders only).

Joint financial advisor and transaction sponsor



Legal advisors as to South African law



Joint financial advisor

J.P.Morgan



Independent reporting accountants and auditors

Deloitte.

Legal advisor as to the laws of the US



Independent Expert



This Circular is available in English only.

This Circular is being sent together with the Motus Pre-Listing Statement.

Copies of this Circular and the Motus Pre-Listing Statement may be obtained from the registered office of Imperial and the offices of Standard Bank whose addresses are set out in the "**Corporate information and advisors**" section of this Circular from Thursday, 27 September 2018 to Friday, 26 November 2018 and both documents will be available on Imperial's website: www.imperial.co.za/pdf/unbundling/unbundling-of-motus-circular.pdf and www.imperial.co.za/pdf/unbundling/motus-prelisting-circular.pdf.

Date of issue: Thursday, 27 September 2018

IMPORTANT LEGAL NOTICES

The definitions and interpretations commencing on page 17 of this Circular apply, *mutatis mutandis*, to this section and throughout this Circular.

General

This Circular does not constitute or form part of any offer or invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue, Imperial Shares, Motus Shares, or any other securities in Motus or Imperial.

The release, publication or distribution of this Circular and the Motus Pre-Listing Statement, and the distribution of Motus Distribution Shares, in jurisdictions other than South Africa and the US may be restricted by law. The distribution of Motus Distribution Shares to Foreign Shareholders in terms of the Unbundling may be affected by the laws of Foreign Shareholders' relevant jurisdictions. In this regard, Foreign Shareholders are referred to the further detail set out below.

Applicable Laws

The Unbundling is proposed solely in terms of this Circular, which includes the terms and conditions on which the Unbundling is to be implemented.

The Unbundling relates to securities of a South African company and is governed by, and must be construed in accordance with, the laws of South Africa. Accordingly, the Unbundling is subject to South African procedural laws and disclosure requirements.

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 Imperial 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.

Notice to Foreign Shareholders located in the US

The Motus Distribution Shares are expected to be issued and distributed in a transaction meeting the conditions of Staff Legal Bulletin No. 4 of the staff of the US Securities and Exchange Commission for "spin-off" transactions and, accordingly, all Foreign Shareholders located in the United States are eligible to vote on the resolutions to be proposed at the General Meeting and to subsequently, if the Unbundling is implemented, receive the Motus Distribution Shares without registration under the US Securities Act.

The Motus Shares and the Imperial Shares have not been, and will not be, registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the US. The Motus Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or determined the adequacy or accuracy of the information contained in this Circular. Any representation to the contrary is a criminal offence in the United States.

For further detail, please refer to paragraph 8.7 of this Circular.

Notice to Foreign Shareholders located in the UK

The Unbundling (a) will not constitute an "offer to the public" within the meaning of the European Union Directive 2003/21/EC, as amended, or an "offer of transferable securities to the public" within the meaning of section 102b(1) of the UK Financial Services and Markets Act 2000 and (b) does not contemplate the admission to trading of the Motus Distribution Shares on a regulated market in the UK or the European Union. Accordingly, all Foreign Shareholders located in the UK are eligible to vote on the resolutions to be proposed in the General Meeting and to subsequently, if the Unbundling is implemented, receive the Motus Distribution Shares without further action being taken by Imperial or Motus.

Foreign Shareholders – General

No action has been taken by Imperial or Motus to obtain any approval, authorisation or exemption to permit the distribution of the Motus Shares or the possession or distribution of this Circular and the Motus Pre-Listing

Statement (or any other publicity material relating to the Motus Shares) in any jurisdictions other than South Africa, the US or the UK.

The Unbundling and distribution of Motus Shares is being conducted under the procedural requirements and disclosure standards of South Africa which may be different from those applicable in other jurisdictions. The legality of the Unbundling to persons resident or located in jurisdictions outside of South Africa, the US or the UK may be affected by the laws of the relevant jurisdiction. Such persons should consult their professional advisors and inform themselves about any applicable legal requirements, which they are obligated to observe. It is the responsibility of any such person wishing to participate in the Unbundling to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith.

Any Motus Distribution Shares to which Foreign Excluded Imperial Shareholders are entitled will be aggregated and disposed of on the JSE by the Transfer Secretaries for the benefit of such Foreign Excluded Imperial Shareholders. CSDPs will be responsible for informing the Transfer Secretaries of all Dematerialised Shares held by them on behalf of Foreign Excluded Imperial Shareholders. The Transfer Secretaries will determine which certificated Imperial Shareholders are Foreign Excluded Imperial Shareholders.

Foreign Excluded Imperial Shareholders will, in respect of their shareholdings, receive the average consideration per share (net of costs) at which all Foreign Excluded Imperial Shareholders' Motus Distribution Shares were disposed of. The average consideration will be calculated and the consideration due to each Foreign Excluded Imperial Shareholder will be paid only once all these Motus Distribution Shares have been disposed of. Imperial Shareholders who are not residents of South Africa or whose registered addresses fall outside of South Africa should contact their CSDP or broker if they are uncertain of the impact of the Unbundling on them.

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 and automotive 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 Motus, 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 Motus, 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 IMPERIAL SHAREHOLDERS

The definitions and interpretations commencing on page 17 apply, *mutatis mutandis*, to this section and throughout this Circular.

Please take careful note of the following provisions regarding the action required by Imperial Shareholders:

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.

If you have disposed of all your Imperial Shares or Preference Shares, 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.

This Circular contains information relating to the Unbundling by Imperial of all of its Motus Shares to Ordinary Shareholders by way of a distribution *in specie* in terms of section 46 of the Companies Act and section 46 of the Income Tax Act, in the ratio of 1 Motus Share for every 1 Ordinary Share held at the close of business on the Record Date, the amendments to the Existing Share Schemes and the change of name of the Company from “*Imperial Holdings Limited*” to “*Imperial Logistics Limited*” (and consequential amendments to the MOI).

General Meeting:

Imperial Shareholders and Deferred Ordinary Shareholders are invited to attend the General Meeting, convened in terms of the notice incorporated in this Circular, which will be held in the Training Room, Hyundai Head Office, Cnr Lucas and Norman Roads, Bedfordview, Johannesburg, Gauteng, at 10:00 (CAT) on Tuesday, 30 October 2018 or at any other adjourned or postponed date and time determined in accordance with the provisions of the Companies Act as read with the Listing Requirements, for purposes of considering and, if deemed fit, passing the resolutions set out herein.

You should carefully read through this Circular and decide how you wish to vote on the resolutions to be proposed at the General Meeting.

Conditions to the resolutions set out in the notice of General Meeting being proposed at the General Meeting:

- it is a condition of special resolution number 1 set out in the notice of General Meeting that if, before it is to be voted on at the General Meeting, the Company receives any written notice from any Shareholder/s in terms of section 164(3) of the Companies Act objecting to such special resolution, then the chairperson of the General Meeting **may** close the General Meeting without putting such special resolution to the vote; and
- it is a condition of ordinary resolution number 1 and special resolution number 2 set out in the notice of General Meeting that, if special resolution number 1 set out in the notice of General Meeting has not been put to the vote at the General Meeting, or if special resolution number 1 set out in the notice of General Meeting has been put to the vote at the General Meeting but has not been duly adopted, then the chairperson of the General Meeting **shall** close the General Meeting without putting ordinary resolution number 1 or special resolution number 2 set out in the notice of General Meeting to the vote.

Voting and attendance at the General Meeting:

1. IF YOU HOLD DEMATERIALISED SHARES

Own-name registration

You are entitled to attend, or be represented by proxy, and may vote (or abstain from voting), at the General Meeting.

If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to

be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, 1st Floor Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107) by no later than 10:00 CAT on Monday, 29 October 2018 for administrative purposes. Alternatively, your form of proxy may be handed to the chairperson of the General Meeting prior to the commencement thereof.

Other than own-name registration

If your CSDP or broker has not contacted you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

You must not complete the attached form of proxy (*yellow*). In accordance with the Custody Agreement between you and your CSDP or broker you must advise your CSDP or broker timeously if you wish to attend, or be represented at, the General Meeting.

Your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend, or to be represented at the General Meeting.

The 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 General Meeting or of the matters set out in this Circular.

2. **IF YOU HOLD CERTIFICATED SHARES**

You are entitled to attend, or be represented by proxy, and may vote (or abstain from voting) at the General Meeting.

If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, 1st Floor Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107) by no later than 10:00 CAT on Monday, 29 October 2018 for administration purposes. Alternatively, your form of proxy may be handed to the chairperson of the General Meeting prior to the commencement of that meeting.

3. **IDENTIFICATION**

In terms of section 63(1) of the Companies Act, all General Meeting participants will be required to provide identification reasonably satisfactory to the chairman of the General Meeting, who must be reasonably satisfied that the right of that person to participate in, and speak and vote at, the General Meeting as a Shareholder, as proxy or as a representative of a Shareholder, has been reasonably verified. Accepted forms of identification include original South African drivers' licenses, South African identity documents and passports.

4. **ELECTRONIC PARTICIPATION**

Shareholders or their proxies may participate in (but not vote at) the 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 Friday, 26 October 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 be billed separately by their own telephone service providers for their own telephone calls to participate in the General Meeting; and
- Shareholders and their proxies will not be able to vote telephonically at the General Meeting and will still need to appoint a proxy or representative to vote on their behalf at the General Meeting.

Shareholders are hereby 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.

5. **SHAREHOLDER APPROVAL OF THE UNBUNDLING**

The Unbundling is deemed to constitute a Section 112 Disposal, and must be approved by a special resolution, in accordance with sections 112 and 115(2)(a) of the Companies Act, at the General Meeting, at which meeting for quorum purposes at least three Shareholders must be present, 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 General Meeting.

6. **SHAREHOLDER APPROVAL OF THE CHANGE OF NAME**

The Company proposes, subject to the approval of Shareholders, to change its name from “*Imperial Holdings Limited*” to “*Imperial Logistics Limited*” (and to make consequent amendments to the MOI of the Company). The change of name of the Company must be approved by a special resolution, in accordance with section 16(1)(c)(ii) of the Companies Act and article 38 of the MOI, at the General Meeting, at which meeting for quorum purposes at least three Shareholders must be present, 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 General Meeting.

7. **SHAREHOLDER APPROVAL OF THE AMENDMENTS TO THE EXISTING SHARE SCHEMES**

The proposed amendments to the Existing Share Schemes, that are set out in Annexures 8, 9 and 10 attached to this Circular, must be approved by an ordinary resolution (adopted with the support of at least 75% of the voting rights exercised on such resolutions), in accordance with paragraph 14.2 of Schedule 14 of the Listings Requirements, Rule 16 of the SARs Rules (in the case of proposed amendments to the SARs), Rule 15 of the DBP Rules (in case of proposed amendments to the DBP) and Rule 14 of the CSP Rules (in the case of proposed amendments to the CSP), at the General Meeting, at which meeting for quorum purposes at least three Shareholders must be present, 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 General Meeting.

8. **CONDITIONS APPLICABLE TO THE SPECIAL RESOLUTIONS BEING PROPOSED AT THE GENERAL MEETING**

Shareholders are advised to note the conditions to which the special resolutions being put to the vote at the General Meeting are subject to, as more fully described in the section above titled: **Conditions to the resolutions set out in the notice of General Meeting being proposed at the General Meeting**, and restated in the notice of General Meeting.

9. **POTENTIAL COURT APPROVAL**

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 Unbundling without the approval of the court, despite the fact that the special resolution number 1 set out in the notice of General Meeting will have been duly adopted at the General Meeting.

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 1 to this Circular.

10. **DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS**

10.1 In terms of section 164 of the Companies Act, Shareholders who are entitled to vote on special resolution number 1 in the notice of General Meeting, are advised of the following Appraisal Rights which they have:

10.1.1 at any time before special resolution number 1 in the notice of General Meeting is to be voted on at the General Meeting, a Shareholder (who is entitled to vote) may give Imperial written notice objecting to special resolution number 1 in the notice of General Meeting;

10.1.2 within 10 Business Days after Imperial has adopted special resolution number 1 in the notice of General Meeting, Imperial must send a notice confirming that special resolution number 1 in the notice of General Meeting 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 special resolution number 1 in the notice of General Meeting;

10.1.3 a Shareholder who has given Imperial written notice in terms of section 164 of the Companies Act objecting to special resolution number 1 in the notice of General Meeting and has complied with all of the procedural requirements set out in section 164 of the Companies Act may, if special resolution number 1 in the notice of General Meeting has been adopted, demand in writing that:

- within 20 Business Days after receipt of the notice referred to in paragraph 10.1.2 above; or
- if the Shareholder does not receive the notice from Imperial referred to above, within 20 Business Days after learning that special resolution number 1 in the notice of General Meeting has been adopted,

Imperial pay the Shareholder 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.

10.2 A more detailed explanation of the Appraisal Rights of a Dissenting Shareholder is contained in paragraph 10 of this Circular.

10.3 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 1 to this Circular.

10.4 Before exercising their rights under section 164 of the Companies Act, in relation to the Unbundling, Shareholders should have regard to:

10.4.1 the Independent Expert Report set out in Annexure 6 to this Circular, which concludes that the Unbundling is fair and reasonable as far as Imperial Shareholders are concerned; and

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

11. TRP APPROVAL

11.1 Shareholders are advised that the Unbundling is deemed to constitute a Section 112 Disposal, and as such, constitutes an “*affected transaction*” as defined in section 117(1)(c)(i) of the Companies Act. Consequently, the Unbundling is regulated by the Companies Act and the Takeover Regulations and requires the approval of the TRP.

11.2 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

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Place and date of incorporation of Imperial: Johannesburg, South Africa, 15 February 1946

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SALIENT FEATURES

This summary contains the salient features of the Listing and Unbundling of Motus set out in this Circular and the Motus Pre-Listing Statement, which should be read in their entirety for a complete understanding thereof.

The definitions and interpretations commencing on page 17 of this Circular apply *mutatis mutandis* to this section and throughout this Circular.

1. EVOLUTION OF IMPERIAL HOLDINGS

Founded in 1948 as a motor dealership in Johannesburg, South Africa, and listed on the JSE in 1987, Imperial evolved into one of the country's largest diversified conglomerates. The Group navigated pivotal political, social and economic shifts, to grow into a globally significant importer, distributor and dealer of motor vehicles and associated products and services, while concurrently expanding into adjacent business areas associated with the transport of goods.

The Group's decentralised business model facilitated and encouraged the acquisition, development and growth of large and small businesses alike, and sought to balance a strong entrepreneurial culture with appropriate financial control and sound governance.

In 2008, a major portfolio restructuring was implemented with an emphasis on retaining and investing in businesses with the potential to generate higher yields on capital and defensive annuity income streams.

A landmark development in Imperial Holdings' growth trajectory was the acquisition of CIC Holdings in 2010, a CPG distribution business active in the SADC region, which initiated and accelerated the company's expansion into the African Regions.

By 2014, as a diversified, multi-national industrial services and retail group, Imperial employed around 52 000 people and generated revenues in excess of R100 billion, with a wide range of vertically integrated businesses in the logistics, automotive and industrial, and financial services sectors.

A strategic evaluation revealed that the Group was invested in a vast portfolio of businesses and assets, some of which were stand-alone, unrelated to the Group's core capabilities, underperforming, sub-scale or low return on effort. Conversely, an assessment of the Group's portfolio confirmed those businesses and assets that had the most promising prospects within the 2 chosen sectors of mobility – logistics and automotive value chains.

From late 2014, with a strong focus on strategic clarity, a fundamental transformation was initiated to position Imperial to unlock intrinsic value within the Group. Touching every part of the organisation, the changes sought to retain the entrepreneurial creativity and capital management excellence that had underpinned the Group's past success, while ensuring that the structure, strategies, and value propositions of its divisions were clarified, simplified and focused, for sustainable competitive advantage, growth and returns.

Substantial portfolio optimisation saw the Group disposing of assets that did neither fit the Group and underlying business unit's strategies nor generate sufficient returns on capital or executive effort, and acquiring those that did. Since 2014, as many as 55 businesses and 90 properties were sold, releasing capital of R7.0 billion, and R5.7 billion was invested in acquiring 17 companies.

With effect from 1 July 2016 and 1 January 2017 respectively, the Group consolidated its logistics and automotive operating companies and assets within 2 large, self-sufficient, multi-national companies, Imperial Logistics and Motus, each with its own board of directors, CEO, executive committee and increasingly self-sustaining balance sheets. Numerous executive management changes were made to accommodate the new structure and the succession for retiring executives.

Similarly, the internal separation necessitated a realignment of the Group's governance structure and two strong operating boards of directors were established. To further entrench the independence and focus of Imperial Logistics and Motus, the functions of the Imperial head office were systematically devolved to the 2 businesses. From 1 July 2017, the Group's executive committee was disbanded and its authorities devolved to the divisional boards, which have since presided over the implementation of exemplary governance standards.

Over the intervening period, Imperial Logistics and Motus have continued to restructure internally for effectiveness, and to position their businesses for sustainable competitiveness. The latter has included thorough consideration of the cyclical and structural dynamics, and specifically the disruptive change expected, in the logistics and automotive sectors. Pursuant to more efficient capital and funding structures, significant effort ensured that each business achieved appropriately geared independent and self-sustaining balance sheets as evidenced by the June 2018 results.

It is noteworthy that in the 70th year of the Group's existence, it has reached the culmination of the far-reaching changes to the portfolios, strategies, structures and management of its businesses, each of which are comparable to the governance, executive, operating, control and reporting standards of major public companies.

2. **RATIONALE FOR THE LISTING AND UNBUNDLING OF MOTUS**

The transformation and development of Imperial in recent years has been directed at value creation through strategic clarity, managerial focus and shareholder insight. The first has been achieved through portfolio rationalisation, the second through organisation structure and the third through disclosure. This approach has exposed the absence of operational synergies and resulted in the rapid establishment of Imperial Logistics and Motus as two large independent businesses. Both are managed and reported on separately, with separate CEOs, boards of directors and executive committees, with decreasing functional support from the holding company. As mentioned, each business achieved appropriately geared independent and self-sustaining balance sheets as evidenced by the results to 30 June 2018.

In light of the above, the role of Imperial as the custodian of governance and the provider of capital to the businesses is no longer necessary. Consequently, and after due consideration to whether the long-term prospects of Imperial Logistics and Motus will be enhanced by them being separately listed, the Board approved the external separation of the two businesses through the unbundling of Motus. The Unbundling will enable each of the two businesses to operate in a more focused and efficient manner, allowing each of the businesses to achieve their respective strategic goals, be separately accountable to debt and equity providers and unlocking value for shareholders over the long term. The Unbundling will also provide Shareholders with the opportunity to participate directly in Imperial Logistics and/or Motus.

The Transaction will be underpinned by the following:

- strategic focus and independence;
- improved operational efficiency mainly through the reduction in complexity, duplication of processes, and costs over time;
- focused capital and funding structures; and
- enhanced investor understanding and insight of each business and its sub-divisions.



3. **IMPERIAL LOGISTICS**

3.1 **Overview**

Imperial Logistics is an integrated outsourced logistics service provider with a diversified presence across Africa and Europe. With its strong regional growth platforms, specialist capabilities customised to serve multi-national clients in attractive industry verticals, and "asset-right" business model, Imperial Logistics is expected to deliver sustainable revenue growth, enhanced profitability and a stable dividend of approximately 45% of HEPS. Improvements in asset mix and cash flow, and plans to achieve targeted returns on capital in excess of weighted average cost of capital, will support this expectation.

3.2 **Key investment highlights**

Ranked in the top 25 global 3PL providers as published by Armstrong & Associates Inc (#15 for land-based revenue) in 2017, with a presence in 38 countries on five continents and approximately 30 000 employees, Imperial Logistics' key investment highlights include:

- Leading positions in regional markets provide platforms for sustainable growth: market leader in South Africa, a leader in selected industries (CPG and Healthcare) in the African Regions and in certain specialised capabilities in Europe;

- Competitive differentiation centred on agility and customisation: specialised capabilities across the value chain enable customised and integrated solutions, with service offerings and operating models tailored to client requirements and market maturity;
- Trusted partner to multinational clients: quality contract portfolio in high-growth and defensive industries, with partnerships demonstrating reach, capabilities, assets, innovation and legitimacy;
- “Asset-right” business model underpins financial profile: more optimal asset mix and targeted returns on capital, support prospects for sustainable revenue growth and enhanced profitability and cash generation;
- Vision to unlock benefits of “one Imperial Logistics”: strategy focused on sustainable revenue growth, enhanced returns and improved competitiveness, with initiatives to drive substantial organic growth enabled by differentiated approach to digitalisation and innovation, and enhanced financial flexibility supporting selective acquisitive growth;
- Track record for consistent growth: proven ability to acquire, develop and leverage specialist capabilities to establish growth platforms in emerging and advanced markets; and
- Strong and committed leadership: highly experienced, long-serving management team and a strong independent Board.

3.3 Strategy

Imperial Logistics aspires to be an internationally acclaimed tier one provider of outsourced value-add logistics, supply chain management and route-to-market solutions, customised to ensure relevance and competitiveness of its clients in the industries and geographies in which it participates.

Imperial Logistics has strong regional growth platforms and specialist logistics capabilities, customised to serve multi-national clients in selected industries. Its strategy is focused on sustainable revenue growth, enhanced returns and improved competitiveness, with initiatives to drive substantial organic growth enabled by a differentiated approach to digitalisation and innovation, and enhanced financial flexibility supporting selective acquisitive growth.

3.4 Salient financial performance for Imperial Logistics

Summarised income statement

(ZAR'm)	FY 16	FY 17	FY 18
Revenue	47 912	49 715*	51 399
<i>Revenue growth</i>	8%	4%	3%
Operating profit	2 543	2 764	2 853
<i>Operating margin</i>	5%	6%	6%
Interest expense	(740)	(768)	(710)
Pre-tax profit	1 362	1 420	1 790

* Restated

Restatement of comparative information

Revenue restatement

Revenue for continuing operations for FY2017 has been restated. In 2017, inter-company revenue of R950 million was incorrectly included in external revenue and as a consequence was not eliminated from the consolidated revenue. This error originated from the Imperial Logistics International segment. The restatement had no impact on profits, cash flows or the financial position, and it only affected revenue and net operating expenses as detailed below:

Statement of profit or loss

R million	2017
Revenue (decrease)	(950)
Net operating expenses (decrease)	950
Profit from operations before depreciation and recoupments (no impact)	

Summarised Statement of financial position

(ZAR'm)	FY 16	FY 17	FY 18
Assets			
Goodwill and intangible assets	6 530	8 674	8 587
Property, plant and equipment	4 763	4 068	3 207
Transport fleet	5 993	5 597	5 391
Investment in associate	509	452	503
Inventories	1 812	1 730	2 194
Trade and other receivables	8 612	9 093	9 806
Other financial asset	10	28	34
Operating assets	28 229	29 642	29 722
Liabilities			
Net debt	9 204	9 295	5 798
Trade and other payables and provisions	8 963	10 219	9 936

Note: Shareholders are referred to section 6 of this Circular which sets out further financial information.



4.1 Overview

Motus is a diversified (non-manufacturing) business to the automotive sector with unrivalled scale and scope in South Africa, and a selected international presence in the UK and Australia. Motus' unique business model is fully integrated across the automotive value chain – import and distribution, retail and rental, motor-related financial services and aftermarket parts. This business model provides diversified service offerings, significant annuity earnings underpin, maximises revenue and income opportunities, and provides returns in excess of WACC, enabling Motus to maintain sustainable free cash flow and pay an attractive dividend.

4.2 Key investment highlights

Supported by over 18 300 employees and as Southern Africa's largest automotive group, Motus' key investment highlights include:

- Fully integrated business model across the automotive value chain: Import and Distribution, Retail and Rental, Motor- Related Financial Services, and Aftermarket Parts supplier;
- A leading position in South Africa and selected international presence (UK and Australia);
- Access to annuity income streams, high free cash flow generation, and best-in-class ROIC, providing a platform for an attractive dividend yield;
- Unrivalled scale underpinning a differentiated value proposition to OEMs, customers and business partners, providing multiple customer touch points supporting resilience and customer loyalty through the entire vehicle ownership cycle;
- Defined organic growth trajectory through portfolio optimisation, continuous operational enhancements and innovation, with a selective acquisition strategy outside South Africa leveraging best-in-class expertise; and;
- Highly experienced management team with deep industry knowledge of regional global markets, and a proven track record with years of collective experience and a strong independent board.

4.3 Strategy

Motus is positioned to maintain its leading automotive retail market share in South Africa and grow in selected international markets. Motus aims to sustain best-in-class earnings, targeted returns and high free cash flow generation, providing a platform for a consistent Dividend pay-out through the cycle.

Motus has a strategic focus on deepening its competitiveness and relevance across the automotive value chain, by driving organic growth through optimisation and innovation, with selective acquisitive growth outside South Africa.

The achievement of its vision and related aspirations for financial performance, market performance and innovation is supported by clearly defined strategic initiatives at a Motus group and segment level.

4.4 Salient financial performance for Motus

Summarised statement of profit or loss – continuing operations

(ZAR'm)	Audited FY2018	Reviewed FY2017	Reviewed FY2016
Revenue	77 659	66 129	65 538
Operating profit	3 593	3 339	3 292
<i>Operating profit margin</i>	<i>4.6%</i>	<i>5.0%</i>	<i>5.0%</i>
Adjusted EBITDA	4 946	4 927	4 520
Net finance costs	(737)	(889)	(675)
Pre-tax profit ¹	3 210	2 019	2 374
Income tax	(897)	(671)	(677)
Profit after tax	2 313	1 310	1 503
Attributable to owners of Motus	2 346	1 569	1 493
Attributable to non-controlling interests	(33)	(259)	10

1. The above table excludes discontinued operations, as disclosed in Annexure 1, except for profit after tax, profit attributable to owners of Motus and profit attributable to non-controlling interest.
2. Above table includes items of an exceptional nature.
3. FY2017 included a foreign exchange loss of R388 million which resulted from the unwinding of uneconomical and excessive forward cover mainly in Renault and FY2018 included a net profit on disposal of property amounting to R617 million.

Summarised statement of financial position

(ZAR'm)	Audited FY2018	Reviewed FY2017	Reviewed FY2016
Goodwill and intangible assets	1 230	798	895
Property, plant and equipment	6 786	6 465	6 888
Vehicles for hire	3 924	3 859	3 391
Adjusted net working capital	6 731	8 235	8 193
Deferred funds	(2 724)	(2 807)	(2 949)
Other net assets	1 597	2 175	2 337
Net debt	(5 900)	(6 803)	(6 746)
Shareholders' equity	(11 644)	(11 922)	(12 009)

*The above excludes discontinued operations as disclosed in **Annexure 1**.*

The figures disclosed above are an extract from the Motus consolidated financial statements, the basis of which are different to Imperial's published results for Motus, prepared on the following basis:

- They are prepared using common control principles. This requires that the group structure applicable at 30 June 2018 and consolidated processes used to produce the June 2018 figures are also applied to 2016 and 2017 even although the group structure at 30 June 2018 was not in place for June 2017 and 2016. As a result, various businesses held in other areas of the group (for example, certain properties held by the group head office) are included in the consolidated Motus results for 2015 and 2016.
- The Motus and Imperial Statement of Profit or Loss is prepared on a continuing basis including exceptionals for 2016 and 2017.
- In Imperial Inter-divisional transactions are eliminated including sales by the Motus operations to Logistics. In the Motus PLS results these sales are seen as sales to third parties.
- The Motus Statement of Financial Position is prepared splitting the assets and liabilities between current and non-current, whereas for Imperial it is prepared in the order of liquidity. This requires the reallocation of assets and liabilities within the Statement of Financial Position leading to differences between asset and liability line items when compared to Imperial's published results for Motus. This has no impact on equity.

5. **PURPOSE OF THIS CIRCULAR**

The purpose of this Circular and the accompanying notice of General Meeting is to provide Imperial Shareholders and Deferred Ordinary Shareholders with information regarding the Unbundling and to convene a General Meeting to be held at 10:00 (CAT) on Tuesday, 30 October 2018 in the Training Room, Hyundai Head Office, Cnr Lucas and Norman Roads, Bedfordview, Johannesburg, Gauteng, at which Shareholders will be asked to consider and, if deemed fit, pass the necessary resolutions required in order to implement the Unbundling, approve the amendments to the Existing Share Schemes and approve the change of name of the Company (and consequential amendments to the MOI of the Company).

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 17 of this Circular apply *mutatis mutandis* to this section and throughout this Circular.

2018

Terms announcement released on SENS	Monday, 17 September
Terms announcement published in South African press	Tuesday, 18 September
Posting record date for purposes of receiving this Circular	Friday, 21 September
Motus Abridged Pre-Listing Statement released on SENS	Wednesday, 26 September
Circular posted to Imperial Shareholders and Preference Shareholders	Thursday, 27 September
Motus Pre-Listing Statement posted to Imperial Shareholders	Thursday, 27 September
Motus Abridged Pre-Listing Statement published in the South African press	Thursday, 27 September
Last day to trade in order to be eligible to participate and vote at the General Meeting	Tuesday, 16 October
Record date in order to participate and vote at the General Meeting	Friday, 19 October
Form of proxy (<i>yellow</i>) for General Meeting to be received by 10:00 CAT Alternatively may be handed to the chairperson of the General Meeting prior to commencement of the General Meeting on Tuesday, 30 October	Monday, 29 October
Last day for any Imperial Shareholder to deliver a written notice to the Company objecting to special resolution no. 1 in the Notice of General Meeting in accordance with section 164(3) of the Companies Act before the special resolution is to be voted on at the General Meeting	Tuesday, 30 October
General meeting held at 10:00 CAT	Tuesday, 30 October
Results of General Meeting released on SENS	Tuesday, 30 October
Results of General Meeting published in the South African press	Wednesday, 31 October
Unbundling Finalisation Date announcement expected to be published on SENS on	Wednesday, 14 November
Last day to trade in Imperial Shares on the JSE to participate in Unbundling Listing of Motus from the commencement of trade	Wednesday, 21 November
Imperial Shares trade ex entitlement to Motus Distribution Shares	Thursday, 22 November
Announcement of specified ratio in respect of apportionment of costs/base costs of Motus for taxation/CGT purposes released on SENS	Thursday, 22 November
Announcement of specified ratio in respect of apportionment of costs/base costs of Motus for taxation/CGT purposes released published in the South African press	Friday, 23 November
Record date to receive Motus Shares in relation to the Unbundling	Monday, 26 November
Motus Distribution Shares unbundled to Imperial Shareholders	Monday, 26 November
Imperial Shareholder's account with CSDP or broker updated	Tuesday, 27 November
	Tuesday, 27 November

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. Shares may not be dematerialised or rematerialised between Thursday, 22 November 2018 and Monday, 26 November 2018.
4. If the General Meeting is adjourned or postponed, forms of proxy submitted of the General Meeting will remain valid in respect of any adjournment or postponement of the general meeting, unless the contrary is stated on the relevant form of proxy.
5. To the extent that a form of proxy (*yellow*) is not received by 10:00 on Monday, 29 October 2018, as envisaged in the table above, the form of proxy may be handed to the chairperson of the General Meeting prior to the commencement of such meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates the contrary, the following expressions have the meanings assigned to them below and an expression which denotes any gender includes the other genders, any reference to a natural person includes a juristic person and *vice versa* and the singular includes the plural and *vice versa*.

“3PL”	third-party logistics, being logistics and supply chain management outsourced to third-parties for distribution and fulfilment services;
“Act” or “Companies Act”	the South African Companies Act, No. 71 of 2008, as amended;
“Adjusted EBITDA”	earnings before interest, taxation, depreciation, amortisation, profit or loss on disposal of investments and on disposal of property, plant and equipment, investment properties and intangible assets, before currency losses and other non-operating items;
“Adjusted net working capital”	consists of inventories, trade and other receivables, derivative instruments, provisions and trade and other payables;
“African Regions”	the countries in which Imperial Logistics operates on the African continent outside of South Africa;
“Appraisal Rights”	the rights afforded to Shareholders in terms of section 164 of the Companies Act, as discussed in paragraph 10 of this Circular and set out in Annexure 1 to this Circular;
“Appraisal Rights Offer”	an offer made by Imperial to a Dissenting Shareholder in terms of section 164(ii) of the Companies Act;
“asset-heavy”	owning or leasing of warehouses and equipment;
“asset intensity”	a measure of efficiency in the deployment of assets calculated by dividing the total value of assets by revenue;
“asset-light”	utilising third-party providers or sub-contractors assets;
“asset-right”	adopting the appropriate balance between an asset-heavy and asset-light model subject to linking asset intensity to the client (strategic); contract duration; switching costs (no onerous provisions); and (ii) optimised ROIC (capital allocation);
“B2B”	business-to-business;
“B-BBEE”	Broad-Based Black Economic Empowerment;
“B-BBEE Act”	the South African Broad-based Black Economic Empowerment Act, No. 53 of 2003, as amended;
“B-BBEE Codes”	the South African Codes of Good Practice on Broad-Based Black Economic Empowerment issued under the B-BBEE Act from time to time;
“Board” or “Directors”	the board of directors of Imperial, as constituted from time to time comprising, as at the date of this Circular, the directors reflected on page 22 of this Circular;
“Bonds”	the domestic medium term notes issued by Imperial Group and guaranteed by the Company;
“BRICS”	countries of Brazil, Russia, India, China and South Africa;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“CAGR”	compound annual growth rate;
“CAT”	Central African Time;

“CEO”	Chief Executive Officer;
“Certificated Shareholders”	holders of Certificated Shares;
“Certificated Shares”	Imperial Shares which have not been Dematerialised, title to which is represented by share certificates or other documents of title;
“CFO”	Chief Financial Officer;
“CGT”	capital gains tax as levied in terms of schedule 8 of the Income Tax Act;
“Circular”	this bound document dated Thursday, 27 September 2018 including the notice of General Meeting and form of proxy attached thereto;
“CSP”	Imperial Conditional Share Plan constituted and regulated by the CSP Rules;
“CSP Rules”	the rules of the CSP dated 3 November 2009, as amended from time to time;
“CMA”	South Africa, Namibia, Lesotho and Swaziland, known collectively as the common monetary area;
“CPG”	consumer packaged goods;
“CSDP”	a central securities depository participant as defined in section 1 of the Financial Markets Act;
“Custody Agreement”	a custody mandate agreement between a holder of Dematerialised Shares and a CSDP or broker regulating their relationship in respect of the Dematerialised Shares held by the CSDP or broker;
“DBP”	Imperial Deferred Bonus Plan constituted and regulated by the DBP Rules;
“DBP Rules”	the rules of the DBP dated 15 June 2011, as amended from time to time;
“Deferred Ordinary Shareholder”	registered holder 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;
“Deloitte & Touche” or “independent reporting accountants and auditors”	Deloitte & Touche (practice number 902276), registered auditors, the independent reporting accountants and auditors to Imperial;
“Dematerialised”	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 Shareholders”	registered holders of Dematerialised Shares;
“Dematerialised Shares”	Imperial Shares which have been Dematerialised;
“Disposal”	the disposal by Imperial of the transferring assets to its wholly-owned subsidiary, Motus, as at the Last Practicable Date, in terms of asset-for-share transactions in accordance with the provisions of section 42 of the Income Tax Act;
“Dissenting Shareholder”	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 the fair value of all of their Shares;
“dividend tax”	dividend withholding tax payable in respect of any dividend in terms of Part VIII of the Income Tax Act;
“documents of title”	share certificates, certified transfer deeds, balance receipts and other documents of title to shares acceptable to Imperial;

“EBITDA”	earnings before interest, tax, depreciation and amortisation;
“EPS”	earnings per 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, No. 9 of 1933, as amended;
“Existing Share Schemes”	collectively, the SARs, the DBP and the CSP;
“Financial Markets Act”	the South African Financial Markets Act, No. 19 of 2012, as amended;
“Foreign Excluded Imperial Shareholders”	a Foreign Shareholder, the distribution of Motus Distribution Shares to whom would or may infringe the laws of any jurisdiction outside South Africa, the US or the UK, or would require Imperial or Motus to comply with any governmental or other consent or any registration, filing or other formality with which Imperial or Motus is unable to comply or compliance with which Imperial regards as unduly onerous or burdensome;
“Foreign Shareholders”	a 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;
“FY”	financial year ending 30 June;
“GDP”	gross domestic product;
“General Meeting”	the general meeting of Imperial Shareholders convened in terms of the notice of general meeting attached to and forming part of this Circular, to vote on the resolutions set out therein, which meeting is expected to take place at 10:00 CAT on Tuesday, 30 October 2018 in the Training Room, Hyundai Head Office, Cnr Lucas and Norman Road, Bedfordview, Johannesburg, Gauteng;
“HEPS”	headline earnings per share;
“IFRS”	international financial reporting standards as issued by the International Accounting Standards Board from time to time;
“IMF”	the International Monetary Fund;
“Imperial” or “the Company”	Imperial Holdings Limited, a public company with limited liability incorporated in accordance with the laws of South Africa with registration number 1946/021048/06 and listed on the JSE;
“Imperial Group” or “Group”	collectively, Imperial and its Subsidiaries from time to time;
“Imperial Logistics”	Imperial’s operations excluding Motus, being the logistics operations of Imperial, which will comprise the sole business of Imperial post the Listing and Unbundling of Motus;
“Imperial Logistics International”	the international countries in which Imperial operates outside of the African continent, being predominantly in Europe;
“Imperial Shares” or “Shares”	collectively, Ordinary Shares and Deferred Ordinary Shares;
“Imperial Shareholders” or “Shareholders”	collectively, Ordinary Shareholders and Deferred Ordinary Shareholder;
“Imperial Treasury Shares”	3 185 000 Imperial treasury shares that are held by Imperial Corporate Services Proprietary Limited;
“Income Tax Act”	the South African Income Tax Act, No. 58 of 1962, as amended;
“Independent Board”	collectively, S.P. Kana, P. Cooper, G.W. Dempster, P. Langeni, T. Skweyiya and R.J.A. Sparks, being the Directors that the Company has indicated are independent directors as envisaged in regulation 81 of the Takeover Regulations;

“Independent Expert” or “PwC”	PricewaterhouseCoopers Corporate Finance Proprietary Limited (registration number 1970/003711/07), the independent expert appointed to provide the Independent Expert Report to the Independent Board;
“Independent Expert Report”	the Independent Expert's opinion on the fairness and reasonableness of the Unbundling to Shareholders, prepared in accordance with section 114 of the Companies Act and regulation 90 of the Takeover Regulations as set out in Annexure 6;
“IT”	information technology;
“international freight management”	air and ocean freight management and customs clearing;
“JSE”	the stock exchange operated by the JSE Limited, a public company incorporated in South Africa registration number 2005/022939/06 and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular being Wednesday, 19 September 2018;
“List” or “Listing”	the proposed listing of Motus in the Specialty Retailers sector on the main board of the JSE on or about Thursday, 22 November 2018;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“Memorandum of Incorporation” or “MOI”	the memorandum of incorporation of Imperial;
“Motus”	Motus Holdings Limited, a public company with limited liability incorporated in accordance with the laws of South Africa with registration number 2017/451730/07 and to be listed on the JSE, and its direct and indirect subsidiaries and associated companies from time to time;
“Motus Distribution Shares”	all of the Motus Shares held by Imperial, comprising 100% of the issued Motus Shares, which are to be distributed to the Ordinary Shareholders recorded in the register on the Record Date pursuant to the Unbundling;
“Motus Pre-Listing Statement”	the pre-listing statement for Motus dated Thursday, 27 September 2018;
“Motus Shares”	ordinary shares in the share capital of Motus with no par value;
“mt”	million tons;
“NAV (per share)”	net asset value per share;
“NTAV (per share)”	tangible NAV per share;
“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;
“Ordinary Share Capital”	the total value of the share capital of Imperial attributable to the Ordinary Shares;
“OEMs”	original equipment manufacturers in the automotive industry;
“own-name Dematerialised Shareholder”	a beneficial owner of Dematerialised Shares who has instructed his CSDP to enter his own name in the CSDP's sub-register;
“Pound Sterling”	the official currency of the UK;
“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, which will be repurchased by Imperial following Ordinary Shareholder, Deferred Ordinary Shareholder and Preference Shareholder approval on Friday, 14 September 2018;

“Record Date”	the last date on which an Imperial Shareholder must be recorded in the Imperial register in order to participate in the Unbundling, expected to be on or about Monday, 26 November 2018;
“the register” or “share 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;
“risk-adjusted WACC”	WACC for each sub division of the Group, calculated by making appropriate country/regional risk adjustments for the cost of equity and pricing for the cost of debt depending on the jurisdiction. The Group WACC calculation is a weighted average of the respective sub-divisional WACCs;
“ROIC”	return on invested capital, calculated based on taxed operating profit plus income from associates divided by the 12-month average invested capital (total equity and net interest-bearing borrowings);
“SADC”	the Southern African Development Community, whose member states include Angola, Botswana, the Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe;
“SAICA”	the South African Institute of Chartered Accountants;
“SARs”	Imperial Share Appreciation Rights Scheme constituted and regulated by the SARs Rules;
“SARs Rules”	the rules of the SARs dated 3 November 2009, as amended from time to time;
“SARB”	the South African Reserve Bank;
“Section 112 Disposal”	the disposal of the whole or the greater part of the undertaking or assets of a company as contemplated and governed by section 112 read with section 115 of the Companies Act;
“SENS”	the Stock Exchange News Service of the JSE;
“Separation Agreement”	the separation agreement entered into between, <i>inter alia</i> , Imperial and Motus in relation to, <i>inter alia</i> , the Unbundling and the Existing Share Schemes, in order to regulate certain matters between Imperial and Motus and their respective subsidiaries after the effective date of the Unbundling, as may be amended from time to time;
“South Africa”	the Republic of South Africa;
“Standard Bank”	The Standard Bank of South Africa Limited, a public limited liability company incorporated in accordance with the laws of South Africa with registration number 1962/000738/06, acting through its corporate and investment banking division;
“Strate”	Strate Proprietary Limited, a private company incorporated in South Africa as an electronic settlement environment for transactions to be settled and transfer of ownership to be recorded electronically, with registration number 1998/022242/07;
“STT”	securities transfer tax levied in terms of the Securities Transfer Tax Act, No. 25 of 2007;
“Subsidiaries”	shall have the meaning ascribed thereto in the Companies Act;
“Suspensive Conditions”	the suspensive conditions to the Listing and Unbundling as set out in paragraph 8.10 of this Circular, which are required to be fulfilled prior to the implementation of the Transaction;

“Takeover Regulations”	chapter 5 of the regulations published in terms of sections 120 and 223 of the Companies Act;
“Transaction”	collectively, the Listing and the Unbundling;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited, a private company incorporated in South Africa with registration number 2004/003647/07, being the transfer secretaries to Imperial;
“transferring assets”	all of the shares in Motus Corporation Proprietary Limited, Motus Capital Proprietary Limited and Imperial Group Limited (which is intended to be renamed “Motus Group Limited”), transferred to Motus;
“treasury shares”	equity shares of the Company held (i) by a subsidiary and/or (ii) by a trust, through a scheme and/or other entity, where the equity shares in the Company are controlled by the applicant issuer from a voting perspective, the votes of which will not be taken into account for purposes of resolutions proposed pursuant to the provisions of the Listings Requirements;
“TRP”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“Unbundling”	the proposed distribution of 201 971 450 Motus Shares held by Imperial and comprising 100% of the issued share capital of Motus, to Ordinary Shareholders in the ratio of 1 Motus Share for every 1 Ordinary Share held, in terms of section 46 of the Companies Act and section 46 of the Income Tax Act, and which is to be regarded as a Section 112 Disposal for Imperial;
“US” or “United States”	the United States of America;
“US dollar” or “USD” or “\$”	US dollar, the official currency of the US;
“US Holder”	beneficial owner of Ordinary Shares that is, for US federal income tax purposes: <ul style="list-style-type: none"> (i) a citizen or resident of the US; (ii) a corporation created or organised under the laws of the US or any state thereof; (iii) an estate the income of which is subject to US federal income tax without regard to its source; or (iv) a trust if a court within the US is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes;
“US Securities Act”	the US Securities Act of 1933, as amended
“VAT”	value-added tax levied in terms of the South African Value-Added Tax Act, No. 89 of 1991;
“WACC”	weighted average cost of capital, calculated by multiplying the cost of each capital component by its proportional weight, therefore: WACC equals (after tax cost of debt % multiplied by average debt weighting) plus (cost of equity multiplied by average equity weighting). The cost of equity is blended recognising the cost of equity in the different jurisdictions in which Imperial Logistics and Motus operates; 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
Share code: IPL ISIN: ZAE000067211
Preference share code: IPLP ISIN: ZAE000088076
"Imperial" or "the Company"

Directors

Executives

M Akoojee (Acting Group CEO and Group CFO)
OS Arbee (CEO Motus)
M Swanepoel (CEO Imperial Logistics)

Non-executives

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

* Independent

CIRCULAR TO IMPERIAL SHAREHOLDERS

1. INTRODUCTION

Shareholders are referred to the announcement released on SENS on Thursday, 21 June 2018 regarding the Unbundling and simultaneous Listing of Motus on the main board of the JSE and the further detailed announcement released on SENS on Monday, 17 September 2018.

In order to implement its strategic decision to restructure and separate the business operations of Imperial and to provide Ordinary Shareholders with the opportunity to participate directly in its automotive business, the Directors decided, subject to Shareholder approval and the fulfilment of the Suspensive Conditions, in terms of the Disposal, to unbundle all of the Motus Shares held by Imperial to Imperial Shareholders and procure the simultaneous Listing of Motus on the main board of the JSE.

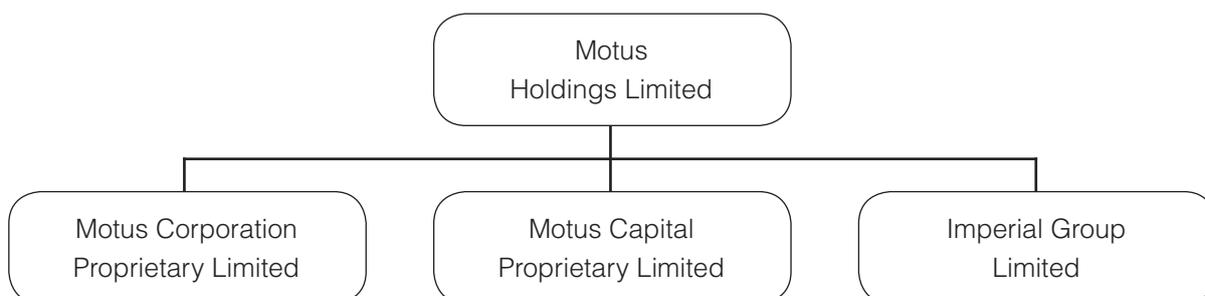
The purpose of this Circular is to provide Imperial Shareholders, in compliance with the Companies Act, the Listings Requirements and the Takeover Regulations, with pertinent information regarding:

- 1.1 the Disposal;
- 1.2 the Unbundling of the Motus Distribution Shares to Imperial Shareholders (which constitutes a Section 112 Disposal);
- 1.3 the Listing;
- 1.4 the amendments of the provisions of the Existing Share Schemes;
- 1.5 an Independent Expert Report prepared in terms of section 114 of the Companies Act and regulation 90 of the Takeover Regulations;
- 1.6 the Independent Board's views, opinion and recommendation regarding the Unbundling; and

- 1.7 convening a General Meeting of Imperial Shareholders in terms of the notice of General Meeting forming part of this Circular, at which meeting Shareholders will be asked to consider and, if deemed fit, pass the necessary resolutions required to implement the Unbundling, approve the amendments to the Existing Share Schemes and approve the change of name of the Company (and consequent amendments to the MOI of the Company).

2. THE DISPOSAL

In order to give effect to the Unbundling and the Listing, Imperial, prior thereto, disposed of the transferring assets to its wholly-owned subsidiary, Motus, in terms of asset-for-share transactions in accordance with the provisions of section 42 of the Income Tax Act. As at the Last Practicable Date, Motus holds all of the automotive interests of Imperial as set out below:



Motus comprises of the following subsidiaries:

- Motus Corporation Proprietary Limited: the holding company of the South African subsidiaries, comprising import and distribution, motor related financial services and certain retail dealerships.
- Motus Capital Proprietary Limited: the domestic treasury management company and holding company of the international subsidiaries.
- Imperial Group Limited: comprising the retail and rental operations and aftermarket parts.

3. THE LISTING

The JSE has granted Motus, subject to the Unbundling becoming unconditional and being implemented, a listing in the Specialty Retailers sector on the main board of the JSE, under share code 'MTH', ISIN code: ZAE000261913 and the abbreviated name 'Motus', with effect from the commencement of business on Thursday, 22 November 2018.

For this purpose, the Motus Pre-Listing Statement has been sent to Imperial Shareholders together with this Circular, which should be read in conjunction with each other.

4. RATIONALE FOR THE UNBUNDLING

The transformation and development of Imperial in recent years has been directed at value creation through strategic clarity, managerial focus and shareholder insight. The first has been achieved through portfolio rationalisation, the second through organisation structure and the third through disclosure. This approach has exposed the absence of operational synergies and resulted in the rapid establishment of Imperial Logistics and Motus as two large independent businesses. Both are managed and reported on separately, with separate CEOs, boards of directors and executive committees, with decreasing functional support from the holding company. As mentioned, each business achieved appropriately geared independent and self-sustaining balance sheets as evidenced by the results to 30 June 2018.

In light of the above, the role of Imperial as the custodian of governance and the provider of capital to the businesses is no longer necessary. Consequently, and after due consideration to whether the long-term prospects of Imperial Logistics and Motus will be enhanced by them being separately listed, the Board approved the external separation of the two businesses through the unbundling of Motus. The Unbundling will enable each of the two businesses to operate in a more focused and efficient manner, allowing each of the businesses to achieve their respective strategic goals, be separately accountable to debt and equity providers and unlocking value for shareholders over the long term. The Unbundling will also provide Shareholders with the opportunity to participate directly in Imperial Logistics and/or Motus.

The Transaction will be underpinned by the following:

4.1 **Strategic focus and independence**

- providing each of Imperial Logistics and Motus the platform to pursue independent strategic initiatives, with enhanced flexibility and efficiency;
- enhancing the ability to mitigate and manage specific risks and challenges faced by each business unit and proactively react to changes within the specific market segments, industries and economic landscapes in which they operate; and
- enabling management teams to express entrepreneurial flair, including the identification and execution of acquisition opportunities, locally and abroad, with direct responsibility and accountability for performance and growth.

4.2 **Improved operational efficiency mainly through the reduction in complexity and costs over time**

- managing separate operating entities, completely independent of one another, which enhances streamlined activities and operations; and
- in-depth asset focus.

4.3 **Focused capital and funding structures**

- providing respective management teams with direct access and accountability to the equity and debt markets, each with the appropriate capital structure to support their strategies on a long term sustainable basis, and the ability to raise funding independently; and
- on implementation of the Transaction, Imperial Logistics and Motus are positioned to have self-sufficient capital structures, with an optimal mix of debt and equity on a standalone basis and within the industries in which they operate, to facilitate growth, provide flexibility and maintain sufficient liquidity and headroom.

In this context, Imperial has secured sufficient commitments from funders with respect to the debt restructure required for Imperial Logistics and Motus to operate on a standalone basis, post the Unbundling.

4.4 **Enhanced investor understanding and insight of each business and its sub-divisions**

- providing greater insight to investors with regard to the nature of the activities and geographies within which Imperial Logistics and Motus operate, the intrinsic value of each business, and facilitating discretionary investment in independent and dedicated business units with greater comparability to focused and best-in-class peers.

5. **INFORMATION RELATING TO MOTUS AND IMPERIAL LOGISTICS**

5.1 **Motus**

Shareholders are referred to the Motus Pre-Listing Statement for detailed information on Motus.

5.2 **Imperial Logistics overview**

Imperial Logistics is an integrated outsourced logistics service provider with a diversified presence across Africa and Europe, offering specialised capabilities and customised solutions to multi-national clients in attractive industries. It is ranked in the top 25 global 3PL providers by revenue (despite minimal international freight management), and ranked 15th in land-based revenue in 2017. Its revenues are well diversified across its three operating regions, being South Africa, the African Regions and International, across its service offerings that include both point capabilities and integrated solutions, and across its selected industries in which it has strong competitive positions.

5.3 **Current market positions**

Imperial Logistics' leading positions in regional markets provide platforms for sustainable growth:

Imperial Logistics South Africa

- Imperial Logistics South Africa is a leading 3PL provider with specialised end-to-end capabilities enabling value-add logistics solutions, supply chain management solutions and route-to-market

solutions in CPG, chemicals and energy, mining and manufacturing, automotive and healthcare industries; with potential to grow its integrated solutions offerings and extend its industry leadership as the 3PL market matures.

- With specialised operations, extensive regional footprint and end-to-end service offering, it has an unrivalled ability to reduce clients' costs and enhance their competitiveness. Imperial Logistics South Africa has a unique value and risk-based commercial engagements focused on eliminating supply chain inefficiencies for clients. It has differentiated through range and scale, customisation and specialisation – with a strong ethos of continuous improvement and transformation.

Imperial Logistics African Regions

- Imperial Logistics is well positioned to deliver on its strategy, in African Regions of targeting consumer opportunities and supporting its client base on the continent having operated in the Region for numerous years.
- Provides unique route-to-market solutions and is strongly positioned in southern, east and west Africa in the defensive high-growth industries of healthcare (with leading market positions in Kenya and Nigeria) and CPG (with leading market positions in Namibia and Mozambique); its managed solutions (asset-light) operating model, which leverages South African expertise, is highly relevant for the under-developed and fragmented markets in the region.
- Creates value through focus on the needs of emerging markets, supported by acquisitions and local partnerships, and benefiting from strategic relationships with principals. Its ability to grow CPG and healthcare brands by bringing products to market in emerging markets assists with creating brand awareness.

Imperial Logistics International

- Provides an established international contract logistics platform in Germany, with specialist capabilities in the automotive (leading positions in Germany and Poland) and chemicals (leading positions in the Netherlands and Germany) industries; is the market leader in express palletised distribution services in the UK, Italy and Iberia; and has a leading market share in inland waterway transportation. These positions provide the basis for international development and expansion.
- Offers holistic, industry-wide logistics solutions for its clients; from transport, storage and distribution to outsourced production services. It is a leading player in many of its niche markets and it makes a significant contribution to Germany's powerful manufacturing and export industries.

5.4 Competitive strengths

The Board is of the view that the following competitive strengths will continue to drive Imperial Logistics' future success:

Entrenched client relationships based on customisation, service excellence and innovation

- Well diversified exposure to blue-chip clients in industries with good growth potential, with low concentration risk in the portfolio (no single client contributes more than 5% of consolidated revenue);
- Client satisfaction which is demonstrated throughout the track record of retaining multiple contracts with top clients across different markets, and maintaining decades-long relationships; and
- Pragmatic and cost-effective approach to continuous improvement and internal efficiency through systematic digitalisation of internal processes, and to deepening competitive advantage through client-led innovation through hubs in South Africa and Europe.

Evolution of capabilities towards greater scope and integration of outsourced services

- Ability to execute value-add logistics activities on behalf of clients either as point solutions or integrated solutions, depending on their requirements, which defends existing revenue streams;
- Focused on deepening partnerships with clients by optimising their supply chains, lowering their total logistics costs and strengthening their relevance and competitiveness, supporting contract retention and scope expansion, and countering commoditisation and price taking; and
- Unique ability to provide access to end-consumers in challenging markets through route-to-market solutions provides significant growth opportunity.

Ability to provide locally relevant, asset-right solutions per client requirements

- In-depth market knowledge, both in difficult but high-growth emerging markets, and advanced markets in Europe, underpins ability to apply relevant and effective operating models per region, customised to local market dynamics and available expertise;
- Ability to develop specialised capabilities and legitimacy (by complying with industry and national requirements and objectives) in highly competitive and demanding industries; and
- Significant progress made in aligning dedicated specialised assets to service longstanding contracts with clients in less cyclical industries.

Proven ability to apply relevant and effective strategic approaches to market and industry expansion

- Deep understanding of client needs, longstanding relationships and proven legitimacy (in demanding industries) can be leveraged to grow in selected markets and industries;
- Development of proprietary market aggregation model to provide access to smaller markets in the African Regions, as part of a route-to-market solution;
- Success in greenfields development of managed solutions business in the African Regions (for example Nigeria); and
- Track record in acquiring and integrating acquisitions to add specialised competencies or enter new markets for example in terms of the recent Surgipharm Limited (“Surgipharm”) acquisition.

5.5 Strategy

Imperial Logistics aims to become an internationally acclaimed tier one provider of outsourced value-add logistics, supply chain management and route-to-market solutions – customised to ensure the relevance and competitiveness of its clients in the industries and geographies in which it participates, by pursuing the following strategies:

- **Client-centricity:** deliver truly client-centric solutions that prove Imperial Logistics’ industry expertise in selected markets and build credibility among global clients;
- **Asset-rightness:** improve asset mix to maximise agility, by partnering for greater flexibility, capacity and efficient scale and aligning asset investments and commitments with secured revenue;
- **Flawless execution:** deliver superior service excellence that consistently adds value to clients and builds their confidence, resulting in collaborative interdependence and long-term loyalty;
- **Local relevance:** maximise value for clients across vastly different markets by understanding the unique complexities and requirements, and leveraging local ownership and partnerships; and
- **International freight management:** offer fully integrated solutions from source to use by developing this capability, to capture revenue and expand into selected geographies.

Enabling initiatives across all aspects of the business to support the execution of these strategies include:

- Implementing a common framework for managing human capital aligned to international best practice, while allowing for flexible responses to regional priorities;
- A pragmatic approach to digitalisation and innovation, with Imperial Logistics’ digital strategy focused on deepening competitive differentiation through customised client-focused innovation and systematic digitisation to support operational excellence; and
- Understanding and applying appropriate digitalisation trends to compete effectively with technology-enabled entrants to the logistics industry and large global competitors with considerably bigger research and development budgets.

5.6 Regional growth platforms

Imperial Logistics has strong regional growth platforms and specialist logistics capabilities, customised to serve multi-national clients in selected industries. The South Africa, African Regions and International divisions have been managed on an integrated basis, with standardised measurement and reporting, a common business language and a single brand identity.

Imperial Logistics South Africa

- Retain and expand contracts with existing clients through customisation, innovation and service excellence;
- Enhance B-BBEE credentials, accelerated employment equity and enterprise and supplier development, in order to underpin and enhance market leadership; and
- Exit unviable contracts and operations, consolidate property and rationalise assets in line with contract commitments.

Imperial Logistics African Regions

- Leverage its unique ability to provide brand owners with access to fragmented markets through integrated solutions, unrivalled scale and multi-regional distribution;
- Expand managed solutions offerings, leveraging South African capabilities to secure sustainable competitive advantage in an underdeveloped 3PL market; and
- Apply proprietary market aggregation model to become the single strategic partner to multi-national clients.

Imperial Logistics International

- Leverage specialised capabilities to strengthen client relationships in specific market sectors, underpinned by a differentiated approach to digitisation and innovation;
- Seek opportunities to expand specialist capabilities into developing markets in Europe and Asia; and
- Strong focus on improved returns through business and contract rationalisation, capability alignment and reduced asset intensity.

5.7 Overview of the logistics industry

5.7.1 *Global Industry Snapshot*

Propelled by global trade, transcontinental supply chains and extensive outsourcing, the global logistics industry has grown into a multi-trillion dollar market. The industry plays a pivotal role in the global economy by acting as a bridge between manufacturers and consumers and driving the flow of goods and services. The industry has continuously been evolving to serve the dynamic needs of a globalising world, which enables it to remain resilient to short-term disruptions and maintain robust growth trends. Key logistics activities include warehousing, transportation, materials handling, order fulfilment and related value-added services, including packaging and security.

Global logistics costs are impacted by the quality of physical infrastructure, the sophistication of communication systems, the adoption of technology and the presence of bureaucratic hurdles. As a result, logistics costs as a percentage of GDP tend to be lower in advanced economies when compared to emerging markets, effectively reflecting the economic life cycle of these markets.

Global logistics costs are projected to grow at a CAGR of 6.7% (2017-2022), fuelled by emerging markets including India (CAGR: 10.1%), China (CAGR: 10.6%) and Africa (CAGR 7.5%). Key drivers for the projected robust growth include:

- significant infrastructure investments and demographic driven economic development in emerging markets;
- growing urbanisation;
- increased consumption of CPG;
- emergence of new distribution channels (e-commerce); and
- re-design of complex supply chains to reduce time-to-market (cross-docking and reverse logistics).

5.7.2 **Outsourcing as a trend and evolution of 3PL providers**

Expanding geographic footprints and rapid globalisation have resulted in complex supply chains, burdening companies with higher logistics costs. To increase focus on core activities, manufacturers outsource logistics functions to 3PL providers, which enable them to reduce costs and gain operational (including inventory management) and financial efficiencies (including enhanced working capital management), thereby enabling improved service excellence.

3PLs provide high reliability at a low cost through factors including scale, innovative technology platforms, local relationships and regulatory expertise. Key focus areas for 3PLs include:

- multi-modal transportation (ground, ocean, air, rail); and
- warehousing (including storage, consolidation/deconsolidation, cross docking).

Imperial Logistics is an integrated 3PL provider providing end-to-end transportation, warehousing, distribution and synchronisation management enabling value-add logistics and supply chain management solutions, complemented and differentiated by route-to-market solutions in challenging markets to a broad portfolio of clients.

5.7.2.1 *3PL business models*

3PLs provide services to clients by relying on transport and warehouse asset providers and/or owning the assets, thereby balancing operational flexibility and consumer needs. Accordingly, 3PLs are generally categorised as “asset-heavy” and/or “asset-light” based on asset intensity, as described below:

- **Asset-heavy model:**
 - Own or lease warehouses and equipment to provide higher operational leverage and generate higher margins by securing long term contractual relationships.
 - Higher asset intensity generally leads to lower returns on invested capital.
- **Asset-light model:**
 - Utilise third-party providers or subcontractors to reduce asset investments.
 - The focus is on service aspects of logistics to benefit from reduced onerous exposure to business cycles leading to enhanced financial and operational flexibility (higher returns on invested capital at a lower margin).
 - Management skills and customised solutions are critical to maintain margins.

Asset intensity is defined as a measure of efficiency in the deployment of assets, and broadly computed as a ratio of the total value of assets to sales revenue generated over a given period.

5.7.2.2 *Overview of 3PL market*

Key differentiators amongst the large 3PLs include integrated systems platform with high visibility, order and inventory management expertise and value-added warehousing operations.

3PL revenues are projected to grow at a CAGR of 7.9% (2017-2022) propelled by key emerging markets including India (CAGR: 11.6%), China (CAGR: 11.7%) and Africa (CAGR: 8.8%).

Key drivers of 3PL market growth include:

- offshoring and outsourced manufacturing;
- increased focus on core competencies;
- expanding IT requirements;
- need for regional and local market expertise;
- enhanced regulatory compliance;
- low-cost country sourcing;
- cost reductions; and
- supply chain disruptions.

5.7.3 **Regional overview of 3PL market**

European 3PL markets have high potential in outsourced logistics services due to their current low penetration of approximately 25%. In addition, major European 3PLs, as well as Imperial Logistics, are uniquely positioned to pursue an active mergers and acquisitions strategy within emerging markets to tap into the growth story and build economies of scale.

5.7.3.1 *3PL end-market overview*

3PL revenues for the Fortune 500 Global companies are forecast to be at approximately \$292 billion during 2018 with approximately 65% being contributed by the top three sectors: technological, automotive and retailing.

Furthermore, the healthcare and industrial industries are projected to be the two fastest growing sectors at 6.4% and 5.4% CAGR, respectively.

Imperial Logistics is focused on selected industries, including the automotive, healthcare and industrial industries.

5.7.4 **Technology disruptions**

Automation of logistics and warehouse operations through use of robotics and artificial intelligence could further reduce the costs for logistics players. Decision making processes could be automated through dynamic network allocation and evolution from manual pricing towards centralised virtual networks.

The “Internet of Things” and self-driving vehicles will enable real-time and predictable tracking of shipments. Blockchain based ledger systems and smart contracts could digitise the supply chain documentation with enhanced security and quicker settlement periods.

5.7.5 **Consolidation**

The 3PL logistics industry has witnessed multiple consolidation activities in recent years. The mergers and acquisitions market has been active over the past 3 years with approximately 38 deals at over \$100 million per transaction.

Key players are responding to the needs of large scale and evolved consumer demands through targeted inorganic growth opportunities in new niche-segments, industries and geographies.

The fragmented nature of the logistics industry has provided major players opportunities to gain market share against smaller-scale local providers with limited services offerings.

5.7.6 **South African market overview**

5.7.6.1 *Macroeconomic overview*

South Africa's GDP totalled R4.7 trillion in 2017, the second-largest economy in Africa, behind Nigeria and ahead of Egypt. Average GDP growth for South Africa during 2016-2017 was 1.0% with the IMF expecting growth to strengthen to 1.5% and 1.7% in 2018 and 2019, respectively.

The Logistics Performance Index compiled by the World Bank provides a comprehensive measure of the efficiency of international supply chains on a global scale. South Africa ranked 33rd out of 160 countries in 2018 and it is also only one of the three countries in the top 35 that are not classified as high-income countries. South Africa's logistics industry plays a pivotal role in the African region due to its role as a regional transportation hub and its superior freight network, compared to neighbouring countries, which are land locked and lack the requisite infrastructure.

5.7.6.2 **Transport costs remain the largest contributor to total logistics costs, with continued prominence of warehousing and related value-added services*

Total logistics costs have continued to increase, and were expected to total approximately R500 billion in 2016 (vs. approximately R429 billion previously in 2014). Transport costs were the major contributor at approximately 55%/approximately R277 billion (vs. at approximately 57%/approximately R244 billion previously), followed by inventory carrying costs (17%) (vs. 15% previously), warehousing (14%) (vs. 15% previously) and management and administration costs (13%) (vs. 13% previously). Road transport contributed approximately 83% to transport costs in 2014, rail tariffs 15% and pipeline tariffs 2%. The contribution of transport costs was impacted by changes in fuel prices, while changes in the prime interest rate also contribute toward inventory carrying costs. External factors including currency volatility and economic uncertainty have also led to changes in inventory levels, which impacted contributions from warehousing costs and related value-added services (including management of inventory and other administrative services). Management expects Imperial Logistics to be well positioned for future growth in the overall logistics sector.

Land freight transport volume were approximately 856mt in 2016. Mining dominates freight volumes (mainly due to dedicated export lines of coal (through Richards Bay) and iron ore (through Saldanha) and freight volumes for manufactured goods are mainly focused along the two key freight corridors, Gauteng-Cape Town and Gauteng-Durban.

The primary economy (agriculture and mining) was responsible for 76% of total volume but only contributed 44% to transportable GDP in 2014. In contrast, the manufacturing sector contributed 24% of total volume, but added 56% value to the transportable economy.

Developed countries tend to have lower logistics costs when expressed as a percentage of GDP, while developing countries each face their own challenges (with inadequate infrastructure being the biggest challenge for efficient logistics in all the BRICS countries). South Africa is far away from trading partners, has long inland transport distances, relies heavily on unbeneficiated exports, and has a smaller economy than the other BRICS countries with broadly slower growth. As the country is therefore vulnerable to external shocks, logistics cost reduction can be seen as a priority, as corporates focus their strategies on core operations.

5.7.6.3 *South Africa's road freight sector continues to be important*

South Africa's road freight sector has vast potential, driven both domestically and from the hinterland countries. Vast untapped mineral resources, supportive government jurisdictions and few obstacles prohibiting foreign investment make South Africa's business environment one of the best on the continent, and growth in sectors such as mining will boost freight transport volumes. BMI forecasts that road freight will reach approximately 683mt in 2022 (vs. approximately 595mt in 2015).

The Department of Transport forecasts that the demand for freight transport in South Africa will increase between 200% and 250% over the next 15 to 20 years, with some corridors, such as those between Gauteng and Cape Town, which currently account for 50% of all corridor transport, growing at a faster rate. Approximately 50% or less of freight in South Africa is currently outsourced, where Imperial Logistics South Africa currently has an approximately 8.5% market share. Management believes Imperial Logistics South Africa is well positioned for potential future growth in this regard, firstly through an increase in the overall size of the South African outsourced logistics market (for example if the current percentage of outsourced freight in South Africa were to increase above approximately 50%), and secondly through an increase in Imperial Logistics South Africa's current market share (for example above approximately 8.5%). The adoption and incorporation of innovative and revolutionary technologies may improve efficiency, customer interaction and reduce environmental impact, but will also disrupt the traditional

**The last report was published in 2016 and data was compared over a 2 year period.*

cost and operating models of warehousing, transportation and distribution and create new markets and market players. Traditional operators will have to adapt to this new collaborative rather than competitive environment in order to compete.

5.7.7 **African market overview**

Africa is one of the most rapidly growing regional economies in the world. While Africa's growth rate has slowed over the past few years (overall GDP growth from 2000-2010 was 5.4%, compared to 3.3% over 2010-2015); fundamentals remain strong with the IMF projecting growth of 4.1% to 2023.

Key factors that will influence the pace of GDP growth in Africa, include:

- **Rapid urbanisation:** Africa is the world's fastest urbanising region (strong correlation with rate of GDP growth due to higher productivity in urban areas). Higher productivity translates into higher income and faster growth in consumer and business consumption.
- **Young and growing population:** Africa is projected to have a larger workforce than China and/or India by 2034. To date job creation has outpaced growth in the labour force, with the growing work-force population being an important factor for GDP growth.
- **Technological advancements:** Technological change has the potential to unlock new opportunities for consumers and businesses by enhancing growth and productivity. There have already been transformative changes in the banking, retail, power, healthcare and education sectors.
- **Available resources:** 60% of the world's cropland and reserves are contained in Africa as well as the largest reserves of a number of minerals and precious metals. Translating these opportunities may be challenging, but this remains a key growth factor for the economic region.

These factors will drive increasing and fast growth in consumer demand and business supply chains, in turn offering growth potential for large scale industrial and service companies (including Imperial Logistics African Regions) across the continent.

Household consumption and business spending is projected to grow to \$5.6 trillion in Africa by 2025: over 2015-2025, consumer spending is expected to grow by 3.8% and B2B spending by 3.3%.

Consumption growth in Africa has been the 2nd fastest region, behind emerging Asia, and overall private consumption has outpaced Africa's GDP growth over 2010-2015. Nigeria is expected to remain the largest consumer market on the continent (>20% of expected consumption by 2025) with other emerging regions being Egypt and east Africa. Demand is forecast to be concentrated in urban areas. Food and beverages is projected to remain the largest consumption item, with growth of 3.1%, while discretionary items are projected to grow significantly faster: 5.4% growth for financial services, 5.1% growth for recreation, 4.4% growth for housing and 4.3% growth for healthcare.

The largest B2B spending is in the agricultural and agri-processing sectors and the fastest growing sectors for B2B spending are forecast to be financial services, construction, utilities and transportation and wholesale and retail trade.

To access these growing markets, businesses are required to understand and be abreast of income, geographic and category trends and be able to service a relatively fragmented private sector.

In terms of manufacturing, output could potentially expand by almost \$1 trillion in 2025 to meet local demand. Thus, the demand for production and export of goods has the potential to increase. Manufacturing output would substitute the import of finished goods as well as meet intra-African demand. The movement of goods is essential in this process. Many of Africa's trade blocs have been successful in increasing markets and encouraging cross-border trade. Transportation is likely to be one of the fastest growing sectors as it will strengthen Africa's gateway to trade. The ability to leverage technology will assist the continent in expanding as companies cut costs and automate.

The six key sectors that are particularly promising for future growth in the continent are:

- wholesale and retail CPG;
- food and agri-processing;

- healthcare;
- financial services;
- light manufacturing; and
- construction.

These sectors have been characterised by high growth and profitability and remain poised for future growth given that they remain relatively fragmented.

The growth in Africa is underpinned by governments investing in better infrastructure development and regional integration. Poor transportation links and high logistic costs in Africa have hindered previous growth and lack of scale for African companies.

5.8 Acquisitive growth criteria

Imperial Logistics has an established platform and track record of entrepreneurial growth. Fragmented markets in Africa and Europe open up numerous opportunities to consolidate smaller businesses and grow market share in key regions and sectors such as healthcare and CPG.

Imperial Logistics adopts a framework for selective and disciplined approach and criteria for growth through acquisition:

- penetrate or protect existing markets through bolt-on acquisitions focused on existing geographies and selected industries;
- expand the portfolio and leverage existing capabilities by adding capabilities in new regions and selected industries;
- achieve targeted ROIC of risk-adjusted WACC plus 3% within three to four years post any acquisition;
- ensure that acquired businesses benefit from strategic direction (specifically the priority initiatives underway), financial discipline and capital allocation (including an assessment of risk/reward and opportunity cost);
- the transfer of best practices and capabilities, and operational and financial synergies; and
- return on effort and ability to integrate the acquired businesses into the existing portfolio.

Acquisitive growth will be supported by the self-sufficient capital structure with sufficient headroom and enhanced flexibility, underpinned by direct access to equity and debt markets.

6. ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS OF EACH OF MOTUS AND IMPERIAL LOGISTICS

6.1 Motus

Shareholders are referred to the management discussion and analysis of Motus's financial conditions and results of operations in the Motus Pre-Listing Statement.

6.2 Imperial Logistics

6.2.1 *Overview of financial performance*

	% change on HY1		% change on HY2		% change on FY2017		
	HY1 2018	2017	HY2 2018	2017	FY2018	FY2017	FY2017
Revenue (Rm)	26 511*	5	24 888	3	51 399	49 715*	3
Operating profit (Rm)	1 391	7	1 462	–	2 853	2 764	3
Operating margin (%)	5,2		5,9		5,6	5,6	
ROIC (%)					12,2	11,5	
WACC (%)					8,5	7,1	
Targeted ROIC (WACC+3%)					11,5	10,1	
Debt/Equity ratio (%)					50	122	

Note: ROIC and WACC are calculated on a rolling 12-month basis. The above table includes businesses held for sale and eliminations.

* Restated

Imperial Logistics recorded growth in revenue and operating profit of 3%. Excluding businesses held for sale, mainly the disposal of Schirm GmbH (“Schirm”), revenue and operating profit grew by 8% and 5%, respectively. These results were supported by a solid performance from the West African healthcare businesses, mainly Eco Health Limited (“Eco Health”) and CPG business in Mozambique (Commercial Investment Corporation Proprietary Limited (“CIC”)); the disposal and closures of some smaller, strategically misaligned businesses in South Africa and African Regions; the inclusion of the Surgipharm acquisition for the full 12-month period and excellent results from the automotive and international shipping segments in Imperial Logistics International.

Results were partially offset by lower volumes, margin pressures, renewal of contracts at lower margins in South Africa, the loss of a large public healthcare contract in the African Regions, lower operating profit performance from the sourcing and procurement business, Imres BV (“Imres”) in the African Regions and disappointing performances in the European inland shipping, retail and industrial businesses. Excluding current and prior year acquisitions and disposals, revenue increased by 5% and operating profit declined by 1%. Profit before tax improved by 26% as foreign exchange losses mainly in the African Regions were contained to R70 million compared to R216 million in the prior year. Net finance costs reduced 8% due to a significantly improved and strengthened balance sheet, and amortisation of intangibles reduced by 17% mainly due to the sale of Schirm.

The net debt to equity ratio improved significantly from 122% in the prior year to 50% following the sale of non-core or underperforming businesses and non-strategic properties, reduced capital expenditure requirements and the recapitalisation of African Regions. The ROIC of 12,2% compares favourably to 11,5% in the prior year and is above the target hurdle rate of WACC plus 3%.

Net capital expenditure increased to R578 million from R492 million in the prior year. Capital expenditure FY2018 comprised mainly replacement of transport fleet in South Africa, reduced by proceeds from asset disposals of R730 million, including property disposals of R367 million. Property disposals were lower when compared to the prior period.

6.2.2 **Segmental financial performance**

Imperial Logistics South Africa

	% change on HY1		% change on HY2		% change on FY2017		
	HY1 2018	2017	HY2 2018	2017	FY2018	FY2017	
Revenue (Rm)	8 510	2	7 800	(4)	16 310	16 498	(1)
Operating profit (Rm)	522	13	430	(6)	952	919	4
Operating margin (%)	6,1		5,5		5,8	5,6	
ROIC (%)					13,7	12,3	
WACC (%)					11,0	10,6	
Targeted ROIC (WACC+3%)					14,0	13,6	
Debt/Equity ratio (%)					64	40	

Note: ROIC and WACC are calculated on a rolling 12-month basis. The above table includes businesses held for sale and eliminations.

Imperial Logistics South Africa performed satisfactorily in difficult market conditions, decreasing revenue by 1% and increasing operating profit by 4%. Excluding businesses held for sale revenue increased by 1% and operating profit reduced by 1%.

Performance was enhanced by a positive contribution from the Itumele Bus Lines acquisition which was included for 12 months, and the disposal and closures of some smaller, strategically misaligned businesses in FY 2018 and prior years. However, the second-half performance was negatively impacted by a further reduction in volumes and depressed margins. Solid results from the transport and warehousing, and specialised freight businesses contributed positively to operating profit, which was offset by an underperformance from the CPG businesses, where the ambient and merchandising segments performed below expectation

due to depressed volumes. Challenging market conditions and a competitive trading environment also resulted in contract renewals at lower margins. The managed solutions business recorded moderate growth during the year.

ROIC improved to 13,7% from 12,3% mainly due to improved capital management and the sale of strategically misaligned and underperforming businesses.

An Imperial Logistics South Africa B-BBEE transaction is progressing steadily. The B-BBEE transaction is not a prerequisite for the Unbundling.

Imperial Logistics African Regions

	HY1 2018	% change on HY1 2017	HY2 2018	% change on HY2 2017	2018	2017	% change on 2017
Revenue (Rm)	5 551	4	5 272	15	10 823	9 947	9
Operating profit (Rm)	408	4	351	1	759	740	3
Operating margin (%)	7,4		6,7		7,0	7,4	
ROIC (%)					17,5	23,8	
WACC (%)					11,1	6,7	
Targeted ROIC (WACC+3%)					15,0	10,7	
Debt/Equity ratio (%)					23	>150	

Note: ROIC and WACC are calculated on a rolling 12-month basis. The above table includes businesses held for sale and eliminations.

Imperial Logistics African Regions performed below expectation with revenue and operating profit increasing by 9% and 3%, respectively with a mixed performance across the portfolio. Revenue and operating profit, excluding businesses held for sale, increased by 19% and 1%, respectively.

Results were supported by a good performance from the West African healthcare businesses (mainly Eco Health) which had record sales during the year. These businesses are leading distributors of pharmaceuticals in Nigeria and Ghana. The acquisition of Surgipharm contributed positively but performance was depressed by political uncertainty and disruptive elections in Kenya. The results from the CPG route-to-market business were enhanced by strong growth in the cross-border trade from South Africa into South African Development Community (SADC) markets and the disposal of the loss-making Botswana business (Global Holdings Limited). Certain asset-heavy operations in the transport division were discontinued, in line with the risk mitigation strategy and the objective to become more asset-right, thereby enhancing returns.

The CPG route-to-market Namibian operations performed satisfactorily in ongoing recessionary conditions. Transport operations in Namibia are experiencing reduced volumes, exacerbated by the recession, vindicating Imperial Logistics' strategy to reduce asset intensity. The Company's sourcing and procurement business, Imres, delivered an unsatisfactory operating profit performance compared to the prior year due to increased competition, change in the product mix, uncertainty in aid and relief markets, and longer lead times in executing orders which resulted in lower margins. However, this business continues to generate good cash flow and delivers ROIC in line with the targeted hurdle rate. The sub-Saharan healthcare logistics business was negatively impacted by the loss of a large public healthcare contract.

The average strengthening of the Rand by 5% against the US Dollar also negatively influenced the Rand performance during the period.

The business was recapitalised during the year resulting in a significantly lower net debt to equity ratio.

ROIC at 17,5% declined from 23,8% mainly due to the underperformance of the sub-Saharan and Kenyan healthcare logistics businesses and the sourcing and procurement business, an increase in the investment in Eco Health, from 68% to 87% and normalised working capital.

Imperial Logistics International

	HY1 2018	% change on HY1 2017	HY2 2018	% change on HY2 2017	2018	2017	% change on 2017
Revenue (Euro million)	788*	3	793	(2)	1 581	1 574*	–
Operating profit (Euro million)	28,8	(2)	45,8	–	74,6	75,3	(1)
Operating margin (%)	3,7		5,8		4,7	4,8	
Revenue (Rm)	12 450*	7	11 816	2	24 266	23 270*	4
Operating profit (Rm)	461	3	681	3	1 142	1 105	3
Operating margin (%)	3,7		5,8		4,7	4,7	
ROIC (%)					9,6	8,2	
WACC (%)					6,3	5,4	
Targeted ROIC (WACC+2%)					8,3	7,4	
Debt/Equity ratio (%)					56	128	

Note: ROIC and WACC are calculated on a rolling 12-month basis. The above table includes businesses held for sale and eliminations.

*Restated

Imperial Logistics International's revenue was flat and operating profit decreased by 1% in Euro, while revenue and operating profit increased by 4% and 3%, respectively in Rand, which weakened by 4% on average against the Euro during the year. Revenue and operating profit, excluding businesses held for sale (Schirm), increased by 8% and 12%, respectively in Rand terms and increased by 4% and 6%, respectively in Euro.

The significant driver of growth was the automotive contract logistics business, which grew both new and existing business during the year. Results were also supported by a good performance from the international shipping operations. The European inland shipping business underperformed due to low water levels on the River Rhine. The retail, steel and industrial sub-divisions delivered unsatisfactory results resulting from lower volumes. Palletways Group Limited performed below expectations due to toughening economic conditions, and continued competitive pressure in sub-scale operations.

ROIC improved to 9,6% from 8,2% and is above the targeted WACC plus 2%.

6.2.3 **Liquidity and capital resources**

On implementation of the Transaction, Imperial Logistics and Motus will have self-sufficient capital structures, with an optimal mix of debt and equity on a standalone basis and within the industries in which they operate, to facilitate growth, provide flexibility and maintain sufficient liquidity and headroom.

In this context, Imperial has secured sufficient commitments from their debt arrangers with respect to the debt restructure required for Imperial Logistics and Motus to operate on a standalone basis, post the Unbundling.

7. **RISK FACTORS**

In addition to the other information included in this Circular, Imperial Shareholders should carefully consider the risks described in Imperial's Integrated Annual Report for the year ended 30 June 2018 under the heading "Top Risks and Mitigation", which could have a material adverse effect on Imperial's business, financial condition or results of operations, resulting in a decline in the trading price of Imperial's Shares, and the risk factors relating to Motus included in the Motus Pre-Listing Statement under the heading "Risk Factors".

In addition, Imperial Shareholders should consider the risks set forth below. It is noted that there may be additional risks that Imperial is not currently aware of, and/or that Imperial currently deems immaterial based on the information available to it. These factors should be considered carefully, together with the information and financial data set forth in this Circular.

7.1 Risks related to the Unbundling

Imperial and Motus may not realise the potential benefits from the Unbundling

There can be no guarantee that Imperial will realise potential long term benefits that could be achieved from the Unbundling of Motus as described in this Circular, or that disadvantages for Imperial and/or Motus will not emerge. For example, the potential benefits that could be realised through implementation of the Unbundling may not be as significant as expected or may not materialise at all and future regulatory changes may diminish the anticipated benefits of the Unbundling. If the benefits of the Unbundling are not realised as expected, this could have a material adverse impact on the respective results.

The Unbundling may not be implemented in accordance with the indicated timetable

In certain circumstances, it may be necessary to delay the timetable for implementing the Unbundling. If the Unbundling is not implemented on the anticipated timetable, the potential benefits that could be realised from the Unbundling may only be achieved on a delayed basis which may subject Imperial to additional costs.

Finalisation of the Unbundling may crystallise a tax liability for Imperial Shareholders in certain jurisdictions or give rise to other unanticipated tax consequences

Imperial believes that completion of the Unbundling will not give rise to a taxable distribution in South Africa; however, it may crystallise a tax charge in certain jurisdictions. Further, tax law and practice can be subject to differing interpretations and, in some jurisdictions, the tax authorities are entitled to exercise discretion in how the tax law should be applied in certain cases. Consequently, Imperial is not able to guarantee that the tax authorities in each jurisdiction in which Imperial Shareholders may be subject to tax will interpret or apply the relevant tax law and practice in a favourable way and this may give rise to adverse consequences.

Investors in the US and other jurisdictions outside South Africa may have difficulty bringing actions, and enforcing judgments, against Imperial, its Directors and its executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the US or any state thereof or under the laws of other jurisdictions outside South Africa

Imperial is incorporated in South Africa, and its Directors and executive officers (as well as Imperial's independent registered public accounting firm) reside outside of the US. Substantially all of the assets of these persons and substantially all of the assets of Imperial are located outside the US. As a result, it may not be possible for investors to enforce against these persons or Imperial a judgment obtained in a US court predicated upon the civil liability provisions of the federal securities or other laws of the US or any state thereof. In addition, investors in other jurisdictions outside South Africa may face similar difficulties.

A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts provided that:

- the court which pronounced the judgment had jurisdiction to entertain the case according to the principles recognised by South African law with reference to the jurisdiction of foreign courts;
- the judgment is final and conclusive (that is, it cannot be altered by the court which pronounced it);
- the judgment has not lapsed;
- the recognition and enforcement of the judgment by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that the documents initiating the proceedings outside South Africa were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal;
- the judgment does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgment is not otherwise precluded by the provisions of the Protection of Businesses Act, 99 of 1978, as amended of South Africa.

US Taxation of the Unbundling

Imperial believes that the distribution of Motus Shares pursuant to the Unbundling qualifies as a tax-free distribution under Section 355 of the US Internal Revenue Code of 1986, as amended (the "Code") and, therefore, that a US Holder (as defined in Annexure 3) receiving Motus Shares in the Unbundling: (i) should not recognise any income, gain or loss upon the receipt of Motus Shares, (ii) should apportion its tax basis in the Imperial Shares between such shares and the Motus Shares received in the Unbundling in proportion to the relative fair market value of the Imperial Shares and the Motus Shares on the date on which the Motus Shares are distributed, and (iii) should have a holding period for the Motus Shares that includes the period during which the US Holder held the Imperial Shares.

However, Imperial has neither requested nor received an opinion of US federal income tax counsel that the Unbundling qualifies under Section 355 and no ruling has been sought or obtained from the US Internal Revenue Service ("IRS"). There can be no assurance the IRS will not take a position that the Unbundling does not qualify under Section 355, or that such position would not be sustained if challenged. If such a position were taken and were sustained, then US Holders would be required to treat the distribution of Motus Shares pursuant to the Unbundling as a dividend in an amount equal to the fair market value of the Motus Shares on the date of receipt, would take tax basis in the Motus Shares equal to US dollar amount included in income as a dividend and would have a holding period in the Motus Shares that begins with the effective date of the Unbundling.

In addition, if Imperial is considered a passive foreign investment company or PFIC (as defined in Annexure 3) with respect to any US Holder in any taxable year in which a US Holder has held Imperial Shares, such US Shareholder may be required to recognise gain with respect to a US Holder's Imperial Shares, which would be taxable as ordinary income and could be subject to additional tax.

In this regard, please refer to paragraph 8 in Annexure 3 for further detail.

8. THE UNBUNDLING PROCESS

8.1 Details of the Unbundling

8.1.1 Subject to the Suspensive Conditions being fulfilled or waived (as the case may be), the Unbundling will be implemented as follows:

8.1.1.1 Imperial will distribute the Motus Distribution Shares to its Ordinary Shareholders by way of a distribution *in specie* in terms of section 46 of the Companies Act and section 46 of the Income Tax Act, such that each Ordinary Shareholder will receive 1 Motus Share for every 1 Ordinary Share held on the Record Date; and

8.1.1.2 Motus (and the Motus Shares) will simultaneously List on the main board of the JSE.

8.1.2 The Unbundling will result in Ordinary Shareholders holding a direct interest in Motus rather than holding that interest through Imperial.

8.1.3 Should any Shareholder exercise their Appraisal Rights in terms of section 164(9) of the Companies Act, such Shareholder will no longer be entitled to receive Motus Distribution Shares.

8.2 Classification of the Unbundling, Shareholder approval and TRP implications

8.2.1 The Unbundling is deemed to constitute a Section 112 Disposal and as such, constitutes an "*affected transaction*" as defined in section 117(1)(c)(i) of the Companies Act. The Unbundling is consequently regulated by the Companies Act and the Takeover Regulations and requires the approval of the TRP and the approval of the Shareholders by way of a special resolution, in compliance with section 115 of the Companies Act.

8.2.2 Accordingly, it is proposed that Shareholders approve special resolution number 1 in the notice of General Meeting, to approve implementation of the Unbundling.

8.3 Procedure for the implementation of the Unbundling

- 8.3.1 The General Meeting of Imperial Shareholders convened in terms of the notice of General Meeting forming part of this Circular, will consider and, if deemed fit, pass the resolutions necessary to give effect to the Unbundling. In terms of section 112 of the Companies Act, the resolution to approve the Unbundling requires the approval of at least a 75% majority of Imperial Shareholders present or represented by proxy at the General Meeting and entitled to vote, as the Unbundling is regarded as a Section 112 Disposal.
- 8.3.2 For the purposes of the Unbundling, Imperial Shareholders will be issued their respective Motus Shares in Dematerialised form only. Accordingly, all Shareholders must appoint a CSDP under the terms of the Financial Markets Act, directly or through a broker, to receive Motus Shares on their behalf. Should a Shareholder require a physical share certificate in terms of its Motus Shares, it will have to materialise its Motus Shares following the Listing and should contact its CSDP to do so. There are risks associated with holding shares in certificated form, including the risk of loss or tainted scrip, which is no longer covered by the JSE Guarantee Fund. All Shareholders who elect to convert their Dematerialised Shares into Certificated Shares will have to dematerialise their shares should they wish to trade them in accordance with the rules of Strate.
- 8.3.3 Motus Shares accruing to any unknown/untraceable certificated Imperial Holdings Shareholders will be transferred to Computershare Nominees Proprietary Limited and held in accordance with the relevant agreement between Motus and Computershare Nominees Proprietary Limited. Should such Imperial Shareholder wish to claim their Motus Shares, it will have to give an instruction to their CSDP/Broker/Custodian to receive the Motus Shares from Computershare, the latter together with the Transfer Secretaries will verify the holding and validity of the Motus Shares to be transferred. The Transfer Secretaries may require supporting documentation and will advise the Motus Shareholder accordingly. Beneficial ownership will be recorded on a sub-register with the Transfer Secretaries (known as the nominee sub-register) but held in aggregate with Computershare in Dematerialised format. The Motus Shares will then be transferred into such account with the CSDP or Broker as may have been specified by the Imperial Shareholder concerned provided that such account must be within South Africa in the case of a resident but may in the case of a non-resident be inside or outside of South Africa.
- 8.3.4 Documents of title in respect of Imperial Shares held are not required to be surrendered in order to receive the Motus Distribution Shares.

8.4 Governing law and jurisdiction

- 8.4.1 The Unbundling will be governed by, and construed in accordance with, the laws of South Africa.
- 8.4.2 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 Unbundling, amendments to the Existing Share Schemes and the change of name of the Company.

8.5 Imperial Shareholders – General

- 8.5.1 This document does not constitute or form part of any offer or invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue, Motus Shares, Imperial Shares or any other securities in Motus or Imperial.
- 8.5.2 The distribution of this Circular and the Motus Pre-Listing Statement, the distribution of Motus Shares in jurisdictions other than South Africa, the US and the UK may be restricted by law. The distribution of Motus Shares to Foreign Shareholders in terms of the Unbundling may be affected by the laws of Foreign Imperial Shareholders' relevant jurisdictions. Those Foreign Shareholders should consult professional advisors as to whether they require any governmental or other consent or need to observe any other formalities to enable them to realise their entitlement in terms of the Unbundling.

8.6 Foreign Imperial Shareholders – General

- 8.6.1 No action has been taken by Imperial or Motus to obtain any approval, authorisation or exemption to permit the distribution of the Motus Shares or the possession or distribution of this Circular and the Motus Pre-Listing Statement (or any other publicity material relating to the Motus Shares) in any jurisdictions other than South Africa, the US and the UK.
- 8.6.2 The Unbundling and distribution of Motus Shares is being conducted under the procedural requirements and disclosure standards of the Republic of South Africa which may be different from those applicable in other jurisdictions. The legality of the Unbundling to persons resident or located in jurisdictions outside of South Africa, the US and the UK may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves about any applicable legal requirements, which they are obligated to observe. It is the responsibility of any such person wishing to participate in the Unbundling to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith.
- 8.6.3 This Circular has been prepared for the 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 if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside South Africa.
- 8.6.4 Foreign Excluded Imperial Shareholders' Motus Distribution Shares will be aggregated and disposed of on the JSE by the Transfer Secretaries for the benefit of such Foreign Excluded Imperial Shareholders. CSDPs will be responsible for informing the Transfer Secretaries of all Dematerialised Shares held by them on behalf of Foreign Imperial Shareholders. The Transfer Secretaries will determine which certificated Imperial Shareholders are Foreign Imperial Shareholders.
- 8.6.5 Foreign Excluded Imperial Shareholders will, in respect of their shareholdings, receive the average consideration per share (net of costs) at which all Foreign Excluded Imperial Shareholders' Motus Distribution Shares were disposed of. The average consideration will be calculated and the consideration due to each Foreign Excluded Shareholder will be paid only once all these Shares have been disposed of. Imperial Shareholders who are not residents of South Africa or whose registered addresses fall outside of South Africa should contact their CSDP or broker if they are uncertain of the impact of the Unbundling on them.

8.7 Foreign Shareholders located in the US

- 8.7.1 The Motus Shares to be issued and distributed in connection with the Unbundling have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the US. The Motus Shares are expected to be distributed or issued in a transaction meeting the conditions of Staff Legal Bulletin No. 4 of the staff of the US Securities and Exchange Commission for "spin-off" transactions and accordingly, Foreign Shareholders located in the United States are eligible to vote on the resolutions to be proposed in the General Meeting and to subsequently, if the Unbundling is implemented, to receive the Motus Distribution Shares without registration under the US Securities Act.
- 8.7.2 The Motus Shares and the Imperial Shares have not been, and will not be, registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the US. The Motus Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other US regulatory authority, nor have any of the foregoing authorities passed upon or determined the adequacy or accuracy of the information contained in this Circular. Any representation to the contrary is a criminal offence in the US.
- 8.7.3 The Motus Shares generally should not be treated as "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and persons who receive securities in connection with the Unbundling (other than "affiliates" as described in the paragraph below) may resell them without restriction under the US Securities Act.

8.7.4 Under the US securities laws, persons who are deemed to be affiliates of Imperial or Motus as at the Record Date to participate in the Unbundling may not resell the Motus Shares received pursuant to the Unbundling without registration under the US Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, including, without limitation, Regulation S under the US Securities Act. Whether a person is an affiliate of a company for such purposes depends upon the circumstances, but affiliates of a company can include certain officers and directors and significant shareholders. Imperial Shareholders who believe they may be affiliates for the purposes of the US Securities Act should consult their own legal advisers prior to any resale of Motus Shares.

8.8 Foreign Shareholders located in the UK

The Unbundling (a) will not constitute an “offer to the public” within the meaning of the European Union Directive 2003/21/EC, as amended or and “offer of transferable securities to the public” within the meaning of section 102b(1) of the UK Financial Services and Markets Act 2000; and (b) does not contemplate the admission to trading of the Motus Distribution Shares on a regulated market in the UK or the European union. Accordingly, all Foreign Shareholders located in the UK are eligible to vote on the resolutions to be proposed in the General Meeting and to subsequently, if the Unbundling is implemented, to receive the Motus Distribution Shares without further action being taken by Imperial or Motus.

8.9 Exchange control

8.9.1 Imperial Shareholders whose registered addresses are outside the CMA will need to comply with the Exchange Control Regulations set out in Annexure 2 hereto.

8.9.2 If Imperial Shareholders are in any doubt as to what action to take they should consult their professional advisors.

8.10 Taxation considerations relating to the Unbundling

8.10.1 Imperial intends to rely on the provisions of section 46 of the Income Tax Act in respect of the Unbundling. This section provides relief from income tax, CGT, dividend tax and STT which would ordinarily be payable in respect of an Unbundling of this nature.

Imperial Shareholders are referred to Annexure 3 for information on the taxation consequences relating to the Unbundling.

8.11 Suspensive conditions to the Unbundling and Listing

8.11.1 The implementation of the Unbundling and Listing is subject to the fulfilment or waiver (by Imperial, to the extent permitted) of the following Suspensive Conditions on or before Wednesday, 14 November 2018 or such later date as Imperial may in its sole discretion determine (and subject to approval from the TRP):

8.11.1.1 the resolutions set out in the notice of General Meeting attached to this Circular authorising the Unbundling and amendments to the Existing Share Schemes shall have been passed by the requisite majority of the votes of Imperial Shareholders;

8.11.1.2 the JSE shall have approved the Listing;

8.11.1.3 the TRP shall have issued a compliance certificate in respect of the Unbundling in terms of section 121 of the Companies Act; and

8.11.1.4 subject to paragraph 8.10.2, no written notice from any Shareholder is received by the Company in terms of section 164(3) of the Companies Act objecting to the special resolution number 1 set out in the notice of General Meeting before special resolution number 1 set out in the notice of General Meeting is to be voted on at the General Meeting. If any such objection notices are received by the Company, then it is noted that the chairperson of the General Meeting **may** close the General Meeting without putting the resolutions in the notice of General Meeting to the vote.

- 8.11.2 The Suspensive Condition stipulated in paragraph 8.10.1.4 above, may be waived (in whole or in part) at the sole and absolute discretion of the Board.
- 8.11.3 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 Suspensive Conditions.

9. **FINANCIAL INFORMATION RELATING TO THE UNBUNDLING**

9.1 **Historical information of Imperial and Motus**

- 9.1.1 The consolidated audited annual financial statements of the Imperial Group for the three financial years ended 30 June 2016, 2017 and 2018 is incorporated herein by reference and can be accessed on Imperial's website at: <http://www.imperial.co.za/inv-reports.php>, and will be available for inspection at the registered office of Imperial as set out in Paragraph 28 of this Circular.
- 9.1.2 The report of historical financial information of Motus for the three financial years ended 30 June 2016, 2017 and 2018 is set out in the Motus Pre-Listing Statement.

9.2 **Pro Forma financial effects of the Unbundling**

- 9.2.1 Based on Imperial's consolidated results for the year ended 30 June 2018, the *Pro Forma* financial effects of the Unbundling on the EPS, diluted EPS, HEPS, diluted HEPS, NAV and NTAV of the Imperial Group are set out below.
- 9.2.2 These financial effects are prepared for illustrative purposes only in order to assist Shareholders to assess the impact of the Unbundling and, because of their nature, may not give a fair presentation of Imperial's financial position, changes in equity, results of operations or cash flows after the internal restructuring and Listing nor the effect of the Unbundling on Imperial's results of operations.
- 9.2.3 The summarised *Pro Forma* financial effects have been prepared in a manner consistent in all respects with IFRS, the accounting policies adopted by Imperial as at 30 June 2018 and the Revised SAICA Guide on *Pro Forma* Financial Information and the Listings Requirements.
- 9.2.4 The *Pro Forma* financial effects are the responsibility of the Board. The assumptions used in the preparation of the *Pro Forma* financial effects as well as the detailed notes and descriptions to the *Pro Forma* financial information are set out in Annexure 4.

	Before	Redemption of Bonds	Redemption of Preference Shares	Unbundling of Motus to Imperial owners	Increased costs of existing Share Schemes	Increased costs as separately listed entity	Treatment of treasury shares to settle SARs and DBPs	Dividend receipts and payments	Results after <i>Pro Forma</i> effects
NAV per ordinary share (cents)	11 464	(5)	31	(5 996)	(9)	-	17	(182)	5 293
NTAV per ordinary share (cents)	7 151	(5)	31	(5 996)	(9)	-	17	(182)	1 002
Continuing									
EPS basic (cents)	477	-	40	-	(1)	(7)	(3)		506
EPS diluted (cents)	463	-	39	-	(1)	(7)	(2)		492
Discontinued									
EPS basic (cents)	1 204	-	-	4 692	-	-	(30)		5 866
EPS diluted (cents)	1 171	-	-	4 561	-	-	(29)		5 703
Total									
EPS basic (cents)	1 681	-	40	4 692	(1)	(7)	(33)		6 372
EPS diluted (cents)	1 634	-	39	4 561	(1)	(7)	(31)		6 195
Continuing									
HEPS basic (cents)	543	-	40	-	(1)	(7)	(3)		572
HEPS diluted (cents)	527	-	39	-	(1)	(7)	(2)		556
Discontinued									
HEPS basic (cents)	1 027	-	-	(1 027)	-	-	-		-
HEPS diluted (cents)	999	-	-	(999)	-	-	-		-
Total									
HEPS basic (cents)	1 570	-	40	(1 027)	(1)	(7)	(3)		572
HEPS diluted (cents)	1 526	-	39	(999)	(1)	(7)	(2)		556
Shares in issue net of shares repurchased	198.8						1.0		199.8
Weighted average shares in issue for basic	194.7						1.0		195.7
Weighted average shares in issue for diluted	200.3						1.0		201.3

Notes:

Details of the *Pro Forma* financial effects of the Unbundling on Imperial's consolidated statement of profit or loss and consolidated statement of financial position for the year ended 30 June 2018 are contained in Annexure 4 to this Circular.

The independent reporting accountants' report on the aforementioned *Pro Forma* financial effects and the *Pro Forma* consolidated statement of profit or loss and the *Pro Forma* consolidated statement of financial position of Imperial is set out in Annexure 5 to this Circular.

9.2.5 New accounting standards

The following new accounting standards will become applicable in the future:

- IFRS 9 *Financial Instruments* The Group anticipates that the application of IFRS 9 will have no material impact on amounts reported in respect of the group's financial assets and financial liabilities. This will be effective for the year ending 30 June 2019.
- IFRS 15 *Revenue* A detailed review of the potential impact of IFRS 15 has been finalised. The Group, has a substantial number of long-term contracts. All material contracts have been assessed for any impact in terms of the five-step approach. This review shows that there will not be a material impact on the current measurement of revenue. This will be effective for the year ending 30 June 2019.
- IFRS 16 *Leases* The initial assessment has been completed and is estimated that the right of use asset and lease liability that will be recognised on adoption of the standard in 2020 will amount to R7.7 billion. This will apply from the 2020 financial year.

10. DISSENTING SHAREHOLDERS

- 10.1 Shareholders are advised of their Appraisal Rights in terms of section 164 of the Companies Act.
- 10.2 In terms of section 164(2)(b) of the Companies Act, Shareholders who are entitled to vote 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 before special resolution number 1 set out in the notice to General Meeting is voted on at the General Meeting to give notice to Imperial in writing objecting to the aforesaid special resolution under section 164(3) of the Companies Act; and to vote against special resolution number 1 set out in the notice to General Meeting at the General Meeting.
- 10.3 Any Dissenting Shareholder that, pursuant to the exercise of its Appraisal Rights, has accepted an Appraisal Rights Offer and/or transferred Shares to Imperial pursuant to section 164(13) or section 164(15)(c)(v) of the Companies Act shall not participate in the Unbundling.
- 10.4 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:
- 10.4.1 on or prior to the Record Date to receive Motus Shares in relation to the Unbundling, a Shareholder who was, up until that time, a Dissenting Shareholder, will be deemed a Shareholder and be subject to the terms and conditions of the Unbundling; and
- 10.4.2 after the Record Date to receive Motus Shares in relation to the Unbundling, a Shareholder who was, up until that time, a Dissenting Shareholder will be deemed to have been a Shareholder as at the date on which Motus Distribution Shares are unbundled to Shareholders and shall receive its proportionate share of Motus Shares on the later of: (i) the date on which Motus Distribution Shares are unbundled to Shareholders; and (ii) the date which is 5 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);
- 10.5 For the sake of clarity, except where expressly provided otherwise, all provisions applicable to other Shareholders shall apply equally to any Dissenting Shareholder who becomes entitled to receive their proportionate share of Motus Shares as a result of his rights to Imperial Shares being reinstated in terms of section 164(10) of the Companies Act, or pursuant to a final court order.
- 10.6 Before exercising their rights under section 164 of the Companies Act, in relation to the Unbundling, Shareholders should have regard to:
- 10.6.1 the Independent Expert Report set out in Annexure 6 to this Circular, which concludes that the Unbundling is fair and reasonable as far as Imperial Shareholders are concerned; and
- 10.6.2 the fact that the court is empowered to grant a costs order in favour of, or against, a Dissenting Shareholder, as may be applicable.

11. **POTENTIAL COURT APPROVAL**

- 11.1 Shareholders are advised that, in accordance with section 115(3) of the Companies Act, Imperial may in certain circumstances not proceed to implement the Unbundling without the approval of the court, despite the fact that the special resolution number 1 set out in the notice of General Meeting will have been duly adopted at the General Meeting.
- 11.2 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 Unbundling, is set out in Annexure 1 to this Circular.

12. **TREATMENT OF THE EXISTING SHARE SCHEMES**

- 12.1 Imperial's current management share incentive plans comprise the Existing Share Schemes.
- 12.2 Participants in the Existing Share Schemes include employees of both Motus and Imperial. The awards made to participants in terms of the SARs and the DBP were made in the years preceding the Unbundling with the last awards being made in June 2017, and these awards vest over the 2-year period after the Unbundling, up to 15 September 2020.
- 12.3 In terms of the SARs, selected participants receive annual grants of share appreciation rights, which are conditional rights to receive Imperial Shares to the value of the difference between the exercise price and the grant price of a number of SARs granted based on the market value of the Imperial Shares as at the date on which a notice of exercise is delivered. Vesting of rights is subject to performance conditions being met and participants remaining employed with the Group for the vesting period. The performance conditions and the performance period are determined by the Board annually in respect of each new grant of rights. The SARs Rules do not make specific provision for a transaction of the nature of the Unbundling, and participants in the SARs could be disadvantaged by the Unbundling if the SARs Rules are not amended. This is because:
- 12.3.1 employees of Motus participating in the SARs would cease to be an "employee" employed by an "employer company" in the Group and owing to the rules governing cessation of employment, would no longer be eligible to participate in the SARs in respect of grants received prior to the date of implementation of the Unbundling, with the consequence being that: (i) any SARs held by such Motus participants which have vested (i.e. vesting period complete and performance conditions satisfied) must be exercised within 6 (six) months after the date of the cessation of employment (i.e. the date of implementation of the Unbundling), failing which the SARs will lapse; and (ii) in respect of any SARs held by such Motus employees which have not vested, a pro-rata vesting of the SARs that have not vested at the date of implementation of the Unbundling, shall take place (which must then be exercised within 6 (six) months from the date of the cessation of employment) taking into account the extent to which the performance conditions have been satisfied and the number of months served since the grant date. Any unvested SARs which do not vest in accordance with the foregoing pro rata vesting will lapse;
- 12.3.2 Imperial employees (who would continue to be eligible to participate in the SARs) may be prejudiced if performance conditions are only determined with reference to the performance of Imperial (as opposed to the aggregate performance of Imperial and Motus); and
- 12.3.3 Imperial employees (who would continue to be eligible to participate in the SARs) may be prejudiced if the exercise price of a SAR is only determined with reference to the market value of an Imperial Share (as opposed to the aggregate market value of the Imperial Shares and the Motus Shares).
- 12.4 Qualifying senior employees are eligible to participate in the DBP. They may contribute an after-tax portion of their annual bonus to acquire Imperial Shares ("bonus shares"), or they may contribute Imperial Shares that they already hold ("committed shares"). These Imperial Shares are held in escrow by Imperial (the "escrow shares"). The participant remains the owner of the escrow shares for the duration of the three-year period and enjoys all shareholder rights in respect of the escrow shares. Although the participant may withdraw the escrow shares from escrow at any stage, the matching award is forfeited to the extent that escrow shares are withdrawn from escrow. On the condition that the participant remains in the employ of the Group and does not withdraw the

escrow shares from escrow over a three-year period, a matching award of Imperial Shares is made on vesting. The DBP Rules do not make specific provision for a transaction of the nature of the Unbundling, and participants in this DBP could be disadvantaged by the Unbundling if the DBP Rules are not amended. This is because:

- 12.4.1 employees of Motus participating in the DBP would cease to be an “employee” employed by an “employer company” in the Group and owing to the rules governing cessation of employment, would no longer be eligible to participate in the DBP in respect of offers received prior to the date of implementation of the Unbundling, with the consequence being that: (i) if termination of employment (i.e. the date of implementation of the Unbundling) occurs after the vesting date but before the settlement date, the Motus participant will be entitled to a settlement of matching shares; and (ii) in respect of any matching awards which have not vested, a *pro rata* vesting of the unvested matching awards shall take place (on the date of cessation of employment) taking into account the number of months served since the date of offer and the number of bonus shares and committed shares still held. Any unvested matching awards which do not vest in accordance with the foregoing *pro rata* vesting will lapse; and
- 12.5 Imperial employees (which would continue to be eligible to participate in the DBP) may be prejudiced if matching awards (which relate to offers made prior to the Unbundling Date) are settled with reference to the market value of Imperial Shares only (as opposed to the aggregate market value of the Imperial Shares and the Motus Shares).
- 12.6 The CSP is utilised in exceptional circumstances only. Employees receive grants of conditional awards and the vesting is subject to performance conditions. The performance conditions for the CSP will be based on individual targets set by the Board. The CSP Rules do not make specific provisions for a transaction of the nature of the Unbundling but no unvested conditional awards will remain after Unbundling and the CSP Rules therefore do not have to be amended to address the impact of the Unbundling.
- 12.7 In the light of the foregoing, the Board is of the view that participants in the SARs and DBP should not be disadvantaged or prejudiced by the Unbundling, and should be placed in a position after the Unbundling that leaves them in a position which is as close as possible to the position they would have been in, had the Unbundling not taken place. Consequently, certain amendments to the SARs and DBP are proposed in order to accommodate those employees that are participants in these schemes holding existing awards. These amendments are proposed with the aim of ensuring fair and equitable treatment of the employees concerned, while taking account of the interests of both Imperial and Motus after the Unbundling. The proposed amendments that deal only with existing awards to employees and how they will be treated after the Unbundling will lapse upon the last of the existing grants being exercised.
- 12.8 In summary, the purpose of the amendments to the SARs Rules is to ensure that:
 - 12.8.1 participants employed by Motus, which received grants prior to the date of implementation of the Unbundling, may continue to participate in the SARs until all such grants have either been settled or lapsed (as the case may be) (refer to clauses 1.1.4, 1.1.5, 1.1.8 to 1.1.14, 1.1.17, 1.1.18, 2.4, 2.6, 3.2 to 3.4, and 3.9 to 3.12 of Annexure A to Annexure 8);
 - 12.8.2 regard is had to the aggregate performance of Imperial and of Motus (in respect of grants of SARs made prior to the date of implementation of the Unbundling) when determining the extent to which performance conditions relating to such SARs have been met (refer to clause 3.2 of Annexure A to Annexure 8); and
 - 12.8.3 regard is had to the aggregate market value of the Imperial Shares and Motus Shares (in respect of grants of SARs made prior to the date of implementation of the Unbundling) when calculating the exercise price of such SARs (refer to clause 1.1.6 of Annexure A to Annexure 8).
- 12.9 Following the exercise of SARs, the relevant employer company shall procure the settlement of that number of: (i) Imperial Shares to the Imperial participants, and (ii) Motus Shares to the Motus participants, the value of which equates to the difference between the exercise price and the grant price (without deducting any costs or income tax) in accordance with the settlement methods described in the SARs (refer to clause 3.3 of Annexure A to Annexure 8).

12.10 In summary, the purpose of the amendments to the DBP Rules is to ensure that –

12.10.1 participants employed by Motus, which received offers prior to the Unbundling Date, may continue to participate in the DBP until all such offers have either been settled or lapsed (as the case may be) (refer to clauses 1.1.4 to 1.1.12 and 2.4 to 2.9 of Annexure A to Annexure 9); and

12.10.2 regard is had to the market value of both the Imperial Shares and the Motus Shares when matching awards (which relate to offers made prior to the date of implementation of the Unbundling) are settled (refer to clauses 1.1.6, 2.1.1 and 2.8 of Annexure A to Annexure 9).

12.11 Participants in the DBP will then receive Imperial Shares and Motus Shares when matching awards are settled (refer to clause 2.7 of Annexure A to Annexure 9).

12.12 For the avoidance of doubt, no new grants or awards (as the case may be) shall be made to participants employed by Motus after the Unbundling Date under the Existing Share Schemes (refer to clause 3.1 of Annexure A to Annexure 8 and clause 2.2.1 of Annexure A to Annexure 9). The amendments discussed above shall cease to apply once all existing grants or awards (as the case may be) have either been settled or have lapsed (as the case may be) (refer to clause 2.2.2 of Annexure A to Annexure 8 and clause 2.2.2 of Annexure A to Annexure 9).

12.13 Both the SARs and DBP will be settled from existing treasury stock acquired and held for that purpose and from hedges that were put in place when the SARs and DBP were originally issued.

12.14 In addition to the amendments being proposed consequent to the Unbundling, additional changes are being proposed to align the Existing Share Schemes with current market practice, for use after the Unbundling.

12.15 Details of the proposed amendments to provisions of the Existing Share Schemes are set out in Annexure 8 (Proposed amendments to provisions of the SARs Rules), Annexure 9 (Proposed amendments to provisions of the DBP Rules) and Annexure 10 (Proposed amendments to provisions of the CSP Rules), respectively, to this Circular.

12.16 In order to give effect to the foregoing amendments to the Existing Share Schemes, it is proposed that Shareholders approve ordinary resolution number 1 as set out in the notice of General Meeting.

13. INDEPENDENT EXPERT REPORT AND OPINION

13.1 In accordance with the Takeover Regulations, the Board has constituted the Independent Board. The Independent Board has appointed the Independent Expert to prepare the Independent Expert Report in respect of the Unbundling.

13.2 The Independent Expert Report prepared in accordance with section 114(3) of the Companies Act and regulation 90 of the Companies Regulations is provided in Annexure 6 to this Circular.

13.3 Having considered the terms and conditions of the Unbundling and based upon and subject to the terms and conditions set out in the Independent Expert Report, the Independent Expert is of the opinion that the Unbundling is fair and reasonable to Imperial Shareholders.

14. INDEPENDENT BOARD OPINION AND RECOMMENDATIONS

14.1 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 on the Unbundling as contemplated in regulation 110(3)(b) of Takeover Regulations.

14.2 The Independent Board is not aware of any factors that are difficult to quantify or are unquantifiable (as contemplated in regulation 110(6) of the Takeover Regulations) and has not taken any such factors into account in forming its opinion.

- 14.3 The Independent Board, taking into account the Independent Expert Report, has considered the terms and conditions of the Listing and the Unbundling and the members of the Independent Board are unanimously of the opinion that the terms and conditions of the Listing and Unbundling are fair and reasonable and that the implementation of the Listing and Unbundling will be to the benefit of Imperial Shareholders. Accordingly, the Independent Board recommends that Imperial Shareholders vote in favour of the special and ordinary resolutions to be proposed at the General Meeting, a copy of which resolutions are embodied in the notice of General Meeting forming part of this Circular.
- 14.4 As at the Last Practicable Date, the Independent Board has not received any offers, as defined in section 117(1)(f) of the Companies Act.
- 14.5 The Directors of Imperial with interests in the Company intend to vote in favour of the special and ordinary resolutions to be proposed at the General Meeting to approve the Listing and Unbundling.
- 14.6 Each of the non-independent members of the Board recommends that Shareholders vote in favour of the special and ordinary resolutions as set out in the notice of General Meeting and, accordingly, the Board unanimously recommends that Shareholders vote in favour of the resolutions at the General Meeting.

15. 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 3% or more of the issued Ordinary Share Capital are as follows:

Shareholder	Number of Shares	% of issued voting capital
Public Investment Corporation	23 078 013	11.43
Lazard Asset Management	21 018 893	10.41
M&G Investment Management	17 662 769	8.75
Ukhamba	15 056 029	7.45
Lynch Family Holdings	8 210 515	4.07
Dimensional Fund Advisors	7 246 084	3.59
BlackRock Investment Management	6 682 621	3.31
De Canha Family Holdings	6 200 673	3.07

16. MATERIAL CHANGE

There have been no material changes in the financial or trading position of Imperial between 30 June 2018 and the Last Practicable Date.

17. DIRECTORS' INTERESTS IN IMPERIAL SHARES

As at the Last Practicable Date, the aggregate interest of Directors in Ordinary Shares was as follows:

	Direct Beneficial	Indirect Beneficial	Total	Percentage (%)
Executive Directors				
M Akoojee	72 365	–	72 365	0.04
OS Arbee	161 476	–	161 476	0.08
M Swanepoel	144 147	–	144 147	0.07
Non-executive Directors				
GW Dempster	99	–	99	*
SP Kana	9 417	–	9 417	*
RJA Sparks	40 000	–	40 000	0.02
Total	427 504	–	427 504	0.21

* Less than 0.01%

There will be no change in the Directors' interest in Ordinary Shares as a result of the Unbundling.

17.1 Details of trades in Imperial Shares by Directors

Executive Directors participate in long-term incentive schemes (being SARs and DBPs), designed to retain and recognise the contributions of senior employees. The table below sets forth the rights in Ordinary 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 2018.

	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
	23-Aug-2017	24-Aug-2017	18-Sept-2017	29-Nov-2017	29-Nov-2017
Executive Directors					
M Akoojee	2 722		18 579		
OS Arbee	4 425	5 117	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 RJA Sparks occurred during the financial year preceding the Last Practicable Date.

17.2 Details of trades in Motus Shares by Directors

As at the date of this Circular, the entire issued share capital of Motus is held by Imperial and accordingly none of the Directors are capable of trading in Motus Shares nor do they hold any Motus Shares.

18. SHARE CAPITAL OF THE COMPANY

The table below shows the authorised and issued share capital of Imperial as at the Last Practicable Date:

	R'000
Authorised share capital	
394 999 000 ordinary shares of 4 cents each	
50 000 000 deferred ordinary shares of 4 cents each	
15 000 000 preferred ordinary shares of 4 cents each	
1 000 redeemable preference shares of 4 cents each	
40 000 000 non-redeemable, cumulative, non-participating preference shares of 4 cents each	
Issued share capital	
201 971 450 ordinary shares of 4 cents each ¹	8 079
4 540 041 non-redeemable, non-participating preference shares of 4 cents each ²	182
7 669 360 deferred ordinary shares of 4 cents each	307
Share premium	1 021 000
	1 029 568

Notes:

- At the Last Practicable Date, Imperial Corporate Services Proprietary Limited (a wholly-owned subsidiary of Imperial) held 3 185 000 Ordinary Shares, which are used for the sole purpose of settlement of the Company's obligations in terms of the Existing Share Schemes and are accounted for as treasury shares.
- The non-redeemable, cumulative, non-participating preference shares of 4 cents each will be repurchased by Imperial in terms of a scheme of arrangement which has been approved by Imperial shareholders. The repurchase date of the non-redeemable, cumulative, non-participating preference shares of 4 cents each is anticipated to be 15 October 2018.

19. STATEMENT BY THE DIRECTORS OF IMPERIAL

The Directors have considered the position of Imperial prior to and following the implementation of the Transaction and are of the view that:

- 19.1 Imperial and its Subsidiaries will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of approval of this Circular;
- 19.2 the consolidated assets of Imperial, fairly valued, will be in excess of the consolidated liabilities of Imperial for a period of 12 months after the date of approval of this Circular;
- 19.3 the share capital and reserves of Imperial will be adequate for ordinary business purposes for a period of 12 months after the date of approval of the Circular;
- 19.4 the working capital of Imperial will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of this Circular; and
- 19.5 the Directors have authorised the Unbundling and Imperial has passed the 'solvency and liquidity' test, as contemplated in section 4 of the Companies Act, and there have been no material changes to the financial position of Imperial since that test was performed by the Directors.

20. COMPOSITION OF THE IMPERIAL BOARD FOLLOWING THE UNBUNDLING

Messrs SP Kana, MV Moosa and A Tugendhaft will retire at the upcoming Annual General Meeting.

The current deputy chairman, Mr A (Oshy) Tugendhaft has served on the Board and various committees since 1998. During this time he provided invaluable advice and wisdom to the Board and management which saw the Group grow from its listing to its present day size for which the Board thanks him. He will join the board of Motus on Unbundling.

Mr Moosa, served with distinction for the past 13 years, since his initial appointment as representative of Lereko Mobility in 2005.

The current chairman, Mr SP Kana, joined the Board in 2015 and has indicated that his commitment to Imperial would end upon the culmination of the strategy of the Group in Unbundling. He provided guidance and important leadership in the period during which the business underwent significant restructuring and management changes.

The Board thanks Messrs Kana and Moosa for their contribution to the company and wishes them well in their future endeavours.

After the Unbundling, the Imperial Board will be reconstituted as set out below.

Name	Position
P Langeni	Chairman*
P Cooper	Non-executive Director*
GW Dempster	Non-executive Director*
T Skweyiya	Non-executive Director*
RJA Sparks	Lead Non-executive Director*
M Swanepoel	CEO [#]
M Akoojee	CEO Designate [#]
JG de Beer	CFO [^]

* Independent

[#] Mr M Swanepoel will retire as CEO in June 2019 but will remain as director to 31 December 2019, and Mr M Akoojee will be appointed as CEO with effect from 1 July 2019.

[^] Mr JG de Beer will be appointed to the Board as CFO from the date of unbundling. His experience, qualifications and appointment has been considered and approved by the Imperial Audit Committee and the Board. He currently serves as the CFO of Imperial Logistics.

21. COMPOSITION OF THE BOARD OF DIRECTORS OF MOTUS FOLLOWING THE UNBUNDLING

The details of the directors of Motus following the implementation of the Unbundling are set out below:

Osman Suluman Arbee

Position:	CEO
Qualifications:	Bachelor of Accounting, Chartered Accountant (South Africa), Higher Diploma Taxation
Appointed:	12 October 2017
Age:	59
Nationality:	South African
Business address:	Cnr. Van Dort Street & Geldenhuis Street, Bedfordview
Committees:	Invitee to the Social, Ethics and Sustainability committee Invitee to the Audit and Risk committee Invitee to the Nomination committee Invitee to the Remuneration committee Invitee to the Asset and Liability Committee
Experience:	<p>Osman was appointed the CEO of Motus on 1 March 2017 and appointed to the Motus board on 12 October 2017.</p> <p>Osman has been with the Imperial Group since September 2004. During this period, he has been the CFO of Imperial Holdings, CEO of the then Car Rental and Tourism division, and the chairperson of the Aftermarket Parts and the Automotive Retail divisions.</p> <p>Osman is a member of various Imperial subsidiary and divisional boards, including the UK and Australia, chairman of the Imperial Medical Aid Fund and a trustee of the Imperial and Ukhamba Community Development Trust. He was appointed to the Imperial board in July 2007 and served as CFO of Imperial Holdings from 1 July 2013 to 28 February 2017.</p> <p>Prior to joining the group, Osman was a senior partner at Deloitte and spent 23 years with Deloitte in various roles, which included being a board and executive committee member.</p>

Ockert Jacobus Janse van Rensburg

Position:	CFO
Qualifications:	Bachelor of Commerce Accounting (Honours), Chartered Account (South Africa), Higher Diploma Company Law
Appointed:	12 October 2017
Age:	45
Nationality:	South African
Business address:	Cnr. Van Dort Street & Geldenhuis Street, Bedfordview
Committees:	Invitee to the Social, Ethics and Sustainability committee Invitee to the Audit and Risk committee Invitee to the Nomination committee Invitee to the Remuneration committee Invitee to the Asset and Liability Committee
Experience:	<p>Ockert has been with the Imperial Group since January 2015, and was appointed as CFO of Motus in January 2017. Prior to joining the group, he was the CFO of Foodcorp Holdings, a multinational food manufacturer and distributor. Prior to joining Foodcorp, he held the position as partner of PricewaterhouseCoopers Inc. Ockert is a member of various Motus subsidiary and divisional boards, including the UK and Australia, and a trustee of the group medical aid fund and retirement funds.</p>

Graham Wayne Dempster

Position: Independent Non-executive Chairman

Qualifications: Bachelor of Commerce Accounting (Honours), Chartered Account (South Africa), Advanced Management Program (Harvard Business School)

Appointed: 1 August 2018

Age: 63

Nationality: South African

Business address: 1 Van Buuren Road, Bedfordview

Committees: Invitee to the Audit and Risk committee
Chairman of the Nomination committee
Member of the Remuneration committee
Chairman of the Asset and Liability Committee

Experience: Graham was appointed to the Motus board on 1 August 2018. He is a non-executive director of Telkom, Sun International and chairman of Long4Life Limited. Graham was an executive director of Nedbank Group Limited and Nedbank Limited and retired in May 2014 with over 30 years' service in the Nedbank Group.

Ashley (Oshy) Tugendhaft

Position: Non-executive Director and Deputy Chairman

Qualifications: Bachelor of Arts, Legum Baccalaureus

Appointed: 1 August 2018

Age: 70

Nationality: South African

Business address: 20th Floor, Sandton City Office Towers, Sandton, Johannesburg

Committees: Member of the Nomination committee
Chairman of the Remuneration committee

Experience: Oshy is the senior partner of Tugendhaft Wapnick Banchetti & Partners, a leading Johannesburg niche law firm. He is also a non-executive director and deputy chairman of Alviva Holdings Limited (formerly Pinnacle Technology Holdings Limited). He was appointed to the Motus board on 1 August 2018.

Phumzile Langeni

Position: Independent Non-executive Director

Qualifications: Bachelor of Commerce Accounting (Honours), Master of Commerce

Appointed: 1 August 2018

Age: 44

Nationality: South African

Business address: VDARA Suites, 1st Floor, 41 Rivonia Road, Sandhurst, Johannesburg

Committees: Member of the Nomination committee
Member of the Remuneration committee

Experience: Phumzile is the executive chairman of Afropulse Group, non-executive chairperson of the Mineworkers' Investment Company and Primedia Holdings. She also serves as an independent non-executive director of Massmart and Redefine Properties. Phumzile was appointed on 16 April 2018 by His Excellency Cyril Ramaphosa, the President of South Africa, as one of four special investment envoys tasked with raising US\$100 billion over a five-year period. She was appointed to the Motus board on 1 August 2018.

The following 2 directors will be appointed to the board of directors of Motus post the Unbundling with an effective date of 2 January 2019, following which Roddy Sparks and Tembisa Skweyiya will retire from the board.

Thembisa Skweyiya

Position: Independent Non-executive Director
Qualifications: BProc, LLB, LLM, Higher Diploma Tax
Appointed: September 2018
Age: 45
Nationality: South African
Business address: 1 Van Buuren Road, Bedfordview
Committees: Audit and risk committee
Experience: Thembisa is an admitted attorney to the New York State Bar, USA.
She is the past chairperson of Ukhamba Holdings, an empowerment shareholder in Imperial. She is an executive director of Skweyiya Investment Holdings (Proprietary) Limited and Theshka (Proprietary) Limited. She is currently a director of Famous Brands Limited and Sumitomo Rubber South Africa.

Roderick (Roddy) John Alwyn Sparks

Position: Independent Non-executive Director
Qualifications: Bachelor of Commerce (Honours), Chartered Accountant (South Africa), Master of Business Administration
Appointed: September 2018
Age: 59
Nationality: South African
Business address: 1 Van Buuren Road, Bedfordview
Committees: Audit and risk committee
Experience: Roddy is a former managing director of Old Mutual South Africa and Old Mutual Life Assurance Company (SA), and the former chairperson of Old Mutual Unit Trusts, Old Mutual Specialised Finance and Old Mutual Asset Managers (SA). He is a non-executive director of Truworths International, the lead independent director of Trencor and chairs the board of advisers of the University of Cape Town College of Accounting.

Saleh Mayet

Position: Independent Non-executive Director
Qualifications: Bachelor of Accounting, Chartered Accountant (South Africa)
To be appointed: 2 January 2019
Age: 62
Nationality: South African
Committees: Trustee of the Anglo American Chairman's Fund, Anglo American Pension Fund and Anglo American SA Finance Limited.
Experience: Saleh is a non-executive director and finance professional with well over three decades' experience in the Anglo American group in South Africa and the UK. Saleh has extensive expertise across the full spectrum of corporate activities, including strategy, driving value initiatives with key stakeholders. Saleh is also a member of the SA CEO's forum, providing key leadership, direction and strategy to the South African corporate office and region.

Mfondiso Johnson Ntabankulu Njeke

Position:	Independent Non-executive Director
Qualifications:	Bachelor of Commerce Accounting Honours, Chartered Accountant (South Africa), Higher Diploma Tax Law
To be appointed:	2 January 2019
Age:	60
Nationality:	South African
Committees:	Chairman of the Social, Ethics and Sustainability Committee Member of the Assets and Liabilities Committee
Experience:	<p>Johnson is the lead independent director of Sasol Limited, independent chairman of MMI Holdings Limited, a non-executive director of Datatech Limited and the chairman of the Hollard Foundation Trust, and a board member since 2009.</p> <p>He is the chairman of Silver Unicorn Trading 33 (Proprietary) Limited and Silver Unicorn Coal and Minerals (Proprietary) Limited. He is also a director of NM Rothschild (SA) (Proprietary) Limited, Compass Group (SA) (Proprietary) Limited, Teamcor Limited, First Lifestyle Holdings, Nkunzi Investment Holdings (Proprietary) Limited and is lead independent director at Delta Property Fund Limited since April 2017. He is also a director of the Council of the University of Johannesburg, the South African Qualifications Authority and the Black Management Forum Investment Company Limited.</p>

22. ADDITIONAL INFORMATION

22.1 Agreements in relation to the Unbundling

Save for the Separation Agreement, no agreement exists between Imperial and any Shareholder which could be considered material to a decision regarding the Unbundling to be taken by Imperial Shareholders. As at the Last Practicable Date, no other agreements have been entered into between Imperial and any of the Directors of Imperial or Shareholders in relation to the Unbundling, save as set out below.

22.2 Directors' remuneration

As a consequence of the Unbundling Mr Marius Swanepoel's salary will be adjusted to an annual salary of R10 600 000, commensurate with his position as CEO of a listed company.

In recognition of the significant additional work required over the past four years involving a substantial portfolio rationalisation, group-wide restructuring and achieving a successful Unbundling, the Board and the Remuneration Committee have resolved to pay a special incentive to Directors if the Unbundling is successfully concluded as set out in the table below.

In anticipation of the Unbundling, Imperial has not in 2018 made an annual allocation of rights in terms of the Existing Share Schemes, which is usually made in June of each year. The 2018 DBP awards in line with long term incentive award benchmarks for executive Directors will be made upon implementation of the Unbundling as set out in the table below.

In light of the proposed unbundling of Motus, the Board decided to award CSP's to certain members of management who are viewed as essential to the continued success of Imperial Logistics. It is not intended to repeat such awards in future as the awards are considered exceptional but warranted in the circumstances to serve both as a retention tool and an incentive aligned to the interests of shareholders. The unbundling CSP awards to Directors are set out in the table below.

The CSP will be subject to performance criteria relating to Imperial Logistics and will vest over a three-year period commencing 15 September 2021, vesting 25% in 2021, 25% in 2022 and 50% in 2023.

CSP performance conditions:

Condition	Weighting
ROIC over WACC	20%
Operating profit growth	20%
Succession planning	15%
Discretionary	10%
HEPS vs peer group	35%

Awards to directors

	DBP R'000	CSP R'000	Unbundling incentive R'000
M Swanepoel	10 600	–	5 000
M Akoojee	9 250	30 000	6 000
JG de Beer	5 000	20 000	2 000

Due to the above-mentioned unbundling incentive, Mr Swanepoel and Mr Akoojee will not be voting on the resolutions to be proposed at the General Meeting.

At the annual general meeting of Imperial to be held on 30 October 2018, Shareholders will be requested to approve the following increases in Non-executive Directors' remuneration by special resolution in terms of section 66(9) of the Companies Act, granting authority to pay fees for services as Directors, which will be valid with effect from 1 July 2019 until 30 June 2020. The proposed increase in fees is 6% for all boards and committees as follows:

	Fees from 1 July 2018 to 30 June 2019	Fees from 1 July 2019 to 30 June 2020
Chairman*	R993 000	R1 052 500
Deputy chairman and lead independent director*	R496 500	R526 000
Board member	R284 000	R301 000
Assets and liabilities committee chairman*	R181 000	R192 000
Assets and liabilities committee member	R120 500	R128 000
Audit and Risk committee chairman*	R375 000	R397 500
Audit and Risk committee member	R187 500	R198 000
Divisional board member	R168 500	R179 000
Divisional finance and risk committee member	R67 500	R71 500
Remuneration committee chairman*	R135 500	R143 500
Remuneration committee member	R90 000	R95 500
Nomination committee chairman*	R135 500	R143 500
Nomination committee member	R90 000	R95 500
Social, ethics and sustainability committee chairman*	R181 500	R192 000
Social, ethics and sustainability committee member	R120 500	R128 000

* Fee paid in addition to a member's fee.

23. DIRECTORS' RESPONSIBILITY STATEMENT

23.1 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.

23.2 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.

24. GENERAL MEETING OF IMPERIAL SHAREHOLDERS

A notice convening the General Meeting of Imperial Shareholders is attached to this Circular. The General Meeting will be held in the Training Room, Hyundai Head Office, Cnr Lucas and Norman Roads, Bedfordview, Johannesburg, Gauteng at 10:00 CAT on Tuesday, 30 October 2018, or at any other adjourned or postponed date and time determined in accordance with the provisions of the Companies Act as read with the Listings Requirements to consider and, if deemed fit, pass, with or without modification, the requisite special and ordinary resolutions to approve and implement, amongst other things, the Unbundling. A notice convening a General Meeting of the Imperial Shareholders is attached to and forms part of this Circular.

25. CONSENTS

The joint financial advisors and transaction sponsor, Independent Expert, legal advisors and reporting accountants have consented in writing to act in the capacities stated and to their names being stated in the Circular and had not withdrawn the consents prior to the Last Practicable Date.

26. EXPENSES RELATING TO THE DISPOSAL, UNBUNDLING AND SUBSEQUENT LISTING

The expenses relating to the Disposal, the Unbundling and subsequent listing are estimated at approximately R150 000 000 and comprise:

Description	R'000
(exclusive of VAT)	
Standard Bank acting as joint Financial Advisor and Transaction Sponsor	15 000
J.P. Morgan	13 500
Bowman Gilfillan	10 000
Tugendhaft Wapnick Banchetti and Partners	4 000
Freshfields	2 000
PwC	545
Computershare	30
TRP inspection fees	250
JSE documentation fees	62
Deloitte*	7 500
Financial Surveillance Department	25
Printing and publishing costs	500
Debt arranging and underwriting fees**	96 400
Total	R150 102

*R6 million relates to the Motus Pre-Listing Statement.

**Relates to arranging and negotiating of debt facilities of approximately R42 billion for Motus and Imperial Logistics. Nedbank Limited (acting through its Nedbank Corporate and Investment Banking business division) and Standard Bank acting as mandated lead arrangers in terms of the SA Domestic Term Facilities for Imperial Logistics and Motus and J.P. Morgan and Commerzbank Aktiengesellschaft acting as underwriters and mandated lead arrangers for the international Term Facilities for Imperial Logistics

The Transaction costs as set out above will be payable by Imperial. The additional Listing costs amounting to R1 700 000 (exclusive of VAT) are detailed in the Motus Pre-Listing Statement and will also be payable by Imperial.

27. **DISCLOSURE OF CONFLICT**

Shareholders are advised that Standard Bank acts as joint financial advisor and Transaction sponsor to Imperial in relation to the Unbundling and the Listing.

In its capacity as Transaction sponsor, Standard Bank does not believe that there is any matter that would impact on its ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in professional dealings in relation to the Company and that would impact on its ability to act within the Code of Conduct as set out in the Listings Requirements.

It has various internal procedures in place to ensure that its ability to act independently as Transaction sponsor is not compromised.

Pursuant to these internal procedures, Standard Bank has a compliance control room that identifies and manages conflicts risks and ensures that strict “Chinese walls” are maintained to ensure that as JSE sponsor, it is able to act independently from other divisions within the bank. Standard Bank also enforces and implements physical and logical access restrictions to information, which is limited to deal teams for whom the information is relevant, for the purpose of fulfilling the client mandate.

28. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents or copies thereof will be available for inspection by Imperial Shareholders at the registered offices of the Company during normal business hours on Business Days from the date of this Circular up to and including the date of the General Meeting:

- 28.1 the Memorandum of Incorporation of the Company and its major Subsidiaries;
- 28.2 the independent reporting accountants' and auditors' report on the reviewed *Pro Forma* financial information of Imperial as set out in Annexure 5 to this Circular;
- 28.3 the consolidated audited historical financial information of Imperial for the preceding three financial years together with all notes, namely the 2016, 2017 and 2018 consolidated audited annual financial statements;
- 28.4 the Independent Expert Report as set out in Annexure 6 to this Circular;
- 28.5 consent letter of the appointed professional advisors as set out in Paragraph 25 of this Circular;
- 28.6 the Separation Agreement;
- 28.7 the DBP Rules;
- 28.8 the SARs Rules;
- 28.9 the CSP Rules;
- 28.10 the letter from the TRP approving this Circular;
- 28.11 a signed copy of this Circular; and
- 28.12 the Motus Pre-Listing Statement.

By order of the Board

RA Venter

Company Secretary

27 September 2018

EXTRACTS OF RELEVANT SECTIONS 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 section 112, 113, or 114, that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
 - (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither:
 - (i) withdrawn that notice; or
 - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
 - (a) the shareholder
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company’s Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
 - (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."

INFORMATION FOR FOREIGN SHAREHOLDERS

1. DISTRIBUTIONS TO FOREIGN SHAREHOLDERS

The distribution of Motus Shares to Foreign Shareholders, in terms of the Unbundling, may be affected by the laws of such Foreign Shareholders' relevant jurisdiction. Those Foreign Shareholders should consult their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

This section sets out the restrictions applicable to Shareholders who have registered addresses outside South Africa, the US or the UK, who are nationals, citizens or residents of countries other than South Africa, the US or the UK, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside South Africa, the US or the UK or who hold ordinary shares for the account or benefit of any such Foreign Shareholder.

It is the responsibility of any Foreign Shareholder (including, without limitation, nominees, agents and trustees for such persons) receiving this Circular and wishing to take up their entitlement to unbundled Motus Shares to satisfy themselves as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. Foreign Shareholders are obliged to observe the applicable legal requirements of their relevant jurisdictions.

Accordingly, persons (including, without limitation, nominees, agents and trustees) receiving a copy of this Circular should not distribute or send the same to any person in, or citizen or resident of, or otherwise into any jurisdiction where to do so would or might contravene local securities laws or regulations. Any person who does distribute this Circular into any such territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this annexure.

Imperial reserves the right, but shall not be obliged, to treat as invalid any distribution of Motus Shares, in terms of the Unbundling, which appears to Imperial or its agents to have been executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction or if Imperial believes or its agents believe that the same may violate applicable legal or regulatory requirements.

A Foreign Excluded Imperial Shareholder includes any Foreign Shareholder who is unable to receive any of the Motus Shares to be distributed to him because of the laws of the jurisdiction of that Shareholder, or any Foreign Shareholder that Imperial is not permitted to distribute any of the Motus Shares to because of the laws of the jurisdiction of that Shareholder. The Motus Shares to which Foreign Excluded Imperial Shareholders would be entitled in terms of the Unbundling may be aggregated and disposed of on the JSE by the Transfer Secretaries on behalf of and for the benefit of Foreign Excluded Imperial Shareholders as soon as is reasonably practical after the implementation of the Unbundling at the best price that can reasonably be obtained at the time of sale. CSDPs will be responsible for informing the Transfer Secretaries of all Dematerialised Shares held by them on behalf of such Foreign Excluded Imperial Shareholders. The Transfer Secretaries will determine which certificated Foreign Shareholders are such Foreign Excluded Imperial Shareholders.

Foreign Excluded Imperial Shareholders will, in respect of their entitlement to the unbundled Motus Shares, receive the average consideration per unbundled Motus Share (net of transaction and currency conversion costs) received by the Transfer Secretaries pursuant to the sale process as set out in the preceding paragraph. The average consideration per unbundled Motus Share due to each Foreign Excluded Imperial Shareholder will only be paid once all such unbundled Motus Shares have been disposed of.

Foreign Shareholders located in the US

In respect of Foreign Shareholders located in the US, you should note that the Motus Distribution Shares are expected to be issued and distributed in a transaction meeting the conditions of Staff Legal Bulletin No. 4 of the staff of the US Securities and Exchange Commission for "spin-off" transactions and, accordingly, all Foreign Shareholders located in the United States are eligible to vote on the resolutions to be proposed in the General Meeting and to subsequently, if the Unbundling is implemented, to receive the Motus Distribution Shares without registration under the US Securities Act.

The Motus Shares and the Imperial Shares have not been, and will not be, registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the US. The Motus Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or determined the adequacy or accuracy of the information contained in this Circular. Any representation to the contrary is a criminal offence in the United States.

Foreign Shareholders located in the UK

The Unbundling (a) will not constitute an “offer to the public” within the meaning of the European Union Directive 2003/21/EC, as amended or an “offer of transferable securities to the public” within the meaning of section 102b(1) of the UK Financial Services and Markets Act 2000, and (b) does not contemplate the admission to trading of the Motus Distribution Shares on a regulated market in the UK or the European Union. Accordingly, all Foreign Shareholders located in the UK are eligible to vote on the resolutions to be proposed in the General Meeting and to subsequently, if the Unbundling is implemented, receive the Motus Distribution Shares without further action being taken by Imperial or Motus.

2. EXCHANGE CONTROL

The unbundled Motus Shares are not freely transferable from the CMA and must be dealt with in terms of the Exchange Control Regulations. The following is a summary of the Exchange Control Regulations, is not comprehensive and is intended as a guide only. In the event that Shareholders have any doubts in respect of their obligations in terms of the Exchange Control Regulations, they should consult their professional advisors.

2.1 Emigrants from the CMA

The unbundled Motus Shares received by the Shareholders who are emigrants from the CMA and whose registered address is outside the CMA will:

- 2.1.1 in the case of Dematerialised Shareholders be credited to their blocked share accounts at the CSDP controlling their blocked portfolios; or
- 2.1.2 in the case of Certificated Shareholders whose documents of title have been restrictively endorsed under the Exchange Control Regulations, be endorsed ‘non-resident’ and will be sent to the authorised dealer in foreign exchange controlling their blocked assets.

The CSDP or broker will ensure that all requirements of the Exchange Control Regulations are adhered to in respect of their clients falling into this category of investor, whether shares are held in Dematerialised or certificated form.

2.2 All other non-residents of the CMA

The unbundled Motus Shares received by the Shareholders who are non-residents of the CMA and who have never resided in the CMA and whose registered address is outside the CMA will:

- 2.2.1 in the case of Dematerialised Shareholders be credited to their share accounts at the CSDP controlling their portfolios; or
- 2.2.2 in the case of a Certificated Shareholder whose documents of title have been restrictively endorsed under the Exchange Control Regulations, be deposited with an authorised dealer in foreign exchange in South Africa nominated by such Shareholder. It will be incumbent on the Shareholder concerned to nominate the authorised dealer and to instruct the nominated authorised dealer as to the disposal of the relevant shares. If the information regarding the authorised dealer is not given, the unbundled Motus Shares will be held in trust for the Shareholder concerned pending the receipt of the necessary information or instruction.

The CSDP or broker will ensure that all requirements of the Exchange Control Regulations are adhered to in respect of their clients falling into this category of investor, whether shares are held in Dematerialised or certificated form.

TAXATION CONSIDERATIONS RELATING TO THE UNBUNDLING

The summary below is a general guide and is not intended to constitute a complete analysis of the taxation consequences of the Unbundling provisions in terms of South African taxation law. It is not intended to be, nor should it be considered as legal or taxation advice. Imperial and its advisors cannot be held responsible for the taxation consequences of the Unbundling and therefore, Shareholders are advised to consult their own taxation advisors in this regard.

The Unbundling will constitute a disposal by Imperial of its Motus Shares to the ordinary Shareholders. The disposal will be effected utilising the tax concessions provided for in section 46 of the Income Tax Act.

The concessions provided for in section 46 are outlined below:

1. DISPOSAL OF MOTUS SHARES BY IMPERIAL

The distribution of Motus Shares by Imperial, in terms of the Unbundling, will be disregarded by Imperial in determining its taxable income or assessed loss in the tax year that the Unbundling takes place. On the basis that Imperial holds the Motus Shares as capital assets, the Unbundling should not attract CGT.

2. IMPERIAL SHARES HELD AS TRADING STOCK

Any Shareholder holding Imperial Shares as trading stock will be deemed to acquire the unbundled Motus Shares as trading stock. The combined expenditure of such Imperial Shares and Motus Shares will be the amount originally taken into account by the Shareholder in respect of those Imperial Shares, in terms of section 11(a), section 22(1), or section 22(2) of the Income Tax Act.

The expenditure to be allocated to the unbundled Motus Shares will be determined by applying the ratio that the market value of Motus Shares bears to the sum of the market value of the Motus Shares and the Imperial Shares at the end of the day after the Unbundling. The expenditure attributable to the Imperial Shares must be reduced by the amount of expenditure allocated to the Motus Shares.

Imperial will advise Shareholders of the specified ratio at which expenditure must be allocated by way of an announcement to be released on SENS on or about Friday, 23 November 2018. The allocated expenditure must be used in the determination of any profits or losses derived on any future disposals of the unbundled Motus Shares or Imperial Shares.

3. IMPERIAL SHARES HELD AS CAPITAL ASSETS

Any Shareholder holding Imperial Shares as capital assets will be deemed to acquire the unbundled Motus Shares as capital assets. The original expenditure incurred in respect of the Imperial Shares, in terms of paragraph 20 of the Eighth Schedule to the Income Tax Act, and (where applicable) the CGT valuation of the Imperial Shares, as contemplated in paragraph 29 of the Eighth Schedule to the Income Tax Act, will be apportioned between the Motus Shares and the Imperial Shares.

The expenditure allocated to the Motus Shares will be determined by applying the ratio that the market value of Motus Shares bears to the sum of the market values of the Motus Shares and Imperial Shares at the end of the day after the Unbundling. The expenditure attributable to the Imperial Shares must be reduced by the amount of expenditure allocated to the Motus Shares.

Imperial will advise Shareholders of the specified ratio at which expenditure must be allocated by way of an announcement to be released on SENS on or about Friday, 23 November 2018. The allocated expenditure (or market value) must be used in the determination of the capital gain or loss derived on any future disposals of the unbundled Motus Shares or Imperial Shares.

Shareholders will be deemed to have acquired the unbundled Motus Shares on the date on which the Imperial Shares were originally acquired.

4. **SECURITIES TRANSFER TAX**

The registration of the unbundled Motus Shares in the names of the Ordinary Shareholders will be exempt from the payment of any STT.

5. **DIVIDEND TAX AND RETURNS OF CAPITAL**

In terms of sections 46(5) and 46(5A) of the Income Tax Act, the distribution of the Motus Shares must be disregarded for dividend tax purposes and must also not be treated as a return of capital for the purposes of paragraph 76B of the Eighth Schedule to the Income Tax Act.

6. **EXEMPT PERSONS**

The provisions of section 46 of the Income Tax Act will not apply to any Unbundling of the unbundled Motus Shares to a Shareholder who is not a resident, the Government, provincial administration or a municipality, a Public Benefit Organisation (as defined in section 30 of the Income Tax Act), a recreational club (as defined in section 30A of the Income Tax Act), a company or trust contemplated in section 37A of the Income Tax Act, a fund contemplated in section 10(1)(d)(i) or (ii) of the Income Tax Act or a person contemplated in section 10(1)(cA) or (t) of the Income Tax Act who either alone or together with any connected person in relation to that Shareholder, immediately after the Unbundling, holds 20% or more of the ordinary issued share capital of Motus.

7. **NON-RESIDENT SHAREHOLDERS**

Shareholders who are non-resident for tax purposes in South Africa are advised to consult their own professional tax advisors regarding the tax treatment of the Unbundling in their respective jurisdictions, having regard to the tax laws in their jurisdiction and any applicable tax treaties between South Africa and their country of residence.

8. **CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS**

The following discussion is a summary of certain US federal income tax considerations under present law of the distribution of Motus Shares pursuant to the Unbundling and the ownership and disposition of Motus Shares, in each case, by a US Holder (as defined below). This summary deals only with US Holders (as defined below) receiving Motus Shares in the Unbundling that use the US dollar as their functional currency and that hold Imperial Shares as capital assets, and will hold Motus Shares received in the Unbundling as capital assets. This summary does not address tax considerations applicable to investors subject to special rules, such as persons that will own immediately after the Unbundling (directly, indirectly or constructively) 10 per cent. or more by vote or value of Imperial or Motus' equity interests, certain financial institutions, dealers or traders, insurance companies, tax exempt entities, persons holding their Imperial or Motus Shares as part of a hedge, straddle, conversion, constructive sale or other integrated transaction. It also does not address US state and local tax considerations.

As used here, "US Holder" means, for purposes of the Unbundling, a beneficial owner of Imperial Shares, and otherwise a beneficial owner of Motus Shares that is, for US federal income tax purposes, (i) a citizen or individual resident of the US, (ii) a corporation or entity treated as such created or organised under the laws of the US, any State thereof, or the District of Columbia, (iii) a trust subject to the control of a US person and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income tax without regard to its source.

The tax consequences to a partner in a partnership (or other entity treated as a partnership for US federal income tax purposes) acquiring, holding or disposing of Motus Shares generally will depend on the status of the partner and the activities of the partnership. Partnerships holding Motus Shares should consult their own tax advisers about the US federal income tax consequences to their partners of participating in the Unbundling and acquiring, owning and disposing of Motus Shares. Imperial believes that neither it, nor Motus will be a passive foreign investment company ("PFIC") for the current year, and this discussion assumes other than the discussion below with respect to Imperial under the heading "PFIC Considerations for the Unbundling" and "PFIC Considerations for Motus Shares" below, that neither Imperial nor Motus will be a PFIC in the current year or future years.

The Unbundling

Imperial believes that the distribution of Motus Shares pursuant to the Unbundling qualifies as a tax-free distribution under Section 355 of the Code and therefore, except as described below, a US Holder receiving Motus Shares in the Unbundling (i) should not recognise any income, gain or loss upon the receipt of Motus Shares, (ii) should apportion its tax basis in the Imperial Shares between such shares and the Motus Shares received in the Unbundling in proportion to the relative fair market value of the Imperial Shares and the Motus Shares on the date on which the Motus Shares are distributed and (iii) should have a holding period for the Motus Shares that includes the period during which the US Holder held the Imperial Shares.

However, Imperial has neither requested nor received an opinion of US federal income tax counsel that the Unbundling qualifies under Section 355 and no ruling has been sought or obtained from the IRS. There can be no assurance the IRS will not take a position that the Unbundling does not qualify under Section 355, or that such position would not be sustained if asserted. If such a position were taken and were sustained, then US Holders would be required to treat the distribution of Motus Shares pursuant to the Unbundling as a dividend in an amount equal to the fair market value of the Motus Shares on the date of receipt, would take a tax basis in the Motus Shares equal to the US dollar amount included in income as a dividend and would have a holding period in the Motus Shares that begins with the effective date of the Unbundling. The dividend generally would be treated as from sources outside the US for foreign tax credit purposes. Any amount included as a dividend should not be eligible for the dividends received deduction generally allowed to US corporations, but should qualify for the reduced rate of tax on qualified dividend income available to certain non-corporate US Holders, subject to generally applicable limitations.

If the Unbundling does not qualify under Section 355 and is treated as a dividend, special rules could apply to treat capital loss that otherwise would be short-term as long-term or to reduce adjusted basis in Imperial Shares common stock in the case of a US Holder that is treated as having received an extraordinary dividend. US Holders receiving Motus Shares should consult their own tax advisors regarding the possibility of receiving an extraordinary dividend and potential consequences thereof.

PFIC considerations for the Unbundling

If Imperial were determined to be a passive foreign investment company (a "PFIC") for US federal income tax purposes for the current taxable year or any prior taxable year in which a US Holder has held Imperial Shares, the US Holder may be subject to special rules in respect of the Unbundling. A company is treated as a PFIC in any taxable year in which either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the quarterly average market value of its assets is attributable to assets that produce or are held to produce "passive income." In applying these tests, a company is treated as having held its proportionate share of the assets and receiving its proportionate share of the income of any other corporation in which the company owned at least 25% by value of the shares. Passive income for this purpose generally includes dividends, interest, royalties, rent and capital gains. Whether an entity is a PFIC is determined annually, and its status could change based on changes in its assets, income, activities and the structure through which it holds property. Imperial has not undertaken to determine whether it has been a PFIC in prior years, however, Imperial does not believe that it has been a PFIC for its last two taxable years, or will be a PFIC for its current taxable year.

If Imperial were determined to be a PFIC in the current taxable year or any other taxable year in which a U.S. Holder owned Imperial Shares, and the Unbundling would have qualified under Section 355 of the Code, then notwithstanding the discussion above any such US Holder may (i) be deemed to have disposed of its COLI Shares at fair market value if it holds such shares at a gain, (ii) any such gain may be taxed under the excess distribution rules discussed below, and (iii) the receipt of the Motus Shares may not be treated as having been received in a distribution qualifying under section 355 of the Code, and instead will be treated as if they were received in a taxable dividend and may also be treated as an excess distribution if the dividend amount exceeds 125 per cent. of the average dividend amounts received from Imperial during the three preceding taxable years (or, if shorter, the US Holder's holding period).

Alternatively, if Imperial were determined to be a PFIC in the current taxable year or any other taxable year in which a U.S. Holder owned Imperial Shares and the Unbundling does not qualify under Section 355 of the Code, then the deemed receipt of the Shares will be treated as a dividend, and may also be treated as an excess distribution if the dividend amount exceeds 125 per cent. of the average dividend

amounts received from Imperial during the three preceding taxable years (or, if shorter, the US Holder's holding period).

If a US Holder must treat the distribution of the Motus Shares or any gain on its Imperial Shares as an excess distribution, (i) such US Holder will be required to ratably allocate the amount over the US Holder's holding period, (ii) the amount allocated to the current taxable year and any year before Imperial became a PFIC will be taxed as ordinary income in the current year and (iii) the amount allocated to other taxable years will be taxed at the highest applicable marginal rate in effect for each year and an interest charge is imposed to recover the deemed benefit from the deferred payment of the tax attributable to each year.

Ownership of the Motus Shares

PFIC Considerations for Motus Shares

Imperial believes that Motus will not be considered a PFIC in its current taxable year, and based on its anticipated assets, income and activities, it does not believe it is likely to become a PFIC. If Motus were a PFIC in any year during which a US Holder owns Motus Shares, the US Holder would be subject in that and subsequent years to additional taxes on any excess distributions exceeding 125% of the average amount received during the three preceding taxable years (or, if shorter, the US Holder's holding period) and on any gain from the disposition of the Motus Shares (regardless of whether Motus continued to be a PFIC). Dividends on the Motus Shares also would not be eligible for the preferential tax rate applicable to qualified dividend income. US Holders should consult their tax advisors about Imperial's PFIC classification and any US tax consequences relevant to them if Imperial were to be considered a PFIC.

Distributions on the Motus Shares

Distributions with respect to the Motus Shares, including taxes withheld therefrom, if any, generally will be included in a US Holder's gross income as foreign source ordinary dividend income when received. Any dividends will not be eligible for the dividends received deduction generally allowed to US corporations. Subject to certain generally applicable limitations, dividends paid by Motus will be eligible for the preferential tax rate applicable to "qualified dividend income" received by certain non-corporate US Holders if Motus qualifies for benefits under the US-South Africa tax treaty, which Imperial expects to be the case. If any withholding were required on distributions payable by Motus, US Holders should be able to claim a foreign tax credit in respect of any such withholding subject to generally applicable limitations. Dividends received will generally be included in net investment income for purposes of the Medicare tax applicable to certain non-corporate US Holders.

Dividends paid in any currency other than US dollars will be includable in income in the US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are actually or constructively received by the US Holder, regardless of whether the currency is converted into US dollars at that time. A US Holder will have a basis in the currency received equal to the US dollar value on the date of receipt. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend is includable in the income of the US Holder to the date such payment is converted into US dollars (or the US Holder otherwise disposes of the currency) will be exchange gain or loss and will be treated as US source ordinary income or loss for foreign tax credit limitation purposes. If dividends received in a currency other than US dollars are converted into US dollars on the day the dividends are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

Sale or other disposition of the Motus Shares

A US Holder generally will recognise capital gain or loss on the sale or other disposition of Motus Shares in an amount equal to the difference between the US Holder's adjusted tax basis in the Motus Shares and the US dollar value of the amount realised from the disposition. The gain or loss will be long-term capital gain or loss if the holder has held the Motus Shares for more than one year. Deductions for capital losses are subject to significant limitations. Gains will be included in net investment income for purposes of the Medicare tax on net investment income generally applicable to certain non-corporate US holders.

A US Holder that receives a currency other than US dollars on the disposition of Motus Shares will realise an amount equal to the US dollar value of the currency received at the spot rate on the date of sale (or, in the case of cash basis and electing accrual basis US Holders, the settlement date). An accrual basis US Holder that does not elect to determine the amount realised using the spot rate on the settlement

date will recognise foreign currency gain or loss equal to the difference between the US dollar value of the amount received based on the spot exchange rates in effect on the date of sale or other disposition and the settlement date. A US Holder will have a tax basis in the currency received equal to the US dollar value of the currency received on the settlement date. Any gain or loss on a subsequent disposition or conversion of the currency will be US source ordinary income or loss.

Backup withholding and information reporting

The receipt of Motus Shares pursuant to the Unbundling, and payments of dividends and other proceeds with respect to the Motus Shares may be reported to the IRS unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or otherwise establish a basis for exemption. A US Holder can claim a credit against its US federal income tax liability for amounts withheld under the backup withholding rules, and can claim a refund of amounts in excess of its tax liability by timely providing the appropriate information to the IRS.

Certain US Holders are required to furnish to the IRS information with respect to investments in the Motus Shares not held through an account with a financial institution. Investors who fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors about these and any other reporting obligations arising from their investment in the Motus Shares.

PRO FORMA FINANCIAL INFORMATION OF THE UNBUNDLING

Basis of preparation

The definitions and interpretations commencing on page 17 of the Circular statement have been used throughout this Annexure 4. The *Pro Forma* financial information should be read in conjunction with paragraph 9 of the Circular.

The *Pro Forma* financial information of Imperial ("*Pro Forma* Financial Information") has been prepared for illustrative purposes only and because of its nature may not fairly present Imperial's financial position, changes in equity, results of operations or cash flows.

The *Pro Forma* Financial Information of Imperial is based on the audited historical financial information for the year ended 30 June 2018 of Imperial prior to the Unbundling.

The *Pro Forma* Consolidated Statement of Profit or Loss has been prepared on the assumption that the Unbundling, repurchase of the Preference Shares and the redemption of the Bonds took place on 1 July 2017. The *Pro Forma* consolidated statement of financial position is prepared on the assumption that the Unbundling, the repurchase of the Preference Shares and the redemption of the Bonds took place on 30 June 2018.

The *Pro Forma* Financial Information of Imperial has been prepared using the accounting policies of Imperial which comply with IFRS and are consistent with those applied in the 2018 Annual Financial Statements.

There are no other post balance sheet events which require adjustment in the *Pro Forma* financial effects.

The *Pro Forma* Financial Information of Imperial is the responsibility of the Directors.

Deloitte & Touche's unmodified independent reporting accountant's report on the *Pro Forma* Financial Information of Imperial is set out in Annexure 5 to this Circular. Such report is included solely to comply with the requirements of the Listings Requirements.

**Pro Forma consolidated statement of profit or loss
for the year ended 30 June 2018**

R million	Before¹ of Bonds²	Redemption Preference Shares³	Unbundling of Motus to owners of Imperial⁴	Increased costs of existing Share Schemes⁵	Increased costs as separately listed entity⁶	Treatment of treasury shares to settle SARs⁷ and DBPs⁷	Dividend receipts and payments⁸	Results after Pro Forma effects
CONTINUING OPERATIONS								
Revenue	51 303							51 303
Net operating expenses	(47 408)	(1)	(2)	(2)	(19)			(47 432)
Profit from operations before depreciation and recoupments	3 895	(1)	(2)	(2)	(19)			3 871
Depreciation, amortisation, impairments and recoupments	(1 082)							(1 082)
Operating profit	2 813	(1)	(2)	(2)	(19)			2 789
Recoupments from sale of properties, net of impairments	22							22
Amortisation of intangible assets arising on business combinations	(417)							(417)
Foreign exchange losses	(50)							(50)
Other non-operating items	(113)	(13)	64	11 521				11 459
Profit before net finance costs	2 255	(14)	62	11 521	(19)			13 803
Net finance cost	(649)	14	7					(628)
Profit before share of results of associates and joint ventures	1 606		69	11 521	(19)			13 175
Share of results of associates and joint ventures	56							56
Profit before tax	1 662		69	11 521	(19)			13 231
Income tax expense	(566)		9	(41)	5			(592)
Profit for the year from continuing operations	1 096		78	11 480	(14)			12 639
DISCONTINUED OPERATIONS (Motus held for distribution to owners of Imperial)	2 312			(2 312)				
Profit for the year	3 408		78	9 168	(14)			12 639
Net profit attributable to: Owners of Imperial	3 273		78	9 135	(14)			12 471
– Continuing operations	928		78		(1)			991
– Discontinued operations	2 345			9 135	(14)			11 480

R million	Before ¹	Redemption of Bonds ²	Redemption Preference Shares ³	Unbundling of Motus to owners of Imperial ⁴	Increased costs of existing Share Schemes ⁵	Increased costs as separately listed entity ⁶	Treatment of treasury shares to settle SARs and DBPs ⁷	Dividend receipts and payments ⁸	Results after Pro Forma effects
Non-controlling interest	135			33					168
– Continuing operations	168								168
– Discontinued operations	(33)			33					
Earnings per share (cents)									
Continuing operations									
– Basic	477		40		(1)	(7)	(3)		506
– Diluted	463		39		(1)	(7)	(2)		492
Discontinued operations									
– Basic	1 204			4 692			(30)		5 866
– Diluted	1 171			4 561			(29)		5 703
Total operations									
– Basic	1 681		40	4 692	(1)	(7)	(33)		6 372
– Diluted	1 634		39	4 561	(1)	(7)	(31)		6 195

Notes to the Pro Forma consolidated statement of profit or loss

- The "Before" has been extracted from the audited Annual Financial Statements for the 12 months ended 30 June 2018, without adjustment, as published on SENS on 21 August 2018.
- Reference to "Bonds" means the domestic medium term notes issued by Imperial Group Limited and guaranteed by the Company. All of the Bonds that were in issue, amounting to R3.5 billion, were redeemed on 6 August 2018. These are the estimated transaction costs of (R1 million) for the Bond redemption and will not recur, the once-off loss (R13 million) on redemption of the Bonds being the difference between the carrying value (R3 532 million) and the redemption of the Bonds amount paid (R3 545 million) and the ongoing decrease in net financing costs (R14 million) 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 R3.5 billion. The net impact will be nil on the income statement.
- Reference to "Preference Shares" means outstanding non-redeemable, cumulative, non-participating preference shares in the issued share capital of Imperial ("Preference Shares"), which Imperial will repurchase ("the Repurchase") by way of a scheme of arrangement in terms of section 114(c) of the Companies Act, as announced on SENS on 13 August 2018. These are the estimated transaction costs (R2 million) and will not recur, the once-off profit being the difference between the carrying value (R471 million) and the consideration paid (R407 million) in respect of the Preference Shares, and the ongoing reduced net financing costs as though the Repurchase of the Preference Shares took place effective 1 July 2017 being the difference between the funding cost for Preference Shares (R37 million) and the cost of the replacement funds (R30 million) at an interest rate of 7.5%. Tax relief arises from the replacement funding costs (R30 million) which is tax deductible at 28% (R9 million) whereas the dividends treated as funding costs on the Preference Shares had no tax relief.
- This amount is the once off estimated profit on unbundling being the intrinsic market value of Motus (R23 400 million) at 31 May 2018 and based on the assumptions at that time, used to transfer Motus interests into Motus Holdings, less the costs of unbundling (R150 million), the bonuses paid (only on successful implementation of the Unbundling) to executives of Imperial and Motus (R19 million) for the substantial additional work involved in the portfolio rationalisation, organisation restructure and successful implementation of the Unbundling over the past four years, debt breakage costs (R27 million) and the carrying value of the net assets unbundled (R11 683 million). There is a once-off tax charge (R41 million) arising from the Unbundling being de-grouping tax arising out of previous Group restructurings. The profits attributable to the discontinued operations (Motus) (R2 312 million) have been eliminated as Motus will no longer be part of Imperial. Note that the intrinsic market value of Motus is not determined with reference to any share price or market capitalisation.
- This is the transitional cost for 2019 and 2020 relating to the Deferred Bonus Plan grants made prior to the Unbundling whereas the settlement post Unbundling will be in shares of both Imperial and Motus. This requires the ongoing truing up of the liability in respect of the Motus Shares to be delivered to the share price of the Motus Shares which is assumed to grow by 8% for the year. The impact of the increased liability will be reduced by the fair value benefit of the Motus Shares being an increased cost of R2 million, with the related tax impact of R1 million. The final impact could be higher if the combined share price immediately post the Unbundling is higher than the Imperial share price immediately prior to the Unbundling. This assumes that the transaction is effective 1 July 2017.
- This is the ongoing impact of the increased costs of being a separately listed entity being the additional cost over and above the admin fees charged by group head office to Imperial Logistics. The tax relief (R5 million) is calculated at 28% of the additional costs. This assumes that the Transaction is effective 1 July 2017.
- When Motus is unbundled Imperial will receive one Motus share for every Imperial share owned that is currently held as a treasury share (to settle certain SARs and DBPs). Motus will receive rights to shares repurchased to hedge obligations to settle Existing Share Schemes based on its share of the obligations. Imperial's share of the Motus Shares retained will be reclassified as an investment (R33 million) and fair valued through profit or loss. The numbers of treasury shares in issue will reduce and impact the weighted average shares in issue.
- Imperial will receive from Motus a final dividend for F2018 (R407 million) and pay its final dividend of 387 cents per share (R769 million) to Imperial shareholders prior to the Unbundling of Motus.

Additional notes:

The ongoing impact on net funding costs will depend on how Imperial's treasury department draws down on the new facilities and the exact mix of funding. Based on a similar funding mix, the change to the blended cost of funding is expected to be immaterial.

There are no other post-balance sheet events which require adjustments to the Pro Forma financial effects.

Earnings per share information for the year ended 30 June 2018	Redemption of Bonds Before	Redemption of Preference Shares	Unbundling of Motus to owners of Imperial¹	Increased costs of existing Share Schemes	Increased costs as separately listed entity	Treatment of treasury shares to settle SARs and DBPs	Dividend receipts and payments	Results after Pro Forma effects
R million								
Headline earnings reconciliation								
Earnings	3 273	78	9 135	(1)	(14)			12 471
Recoupment for the disposal of property, plant and equipment (IAS 16)	(809)		720					(89)
Recoupment for the disposal of intangible assets (IAS 38)	5		(9)					(4)
Impairment of property, plant and equipment (IAS 36)	117		(103)					14
Impairment of intangible assets (IAS 36)	15		(3)					12
Impairment of goodwill (IAS 36)	92		(63)					29
Impairment of investment in associates and joint ventures (IAS 28)	8		(8)					
Loss on disposal of subsidiaries and businesses (IFRS 10)	147		1					148
Profit on unbundling of Motus	(6)		(11 480)					(11 480)
Remeasurements included in share of result of associates	221		6					25
Tax effects of remeasurements	(6)		(196)					(6)
Non-controlling interest share of remeasurements								
Headline earnings	3 057	78	(2 000)	(1)	(14)			1 120
Headline earnings per share (cents)								
Continuing operations								
– Basic	543	40		(1)	(7)	(3)		572
– Diluted	527	39		(1)	(7)	(2)		556
Discontinued operations								
– Basic	1 027		(1 027)					
– Diluted	999		(999)					
Total operations								
– Basic	1 570	40	(1 027)	(1)	(7)	(3)		572
– Diluted	1 526	39	(999)	(1)	(7)	(2)		556
Number of ordinary shares in issue (million)								
Total shares	202.0							202.0
Net of shares repurchased	198.8						1.0	199.8
Weighted average shares for basic	194.7						1.0	195.7
Weighted average shares for diluted	200.3						1.0	201.3
Deferred ordinary shares in issue	5.8							5.8

Pro Forma consolidated statement of financial position

at 30 June 2018

R million	Before ¹	Redemption of Bonds ²	Redemption of Preference Shares ³	Unbundling of Motus to owners of Imperial ⁴	Increased costs of existing Share Schemes ⁵	Increased costs as separately listed entity ⁶	Treatment of treasury shares to settle SARs and DBPs ⁷	Dividend receipts and payments ⁸	Results after Pro Forma effects
ASSETS									
Goodwill and intangible assets	8 575								8 575
Investment in associates and joint ventures	752								752
Property, plant and equipment	3 042								3 042
Transport fleet	5 358								5 358
Deferred tax assets	783								783
Investments and other financial assets	206						33		239
Inventories	2 194								2 194
Tax in advance	364								364
Trade and other receivables	9 774								9 774
Cash resources	2 818								2 818
Assets held for distribution to owners of Imperial	36 637			(36 637)					
Total assets	70 503			(36 637)			33		33 899
EQUITY AND LIABILITIES									
Capital and reserves									
Share capital and share premium	1 030								1 030
Shares repurchased	(560)						345		(215)
Other reserves	271				(18)				253
Retained earnings	22 050	(10)	62	(11 920)			(312)	(362)	9 508
Attributable to owners of Imperial	22 791	(10)	62	(11 920)	(18)		33	(362)	10 576
Put arrangement over non-controlling interest	(566)								(566)
Non-controlling interest	900								900
Total equity	23 125	(10)	62	(11 920)	(18)		33	(362)	10 910

R million	Before ¹	Redemption of Bonds ²	Redemption of Preference Shares ³	Unbundling of Motus to owners of Imperial ⁴	Increased costs of existing Share Schemes ⁵	Increased costs as separately listed entity ⁶	Treatment of treasury shares to settle SARs and DBPs ⁷	Dividend receipts and payments ⁸	Results after Pro Forma effects
Liabilities									
Non-redeemable non-participating preference shares	441		(441)						1 216
Retirement benefit obligation	1 216								9 116
Interest-bearing borrowings	8 098	10	409	237				362	1 137
Deferred tax liabilities	1 137								1 227
Other financial liabilities	1 209				18				10 057
Trade, other payables and provisions	10 087		(30)						236
Current tax liabilities	236								
Liabilities associated with assets held for distribution to owners of Imperial	24 954			(24 954)					
Total liabilities	47 378	10	(62)	(24 717)	18			362	22 989
Total equity and liabilities	70 503			(36 637)			33		33 899
NAV per ordinary share (cents)	11 464	(5)	31	(5 996)	(9)		17	(182)	5 293
NTAV per ordinary share (cents)	7 151	(5)	31	(5 996)	(9)		17	(182)	1 002

Notes to the Pro Forma consolidated statement of financial position:

- The "Before" has been extracted from the audited Annual Financial Statements for the 12 months ended 30 June 2018, without adjustment, as published on SENS on 21 August 2018.
- Reference to "Bonds" means the domestic medium term notes issued by Imperial Group Limited and guaranteed by the Company. All of the Bonds that were in issue, amounting to R3.5 billion, were redeemed on 6 August 2018. These are the estimated transaction costs of (R1 million) for the Bond redemption and will not recur, the once-off loss (R13 million) on redemption of the Bonds being the difference between the carrying value (R3 532 million) and the redemption of the Bonds amount paid (R3 545 million) net of tax (R4 million) as though the transaction was effective 30 June 2018.
- Reference to "Preference Shares" means outstanding non-redeemable, cumulative, non-participating preference shares in the issued share capital of Imperial ("Preference Shares"), which Imperial will repurchase ("the Repurchase") by way of a scheme of arrangement in terms of section 114(c) of the Companies Act, as announced on SENS on 13 August 2018. This is the once-off profit on repurchase of R64 million being the difference in the carrying value (R471 million) and consideration paid (R407 million) net of costs of R2 million as though the Repurchase of the Preference Shares took place effective 30 June 2018.
- This amount is the reduction in reserves arising from the Unbundling of the Motus assets (R36 637 million) less the related liabilities (R24 954 million), transaction costs (R150 million), bonuses paid (only on successful implementation of the Unbundling) to executives of Imperial and Motus (R19 million) for the substantial additional work involved in the portfolio rationalisation, organisation restructure and successful implementation of the Unbundling over the past four years, debt breakage costs (R27 million) and the tax charge on degrouping (R41 million) which are settled out of debt. The effective date is assumed to be 30 June 2018.
- The initial liability of R18 million for delivery of Motus Shares to Imperial participants is recognised against the share-based equity reserve
- There is no impact on the financial position as the Unbundling is assumed to be 30 June 2018
- When Motus is unbundled Imperial will receive one Motus share for every Imperial share owned that is currently held as a treasury share (to settle certain SARs and DBPs). Motus will receive rights to shares repurchased to hedge obligations to settle Existing Share Schemes based on its share of the obligations. Imperial's share of the Motus Shares retained will be reclassified as an investment (R33 million) and fair valued through profit or loss. The numbers of treasury shares in issue will reduce and impact the weighted average shares in issue. This means that the adjustments to NAV and NTAV will not add to the total column.
- Imperial will receive from Motus a final dividend for F2018 (R407 million) and pay its final dividend of 387 cents per share (R769 million) to Imperial shareholders prior to the Unbundling of Motus.

Additional notes:

The ongoing impact on net funding costs will depend on how Imperial's treasury department draws down on the new facilities and the exact mix of funding. Based on a similar funding mix, the change to the blended cost of funding is expected to be immaterial.

There are no other post-balance sheet events which require adjustments to the Pro Forma financial effects.

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

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 Imperial Holdings Limited Unbundling Circular

We have completed our assurance engagement to report on the compilation of *Pro Forma* financial information of Imperial Holdings Limited Group (the "Group") by the directors. The *Pro Forma* financial information, as set out in paragraph 9 and Annexure 4 of the Imperial Holdings Limited Unbundling Circular ("the circular"), to be dated on or about 20 September 2018, consists of the *Pro Forma* consolidated statement of profit or loss and the *Pro Forma* 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 JSE Limited (JSE) 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 8 of the circular, on the Group's financial position as at 30 June 2018, and the Group's financial performance for the period then ended, as if the corporate action or event had taken place on 1 July 2017 and the period then ended. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's financial statements for the period ended 30 June 2018, on which an unmodified auditor's report was issued on 20 August 2018.

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 JSE Listings Requirements and described in paragraph 9 and Annexure 4 of the circular.

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 Accountant's 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 JSE 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* which is applicable to an engagement of this nature. 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 JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or re-issuing 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 a prospectus 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 on or around 22 November 2018 would be 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 judgment, having regard to our understanding of the nature of the Group, 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 JSE Listings Requirements and described in paragraph 9 and Annexure 4 of the circular.

Deloitte & Touche

Registered Auditor
Per: Trevor Brown
Partner

20 September 2018

Deloitte & Touche
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead
Sandton
Johannesburg
2193

INDEPENDENT EXPERT REPORT

17 September 2018

The Independent Board of Directors
Imperial Holdings Limited
79 Boeing Road East
Jeppe Quondam
2007

Dear Directors

Fair and Reasonable opinion on the proposed distribution by Imperial Holdings Limited of the issued ordinary share capital of its wholly owned subsidiary, Motus Holdings Limited to the holders of Imperial's ordinary shares in accordance with their effective interests in Imperial

1. INTRODUCTION

In the announcement released on SENS dated 21 June 2018, Imperial Holdings Limited ("Imperial") advised that at a meeting of Imperial's Board of Directors ("Board") on 21 June 2018, the Board resolved to proceed with the steps required to implement the unbundling of its automotive business. In order to implement the strategic decision to restructure and separate the business operations of Imperial and to provide the ordinary shareholders of Imperial with the opportunity to participate directly in its automotive business, the Board has decided, subject to shareholder approval, to distribute the total issued share capital of its wholly-owned subsidiary, Motus Holdings Limited ("Motus"), to Imperial ordinary shareholders on a pro rata basis, such that Imperial ordinary shareholders will receive a Motus ordinary share for every Imperial ordinary share that they hold at the relevant record date ("the Unbundling").

The Unbundling will take place in terms of section 46 of the Companies Act, 71 of 2008, as amended ("the Companies Act") and section 46 of the Income Tax Act, No. 56 of 1962, as amended, and Motus (and the Motus ordinary shares) will simultaneously be listed on the securities exchange operated by the JSE Limited. Accordingly, Imperial's operations will be separated into two large independent, self-sufficient businesses, namely Imperial Logistics, being the logistics business (which will remain housed in Imperial), and Motus being the automotive business.

The Unbundling is deemed to constitute a proposal to dispose of a greater part of the assets or undertaking of Imperial in terms of section 112 of the Companies Act, and as such, constitutes an "affected transaction" as defined in section 117(1)(c)(i) of the Companies Act. Consequently, the Unbundling is regulated by the Companies Act and the Takeover Regulations contained in Chapter 5 of the Companies Regulations, 2011 ("the Takeover Regulations").

In accordance with regulation 90 (1)(b) and regulation 110 of the Takeover Regulations, the independent sub-committee of the Board of Directors of Imperial ("the Independent Board") is required to appoint an independent expert to evaluate the consequences of the Unbundling and assess the effects of the Unbundling on the value of the securities of Imperial and the rights and interests of a holder of the securities. The Independent Board has requested PricewaterhouseCoopers Corporate Finance Proprietary Limited ("PwC") to act as independent expert in terms of section 114(2) of the Companies Act and regulation 90 of the Takeover Regulations.

2. DESCRIPTION OF UNBUNDLING

Upon the Unbundling, every ordinary shareholder of Imperial will be entitled to receive (through a distribution) a Motus ordinary share for every Imperial ordinary share that they hold at the relevant record date, resulting in each Imperial ordinary shareholder continuing to enjoy the benefits of the combined group (i.e. Imperial and Motus), post implementation of the Unbundling.

3. IDENTIFICATION OF SECURITIES THAT ARE AFFECTED

The current securities issued by Imperial are:

- 201 971 450 ordinary shares of 4 cents each;
- 5 820 283 deferred ordinary shares of 4 cents each; and
- 4 540 041 non-redeemable cumulative non-participating preference shares of 4 cents each (“preference shares”).

The ordinary shareholders and deferred ordinary shareholders will be affected by the Unbundling.

We note that all of the outstanding preference shares will be repurchased by Imperial via a scheme of arrangement approved by Imperial shareholders on 14 September 2018 and is expected to become effective on 15 October 2018. Therefore, none of the holders of the preference shares will be affected by the Unbundling.

4. 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 unbundling, a transaction is generally Fair and Reasonable if the combined Market Value of the securities after the unbundling is equal to or greater than the Market Value of the securities before the unbundling. Fairness is primarily based on quantitative issues and Reasonableness on qualitative issues surrounding the particular offer. Even though the consideration may be lower than market price, the entire transaction may still be Fair and Reasonable after considering other significant factors. An individual shareholder’s decision as to whether to support a particular transaction may be influenced by his or her particular circumstances (for example taxation) and the price paid for the shares.

This Fair and Reasonable opinion does not purport to cater for individual shareholders’ positions but rather the rights and interests of the general body of shareholders subject to the Unbundling. A shareholder’s decision regarding fairness of the terms of the Unbundling may be influenced by his or her particular circumstances (for example taxation and the price paid for the shares). Should a shareholder be in doubt, he or she should consult an independent expert as to the merits of the transaction, considering his/her personal circumstances.

In reaching a conclusion on whether the Unbundling is fair and reasonable to the Imperial shareholders, we considered the material effects of the Unbundling on the rights and interests of the holders of the shares. This entailed a comparison of the Market Value of the Imperial shares before the Unbundling to the Market Values of Imperial and Motus after the Unbundling.

5. 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 (“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 include:

- Historical financial results for Imperial Logistics and Motus for the financial years ended 30 June 2017 and 30 June 2018;
- Financial projections for Imperial Logistics prepared during May 2018 from 30 June 2018 to 30 June 2022 as received from Management;
- Financial projections prepared during May 2018 for Motus from 30 June 2018 to 30 June 2022 as received from Management;
- Analysis prepared by Management of the incremental costs that Motus and Imperial Logistics will incur after the Unbundling relating to incremental listing costs, head office costs and corporate costs;
- The memorandum of incorporation of Imperial;
- The memorandum of incorporation of Motus;
- Draft circular to Imperial shareholders dated 6 September 2018;

- Draft Imperial board resolutions dated 6 June 2018;
- Draft Motus board resolutions dated 23 July 2018;
- Imperial SENS announcement dated 21 June 2018 announcing the unbundling of Motus, Imperial's automotive business and separate listing on the JSE;
- Audited annual financial statements of Imperial Group for the financial years ended 30 June 2017 and 30 June 2018;
- Rand dollar exchange rate and Imperial share trading data up until 11 September 2018;
- For our macroeconomic research we used the following sources:
 - IHS Global Insight, Nedbank, Business Monitor International, Investec, Bureau for Economic Research, Absa Capital, International Monetary Fund;
- CapitalIQ for financial data on comparable companies; and
- PwC Valuation Methodology Survey, 2016/2017 Edition.

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 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. VALUATION APPROACH

In considering the proposed Unbundling, we performed an independent valuation analysis of the equity of Imperial Logistics and Motus compared to the current Market Value of Imperial.

For the purposes of our valuation we used the income approach (discounted cash flow) valuation as our primary approach. In addition, we considered the market approach (based on financial data for comparable publicly traded companies) as an alternative valuation approach to support the results of our income approach analysis.

The key valuation assumptions considered in our income approach included forecast growth rates, cost of capital rates, perpetuity growth rates, forecast profitability margins, and analyst forecasts pertaining to the outlook for the logistics and motor dealership industries. We also considered the impact of the Unbundling on forecast head office costs and corporate costs.

The resultant financial forecasts were discounted at the following discount rates:

- Imperial Logistics South Africa: 13.6% to 14.5% denominated in South African Rand;
- Imperial Logistics Africa: 10.9% to 11.7% denominated in United States Dollars;
- Imperial Logistics International: 6.2% to 7.1% denominated in Euro;
- Motus South Africa: 12.9% to 13.7% denominated in South African Rand;
- Motus Australia: 7.2% to 7.8% denominated in Australian Dollars; and
- Motus UK: 6.1% to 6.7% denominated in British Pounds.

We tested the sensitivity of the valuations to changes in the cost of capital and perpetuity growth rates.

7. PROCEDURES

The procedures we performed comprised the following:

- Analysis of the terms and conditions of the Unbundling;
- Consideration of conditions in, and the economic outlook for, the industry in which Imperial operates, as represented by Management;
- Consideration of general market data including economic, governmental and environmental forces that may affect the value of the underlying interests in Imperial Logistics and Motus;
- Discussions concerning the historical and future operations of Imperial Logistics and Motus with Management;
- Discussions with Management to obtain an explanation and clarification of data provided;
- Consideration of the operating and financial results of Imperial Logistics and Motus (including audited financial statements covering two years up to the date of valuation);

- Analysis of financial and operating projections including revenues, operating margins (e.g., earnings before interest and taxes), working capital investments and capital expenditures based on the historical operating results of Imperial Logistics and Motus, industry results and expectations and management representations. Such projections formed the basis for a discounted cash flow analysis;
- Gathering and analysis of financial data for publicly traded or private companies engaged in the same or similar lines of business to develop appropriate valuation multiples and operating comparisons to apply to Imperial Logistics and Motus as part of the Market Approach;
- Analysis of Imperial's trading history up until 11 September 2018;
- Analysis of relevant analyst reports;
- Estimation of appropriate valuation discounts or premiums (e.g., marketability and controlling or minority interest) to apply to the results of our valuation analysis; and
- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of value.

The valuation analysis was performed in order to identify whether there are any material effects on the holders of the affected securities, and to enable us to comment on the rights and interests on the holders of the affected securities.

8. **ASSUMPTIONS**

Our opinion is based on the following key assumptions:

- Motus will be listed on the main board of the JSE limited;
- 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;
- Imperial has no material outstanding disputes with the South African Revenue Service;
- There are no undisclosed contingencies that could affect the values of Imperial, Imperial Logistics or Motus;
- The Unbundling will not give rise to any undisclosed tax liabilities;
- For the purposes of this engagement, we assumed Imperial's existing businesses to be ongoing under business plans and management as set out for Imperial Logistics and Motus;
- Forecasts are at 30 June 2018; and
- Representations made by Management during the course of forming this opinion.

9. **EFFECTS ON THE RIGHTS AND INTERESTS OF SECURITIES THAT ARE AFFECTED**

Based on our analysis, there is no significant difference in the sum-of-parts valuation of Motus and Imperial Logistics subsequent to the Unbundling compared to the value of Imperial before the Unbundling. Therefore, there are no material adverse effects on the rights and interests of the Imperial ordinary and deferred ordinary shareholders.

10. **OPINION**

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Management up to 12 September 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 valuation work and other considerations, we concluded that:

- The Market Value of the total issued share capital of Imperial, including ordinary shares and deferred ordinary shares, is between R42.1 billion and R47.7 billion on a marketable, minority basis. The most likely value is R44.9 billion, which approximates the midpoint of our value range.
- Based on our independent valuation analysis, the Market Value of the sum of the Imperial Logistics ordinary shares, the Imperial Logistics deferred ordinary shares, the Motus ordinary shares and the Motus deferred ordinary shares is between R41.8 billion and R47.3 billion on a marketable, minority basis. The most likely value is R44.5 billion, which approximates the midpoint of our value range.

The sum of the Imperial Logistics ordinary shares, the Imperial Logistics deferred ordinary shares, the Motus ordinary shares and the Motus deferred ordinary shares of between R41.8 billion and R47.3 billion on a marketable, minority basis is not materially different from the Market Value of the ordinary shares and deferred ordinary shares of Imperial of between R42.1 billion and R47.7 billion on a marketable, minority basis. Therefore, based on the results of our procedures performed, our detailed valuation work and other considerations, we concluded that subject to the foregoing assumptions, we are of the opinion that the Unbundling is Fair and Reasonable as far as the ordinary shareholders and deferred ordinary shareholders of Imperial are concerned.

In considering our conclusions, the members of the Independent Board should take particular notice of the following factors:

- The actual market value achieved in a specific transaction may be higher or lower than our estimate of the market value range depending upon the circumstances of the transaction (for example strategic considerations of the instrument holder), the nature of the business (for example the instrument holders' perception of potential benefits of deleveraging the group); and
- Our market value range is based on a standalone valuation of Imperial Logistics and Motus under current management and business plans compiled in May 2018 and provided to us by Management in August 2018.

11. INDEPENDENCE

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

We confirm that PwC holds no shares in Imperial Group, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, in Imperial Group or in the outcome of the Unbundling.

Furthermore, we confirm that our professional fees for the provision of this independent expert report on the proposed Unbundling amount to an aggregate total fee of R500 000 excluding Value Added Tax and is not contingent upon or related to the outcome of the Unbundling.

12. MATERIAL INTERESTS OF DIRECTORS AND TRUSTEES

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

Name of Director	Direct Beneficial Interest	Indirect Beneficial Interest
GW Dempster (NE)	99	–
SP Kana (NE)	9,417	–
RJA Sparks (NE)	40,000	–
M Akoojee (E)	72,365	–
OS Arbee (E)	161,47	–
M Swanepoel (E)	144,14	–

NE: Non-executive, E: Executive

We understand that the proposed Unbundling has the same effect on such directors that it has on the ordinary shareholders.

13. LIMITING CONDITIONS

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 Management.

This letter and opinion is provided in terms of section 114(2) of the Companies Act and regulation 90(3) of the Takeover Regulations. It does not constitute a recommendation to any shareholder of Imperial on any matter relating to the Unbundling, nor as to the acceptance of the Unbundling. 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.

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 Act, a copy of sections 115 and 164 of the Act is attached hereto as Appendix A.

14. **CONSENT**

We hereby consent to the inclusion of our independent expert's report in any required regulatory announcement or documentation.

Yours sincerely

Matthew Human

Director

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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 section 112, 113, or 114, that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who-
 - (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither-
 - (i) withdrawn that notice; or
 - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if-
 - (a) the shareholder-
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
 - (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.

[Subs. (20) inserted by s. 103 of Act 3/2011

TRADING HISTORY OF IMPERIAL SHARES

Set out in the table below are the highest, lowest and closing prices traded for Imperial Shares and the aggregate values and volumes traded for:

- each day over the 30 days preceding the Last Practicable Date and prior to the date of issue of this Circular; and
- each month over the 12 months prior to the date of issue of this Circular.

Daily	High (R)	Low (R)	Close (R)	Value (R)	Volume
2018					
10 August	208.02	200.37	200.88	110 304 000	543 189
13 August	203.24	195.03	199.29	186 222 600	936 771
14 August	207.02	198.00	204.01	205 466 600	1 008 252
15 August	203.91	195.34	196.54	135 781 400	687 052
16 August	205.39	197.95	202.55	177 829 000	878 464
17 August	203.28	195.28	200.16	160 795 300	810 262
20 August	203.22	197.46	198.33	181 941 500	911 248
21 August	203.32	199.81	201.31	188 296 400	935 627
22 August	202.70	198.86	201.99	173 953 700	865 785
23 August	205.63	199.81	205.63	233 880 400	1 143 233
24 August	205.70	202.34	203.34	6 412 689	31 309
27 August	208.99	203.55	208.99	132 332 900	639 933
28 August	216.63	207.43	214.95	168 054 600	788 523
29 August	215.00	203.64	209.85	199 421 700	955 885
30 August	210.48	203.30	204.50	171 756 800	834 930
31 August	206.90	200.68	206.18	133 204 600	649 291
3 September	212.03	206.22	208.34	102 773 400	493 081
4 September	207.79	190.50	191.58	229 092 300	1 168 387
5 September	194.46	183.92	186.61	312 137 400	1 665 034
6 September	192.83	185.08	187.22	196 874 700	1 046 765
7 September	193.85	188.78	193.10	113 259 000	590 199
10 September	194.50	188.10	188.10	104 040 500	547 652
11 September	192.32	184.69	185.07	143 802 000	768 773
12 September	187.61	178.59	178.59	251 987 500	1 397 555
13 September	184.93	174.29	180.44	189 017 500	1 049 631
14 September	185.00	178.61	181.10	190 302 000	1 045 575
17 September	183.09	175.01	178.89	215 537 900	1 208 589
18 September	184.54	178.01	184.34	217 221 600	1 194 295
19 September	187.52	183.52	185.50	169 970 400	918 402
20 September	189.68	182,41	184.44	426 751 200	2 288 869

Monthly	High (R)	Low (R)	Close (R)	Value (R)	Volume
2017					
September	206.98	185.50	191.23	4 449 718 000	22 968 623
October	208.71	184.85	202.63	2 864 731 000	14 539 387
November	233.49	196.34	227.28	2 875 574 000	13 560 439
December	263.45	218.53	262.14	4 466 141 000	18 617 869
2018					
January	286.62	240.60	284.00	3 769 658 000	14 349 480
February	288.90	233.46	250.66	4 209 441 000	16 114 587
March	261.24	231.01	233.25	4 257 889 000	17 394 698
April	247.97	220.67	240.37	2 743 114 000	11 651 791
May	242.44	200.02	204.12	3 742 466 000	17 373 406
June	214.10	186.83	195.89	4 189 452 000	20 875 063
July	216.93	190.90	213.39	2 353 837 000	11 297 108
August	216.63	195.03	206.18	3 732 876 000	18 199 670

Source: Bloomberg

PROPOSED AMENDMENTS TO PROVISIONS OF THE SARS RULES

For the reasons detailed in paragraph 12 of the Circular, the Board proposes the following amendments to the SARS Rules:

1. PROPOSED AMENDMENT NO. 1 – DEFINITION OF “COMPANY”

The Board proposes that the existing definition of “Company” be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

*“**Company**” means Imperial Holdings Logistics Limited (~~previously Imperial Holdings Limited~~) (Registration Number 1946/021048/06);*

2. PROPOSED AMENDMENT NO. 2 – DEFINITION OF “DBP”

The Board proposes that the existing definition of “DBP” be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

*“**DBP**” means the Imperial Holdings Logistics Limited ~~Deferred Bonus Plan~~, the terms and conditions of which are set out in the rules of the DBP as may be amended from time to time;*

3. PROPOSED AMENDMENT NO. 3 – DEFINITION OF “JSE”

The Board proposes that the existing definition of “JSE” be replaced in its entirety and substituted with the following definition:

*“**JSE**” means the JSE Limited, a public company incorporated in accordance with the laws of the Republic of South Africa under registration number 2005/022939/06, which is licensed as an exchange in terms of the Financial Markets Act, 19 of 2012;*

4. PROPOSED AMENDMENT NO. 4 – DEFINITION OF “SCHEME”

The Board proposes that the existing definition of “Scheme” be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

*“**Scheme**” means the Imperial Holdings Logistics Limited ~~Share Appreciation Right Scheme~~ constituted by the Rules, as amended from time to time;*

5. PROPOSED AMENDMENT NO. 5 – DEFINITION OF “ADMINISTRATOR”

The Board proposes the addition of a new definition for “Administrator” be added to Rule 1 as follows:

*“**Administrator**” means a service provider appointed by an Employer Company to act on behalf of that Employer Company in performing the obligations of that Employer Company in terms of the Scheme;*

6. PROPOSED AMENDMENT NO. 6 – DEFINITION OF “APPLICABLE LAWS”

The Board proposes the addition of a new definition for “Applicable Laws” be added to Rule 1 as follows:

*“**Applicable Laws**” means, in relation to any person or entity, all and any statutes, subordinate legislation and common law; regulations; ordinances and by laws; accounting standards; directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, compliance with which is mandatory for that person or entity;*

7. PROPOSED AMENDMENT NO. 7 – DEFINITION OF “FINANCIAL MARKETS ACT”

The Board proposes the addition of a new definition for “Financial Markets Act” be added to Rule 1 as follows:

*“**Financial Markets Act**” means the Financial Markets Act, 19 of 2012;*

8. **PROPOSED AMENDMENT NO. 8 – DEFINITION OF “PERSONAL INFORMATION”**

The Board proposes the addition of a new definition for “Personal Information” be added to Rule 1 as follows:

“Personal Information” means personal information as defined in section 1 of the Protection of Personal Information Act, 4 of 2013;

9. **PROPOSED AMENDMENT NO. 9 – ADDITION OF NEW RULE 4A**

The Board proposes the addition of a new rule 4A as follows:

“4A. ADMINISTRATOR

An Employer Company may appoint an Administrator to act on its behalf in performing its obligations as an Employer Company under the Scheme. For purposes of the Scheme, references to “Employer Company” include an Administrator that has been appointed by an Employer Company in terms of this clause 4A.”

10. **PROPOSED AMENDMENT NO. 10 – ADDITION OF NEW RULE 4B**

The Board proposes the addition of a new rule 4B as follows, and all references to “costs” are deemed to refer to **“Costs”** as defined in rule 4B.1:

“4B. COSTS

4B.1 Prior to the Vesting Date, all costs and expenses relating to the Scheme, including for the avoidance of doubt, all costs relating to the Administrator, (“Costs”) will be for the Company’s account.

4B.2 The Company may recover from each Employer Company such Costs as may be attributable to the participation of any of its Employees in the Scheme.

4B.3 Notwithstanding the provisions of clauses 4B.1 and 4B.2, the Company may procure, if applicable, that the relevant Employer Company shall

4B.3.1 bear all Costs of and incidental to the implementation and administration of the Scheme and shall, as and when necessary, provide all requisite funds and facilities for that purpose;

4B.3.2 provide all secretarial, accounting, administrative, legal and financial advice and services, office accommodation, stationery and so forth for the purposes of the Scheme.

4B.4 After the Vesting Date, all Costs will be for the Participant’s account.

4B.5 The Participant shall be liable for all employees’ tax payable as a result of benefits due to him in terms of the Scheme.”

11. **PROPOSED AMENDMENT NO. 11 – RULE 5.1.1**

The Board proposes that the existing rule 5.1.1 be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

“shall not exceed 10 098 573 (ten million ninety-eight thousand five hundred and seventy-three) ~~21 212 987~~ (twenty one million two hundred and twelve thousand nine hundred and eighty seven) Shares equating to approximately 5% ~~10%~~ (five percent ~~ten percent~~) of the issued ordinary share capital of the Company at the date of approval of this Scheme”

12. **PROPOSED AMENDMENT NO. 12 – RULE 5.2.1**

The Board proposes that the existing rule 5.2.1 be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

“shall not exceed 1 009 857 (one million nine thousand eight hundred and fifty-seven) ~~2 121 298~~ (two million one hundred twenty one thousand two hundred ninety eight) Shares representing approximately 0.5% ~~1%~~ (half a percent ~~one percent~~) of the issued ordinary share capital of the Company”

13. **PROPOSED AMENDMENT NO. 13 – RULE 7.3**

The Board proposes that the existing rule 7.3 be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

“Subject to Rules 7.5 to 7.10, if the Board is satisfied that the Performance Conditions have not been fulfilled, no Grants will Vest and the Participant will be notified of such fact accordingly and of the reason that the Performance Conditions were not fulfilled.”

14. **PROPOSED AMENDMENT NO. 14 – RULE 7.7**

The Board proposes that the existing rule 7.7 be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

“Subject to Rules 7.8 to 7.9, if the Board is satisfied that the Performance Conditions have not been fulfilled as at the first anniversary of the end of the Performance Period, no Grants will Vest and the Participants will be notified of such fact accordingly and of the reason that the Performance Conditions were not fulfilled.”

15. **PROPOSED AMENDMENT NO. 15 – ADDITION OF NEW RULE 10**

The Board proposes the addition of a new rule 10A as follows:

“10A. REDUCTION OR FORFEITURE OF SARs

10A.1 Remco may exercise its discretion to determine that a Grant is subject to reduction or forfeiture (in whole or in part) if:

10A.1.1 there is reasonable evidence of misbehaviour or material error by the Participant; or

10A.1.2 the financial performance of the Group, the Company, the Employer Company or the relevant business unit for any Financial Year in respect of which a Grant is based have subsequently appeared to be materially inaccurate; or

10A.1.3 the Group, the Company, the Employer Company or the relevant business unit suffers a material downturn in its financial performance, for which the Participant can be seen to have some liability; or

10A.1.4 the Group, the Company, the Employer Company or the relevant business unit suffers a material failure of risk management, for which the Participant can be seen to have some liability, or in any other circumstances if the Remco determines that it is reasonable to subject the Grants of one or more Participants to reduction or forfeiture.

10A.2 To the extent that this Rule 10A applies to a Participant, the RemCom shall determine if the Participant’s SARs shall be forfeited in whole or in part and, if RemCom does so determine that all or a portion of the Participant’s SARs shall be forfeited, that Award shall be forfeited with effect from the date of the determination.

10A.3 RemCom may postpone the Vesting Date in respect of any Participant if, at the Vesting Date, there is an ongoing investigation or other procedure being carried on to determine whether the forfeiture provisions apply in respect of a Participant, or the RemCom decides that further investigation is warranted. In such event, the Vesting Date shall be deemed to be the date upon which the investigation or procedure has been completed and the RemCom has determined that Participant’s SARs shall not be forfeited.”

16. **PROPOSED AMENDMENT NO. 16 – ADDITION OF NEW RULE 14B**

The Board proposes the addition of a new rule 14B as follows:

“14B. LISTINGS AND LEGAL REQUIREMENTS

14B.1 Notwithstanding any other provision of the Scheme:

14B.1.1 no Shares shall be Settled on any Participant or received pursuant to this Scheme if RemCom determines, in their sole discretion, that such Settlement will or may violate any Applicable Laws or the Listings Requirements; and

14B.1.2 the Company shall apply for the listing of all Shares which are Settled to Participants on the JSE.

14B.2 Despite the occurrence of a Vesting Date, all Participants shall be subject to the Group's policies and procedures relating to trading in the Company's securities, the Financial Markets Act and the Listings Requirements and no Participant shall undertake any action in respect of that Participant's Shares that will cause the Company to breach its obligations in terms of the Financial Markets Act or the Listings Requirements.

14B.3 The Company will ensure that no Shares are Settled for the Scheme at a time when such acquisition is prohibited by the provisions of the Financial Markets Act or the Listings Requirements. To the extent that the Company is unable to deliver the Shares to a Participant as a result of the provisions of the Financial Markets Act or the Listings Requirements, the Company will deliver the Shares to the Participant as soon as possible after the restriction is lifted; provided that the Company will not be liable for any loss that may be suffered by the Participant as a result of the postponement of delivery in terms of this Rule 14B.

14B.4 Whilst the Employer Companies will make every effort to Settle Shares within a reasonable period of time for purposes of satisfying their obligations under the Scheme, they do not guarantee that they will be able to do so within set time periods. As such, the Group will not be liable for any loss that may be suffered by the Participant as a result of any fluctuations in the Share price, or for any other reason."

17. **PROPOSED AMENDMENT NO. 17 – ADDITION OF NEW RULE 14C**

The Board proposes the addition of a new rule 14C as follows:

"14C. POOR PERFORMANCE AND DISCIPLINARY PROCEDURES

In the event of pending disciplinary or poor performance procedures against any Participant, or the contemplation of such procedures, then the Vesting and/or Settlement of any SARs shall be suspended until the final conclusion of such procedures, at which time the SARs shall Vest and/or be Settled, or the provisions of Rule 10A shall be applied, whichever is applicable."

18. **PROPOSED AMENDMENT NO. 18 – ADDITION OF NEW RULE 16A**

The Board proposes the addition of a new rule 16A as follows:

"16A. DATA PROTECTION

16A.1 By participating in the Scheme, a Participant is deemed to agree and consent to:

16A.1.1 the collection, use and processing by the Employer Company of Personal Information relating to the Participant, for all purposes reasonably connected with the administration of the Scheme;

16A.1.2 the Employer Company, Company, and any member of the Group transferring Personal Information to or between any of such persons for all purposes reasonably connected with the administration of the Scheme and the use of such Personal Information by such persons for all purposes reasonably connected with the administration of the Scheme;

16A.1.3 the transfer to and retention of such Personal Information by any third party anywhere in the world for all purposes reasonably connected with the administration of the Scheme."

19. **PROPOSED AMENDMENT NO. 19 – ADDITION OF NEW ANNEXURE A**

The Board proposes the addition of a new Annexure A to the Rules as follows:

Annexure A

1. DEFINITIONS AND INTERPRETATION

1.1 In this Annexure A, unless expressly stipulated to the contrary or unless the context clearly indicates a contrary intention, words and expressions as defined in the Scheme (to which this document is attached as Annexure A) shall bear the same meanings where used herein, and the following words and expressions shall bear the following meanings (and cognate words and expressions shall bear corresponding meanings)

1.1.1 **"Board(s)"** means the Company Board and/or the Motus Board (as the context requires);

1.1.2 **"Company Board"** means the board of directors for the time being of the Company, or any committee thereof (including the RemCom) to or upon whom the powers of the board in respect of the Scheme are delegated or are conferred in terms of the Company's articles of association;

- 1.1.3 **“Company Participant”** means an Employee employed by a company in the Group to whom a Grant has been made in terms of this Scheme and who has accepted such Grant, and includes the executor of such employee’s deceased estate where appropriate;
- 1.1.4 **“Employee”** means a person eligible for participation in the Scheme, namely any senior employee with significant managerial or other responsibility, including any director holding salaried employment or office, of any Employer Company but excluding any director serving on the RemCom or the Motus RemCom and excluding any non-executive director;
- 1.1.5 **“Employer Company”** means (i) a company in the Group and (ii) a company in the Motus Group, which employs an Employee; and
- 1.1.6 **“Exercise Price”** means the aggregate Market Value of the (i) Shares and (ii) Motus Shares in respect of which a Participant’s SARs have been Granted on the Business Day immediately preceding the Exercise Date;
- 1.1.7 **“Market Value”** means in relation to a (i) Share on any particular day, the volume weighted average price of a Share as on that day and the preceding trading day as quoted on the JSE, (ii) Motus Share on any particular day, the volume weighted average price of a Motus Share as on that day and the preceding trading day as quoted on the JSE;
- 1.1.8 **“Motus”** means Motus Holdings Limited (Registration No 2017/451730/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and a wholly-owned subsidiary of the Company immediately prior to the Unbundling;
- 1.1.9 **“Motus Board”** means the board of directors for the time being of Motus, or any committee thereof (including the Motus RemCom) to or upon whom the powers of the board in respect of the Scheme are delegated or are conferred in terms of Motus’ articles of association;
- 1.1.10 **“Motus Group”** means Motus, its direct and indirect subsidiaries and associated companies from time to time;
- 1.1.11 **“Motus Participant”** means an Employee employed by a company in the Motus Group to whom a Grant has been made in terms of this Scheme and who has accepted such Grant, and includes the executor of such employee’s deceased estate where appropriate;
- 1.1.12 **“Motus RemCom”** means the remuneration committee of the Motus Board;
- 1.1.13 **“Motus Share”** means an ordinary share of no par value in the capital of Motus;
- 1.1.14 **“Participant”** means a Company Participant and/or a Motus Participant (as the context requires);
- 1.1.15 **“Performance Conditions”** mean the conditions as determined by the Boards to which a Grant is subject;
- 1.1.16 **“RemCom”** means the remuneration committee of the Company Board;
- 1.1.17 **“Share Appreciation Right”** or **“SAR”** means:
- 1.1.17.1 in the case of a Company Participant, a conditional right to receive Shares in terms of this Scheme to the value of the difference between the Exercise Price and the Grant Price of that number of SARs Granted; and
- 1.1.17.2 in the case of a Motus Participant, a conditional right to receive Motus Shares in terms of this Scheme to the value of the difference between the Exercise Price and the Grant Price of that number of SARs Granted;
- 1.1.18 **“Settlement”** means
- 1.1.18.1 in the case of a Company Participant, delivery of the required number of Shares to which a Participant is entitled pursuant to the exercise of a Share Appreciation Right; and
- 1.1.18.2 in the case of a Motus Participant, delivery of the required number of Motus Shares to which a Participant is entitled pursuant to the exercise of a Share Appreciation Right;
- 1.1.19 **“Unbundling”** means the distribution by the Company of 100% of the issued share capital in Motus to the Company’s shareholders by way of a pro rata distribution in specie in terms

of section 46 of the Companies Act, 71 of 2008, and obtaining a listing of the distributed Motus Shares on the JSE; and

1.1.20 **"Unbundling Date"** means the date on which the Unbundling is effected.

2. OPERATION OF ANNEXURE A

2.1 *The purpose of this Annexure A is to ensure that:*

2.1.1 *Regard is had to the aggregate performance of the Company and of Motus (in respect of Grants of SARs made prior to the Unbundling Date) when determining the extent to which Performance Conditions relating to such SARs have been met; and*

2.1.2 *Regard is had to the aggregate Market Value of the Shares and Motus Shares (in respect of Grants of SARs made prior to the Unbundling Date) when calculating the Exercise Price of such SARs; and*

2.1.3 *Motus Participants, which received Grants prior to the Unbundling Date, may continue to participate in the Scheme until all such Grants have either been Settled or lapsed (as the case may be).*

2.2 *For the avoidance of doubt:*

2.2.1 *no new Grants shall be made to Motus Participants after the Unbundling Date under the Scheme;*

2.2.2 *the provisions of this Annexure A shall apply to existing Grants where the Exercise Date falls on or after the Unbundling Date until such existing Grants have either been Exercised or lapsed (as the case may be), whereafter the provisions of this Annexure A will cease to apply;*

2.2.3 *to the extent that any provision of the Rules conflicts with any provision of this Annexure A, then the relevant provision of Annexure A shall prevail to the extent of such conflict.*

2.3 *The Boards are responsible for the governance pertaining to the Scheme. References to "Board" in the Rules must be read as referring to the relevant Board or Boards where appropriate.*

2.4 *References to "the Company" must be read as references to "the Company and/or Motus (as the case may be)" and references to "Shares" must be read as "Shares and/or Motus Shares (as the case may be)" where appropriate, including but not limited to in Rules 1, 12, 13, 14, 15 and 16.*

2.5 *References to the "Rules" must be read as a reference to "the Rules read with Annexure A" where appropriate.*

2.6 *For the avoidance of doubt, the Company shall be obliged to ensure the delivery of all obligations to Company Participants and Motus shall be obliged to ensure the delivery of all obligations to Motus Participants in accordance with the Rules.*

3. ALTERED RULES

Grant of SARs (Rule 6)

3.1 *No new Grants shall be made to Motus Participants after the Unbundling Date. Subject to clause 3.2 below (regarding Performance Conditions), the terms of the Letter of Grant shall continue to apply to existing Grants.*

Performance Conditions (Rule 7)

3.2 *Notwithstanding the terms of the Letter of Grant in respect of existing Grants, the Performance Conditions will be recalculated. Any quantitative metrics that were applied with reference to the Company in order to set the conditions set out in the Letter of Grant will be calculated with reference to the Company and Motus, so that the conditions correctly reflect the aggregate performance of both the Company and Motus. The revised Performance Conditions will be communicated to Participants.*

Settlement (Rule 9)

3.3 Following the exercise of SARs, the relevant Employer Company shall within 30 (thirty) days of the Exercise Date procure the Settlement of that number of:

3.3.1 Shares to the Company Participants; and

3.3.2 Motus Shares to the Motus Participants,

the value of which equates to the difference between the Exercise Price and the Grant Price (without deducting any costs or income tax) in accordance with the Settlement methods described below.

3.4 The main intention is to settle:

3.4.1 SARs held by Company Participants in Shares; and

3.4.2 SARs held by Motus Participants in Motus Shares,

using one of the following settlement methods.

Company Participants

3.5 The Employer Company will, if so instructed by the Company Board, incur an expense by making a cash contribution to a third party equal in value to the difference between the Exercise Price and the Grant Price in Settlement of the SAR on the basis that the third party will acquire the required number of Shares on the market for delivery to the Company Participant concerned, as agent for and on behalf of the Employer Company concerned; or

3.6 The Employer Company will, if so instructed by the Company Board, incur an expense by making a cash contribution equal in value to the subscription price of the Shares concerned, by way of subscription for new Shares to be allotted and issued by the Company for a subscription price per Share of either:

3.6.1 the Market Value per Share; or

3.6.2 the par value per Share

as may be decided by the Company Board; provided that the value of the Shares delivered to the Company Participant shall be equal in value to the difference between the Exercise Price and the Grant Price; or

3.7 As a fall back provision only, the Employer Company will, if so instructed by the Company Board, pay the Company Participant an equivalent amount in cash in lieu of any Shares.

3.8 A Company Participant shall be entitled to all of a shareholder's rights in respect of the Shares as of the Settlement Date and the shares shall rank *pari passu* with existing Shares.

Motus Participants

3.9 The Employer Company will, if so instructed by the Motus Board, incur an expense by making a cash contribution to a third party equal in value to the difference between the Exercise Price and the Grant Price in Settlement of the SAR on the basis that the third party will acquire the required number of Motus Shares on the market for delivery to the Motus Participant concerned, as agent for and on behalf of the Employer Company concerned; or

3.10 The Employer Company will, if so instructed by the Motus Board, incur an expense by making a cash contribution equal in value to the subscription price of the Motus Shares concerned, by way of subscription for new Motus Shares to be allotted and issued by Motus for a subscription price per Motus Share of the Market Value per Motus Share; provided that the value of the Motus Shares delivered to the Motus Participant shall be equal in value to the difference between the Exercise Price and the Grant Price; or

3.11 As a fall back provision only, the Employer Company will, if so instructed by the Motus Board, pay the Motus Participant an equivalent amount in cash in lieu of any Motus Shares.

3.12 A Company Participant shall be entitled to all of a shareholder's rights in respect of the Shares as of the Settlement Date and the shares shall rank *pari passu* with existing Shares.

General

3.13 If a Participant's employment with any Employer Company terminates after the Exercise Date, but before the Settlement Date for whatever reason, the SARs shall be Settled on the Settlement Date.

Change of Control (Rule 12)

3.14 If there a change of Control of either the Company or Motus, the provisions of clause 12 shall apply.

3.15 For the avoidance of doubt, the Unbundling will not trigger the provisions of clause 12.

Variation in Share Capital (Rule 13)

3.16 If there a variation in share capital of either the Company or Motus, the provisions of clause 13 shall apply.

3.17 The Boards shall communicate with one another in making any adjustments (in terms of Rule 13.1), in order to ensure that the adjustments take account of the amendments to the calculation of the Exercise Price.

Domicilium and Notices (Rule 17)

3.18 Motus chooses the following domicilium citandi et executandi for purposes of Rule 17:

The address and telefax number of the Registered Office of Motus from time to time, it being recorded that as at the date of the approval of Annexure A the Registered Office of Motus is:

Physical address: 1 Van Buuren Road
Cnr Geldenhuis and Van Doort Streets
Bedfordview
Gauteng
1610

Postal address: PO Box 1719
Edenvale

Gauteng 1610

Facsimile/email ockert@motuscorp.co.za

4. UNALTERED RULES

4.1 Aside from the amendments to certain definitions that appear in these provisions (as set out in clause 1 above), there are no specific changes to Rules 8, 10, 11, 18, and 19.

The Board does not propose any amendments other than the 19 proposed amendments above.

PROPOSED AMENDMENTS TO PROVISIONS OF THE DBP RULES

For the reasons detailed in paragraph 12 of the Circular, the Board proposes the following amendments to the DBP Rules:

1. PROPOSED AMENDMENT NO. 1 – DEFINITION OF “COMPANY”

The Board proposes that the existing definition of “Company” be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

*“**Company**” means Imperial Holdings Logistics Limited (~~previously Imperial Holdings Limited~~) (Registration Number 1946/021048/06);*

2. PROPOSED AMENDMENT NO. 2 – DEFINITION OF “DBP”

The Board proposes that the existing definition of “DBP” be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

*“**DBP**” means the Imperial Holdings Logistics Limited Deferred Bonus Plan, constituted by the Rules, as amended from time to time;*

3. PROPOSED AMENDMENT NO. 3 – DEFINITION OF “JSE”

The Board proposes that the existing definition of “JSE” be replaced in its entirety and substituted with the following definition:

*“**JSE**” means the JSE Limited, a public company incorporated in accordance with the laws of the Republic of South Africa under registration number 2005/022939/06, which is licensed as an exchange in terms of the Financial Markets Act, 19 of 2012;*

4. PROPOSED AMENDMENT NO. 4 – DEFINITION OF “SAR”

The Board proposes that the existing definition of “DBP” be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

*“**SAR**” means the Imperial Holdings Logistics Limited Share Appreciation Right Scheme the terms and conditions of which are set out in the rules of the SAR as may be amended from time to time;*

5. PROPOSED AMENDMENT NO. 5 – DEFINITION OF “ADMINISTRATOR”

The Board proposes the addition of a new definition for “Administrator” be added to Rule 1 as follows:

*“**Administrator**” means a service provider appointed by an Employer Company to act on behalf of that Employer Company in performing the obligations of that Employer Company in terms of the DBP;*

6. PROPOSED AMENDMENT NO. 6 – DEFINITION OF “APPLICABLE LAWS”

The Board proposes the addition of a new definition for “Applicable Laws” be added to Rule 1 as follows:

*“**Applicable Laws**” means, in relation to any person or entity, all and any statutes, subordinate legislation and common law; regulations; ordinances and by laws; accounting standards; directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, compliance with which is mandatory for that person or entity;*

7. PROPOSED AMENDMENT NO. 7 – DEFINITION OF “FINANCIAL MARKETS ACT”

The Board proposes the addition of a new definition for “Financial Markets Act” be added to Rule 1 as follows:

*“**Financial Markets Act**” means the Financial Markets Act, 19 of 2012;*

8. **PROPOSED AMENDMENT NO. 8 – DEFINITION OF “PERSONAL INFORMATION”**

The Board proposes the addition of a new definition for “Personal Information” be added to Rule 1 as follows:

“Personal Information” means personal information as defined in section 1 of the Protection of Personal Information Act, 4 of 2013;

9. **PROPOSED AMENDMENT NO. 9 – ADDITION OF NEW RULE 4A**

The Board proposes the addition of a new rule 4A as follows:

“4A. ADMINISTRATOR

An Employer Company may appoint an Administrator to act on its behalf in performing its obligations as an Employer Company under the DBP. For purposes of the DBP, references to “Employer Company” include an Administrator that has been appointed by an Employer Company in terms of this clause 4A.”

10. **PROPOSED AMENDMENT NO. 10 – ADDITION OF NEW RULE 4B**

The Board proposes the addition of a new rule 4B as follows, and all references to “costs” are updated to refer to **“Costs”** as defined in rule 4B.1:

“4B. COSTS

4B.1 Prior to the Vesting Date, all costs and expenses relating to the DBP, including for the avoidance of doubt, all costs relating to the Administrator, (“Costs”) will be for the Company’s account.

4B.2 The Company may recover from each Employer Company such Costs as may be attributable to the participation of any of its Employees in the DBP.

4B.3 Notwithstanding the provisions of clauses 4B.1 and 4B.2, the Company may procure, if applicable, that the relevant Employer Company shall

4B.3.1 bear all Costs of and incidental to the implementation and administration of the DBP and shall, as and when necessary, provide all requisite funds and facilities for that purpose;

4B.3.2 provide all secretarial, accounting, administrative, legal and financial advice and services, office accommodation, stationery and so forth for the purposes of the DBP.

4B.4 After the Vesting Date, all Costs will be for the Participant’s account.

4B.5 The Participant shall be liable for all employees’ tax payable as a result of benefits due to him in terms of the DBP.”

11. **PROPOSED AMENDMENT NO. 11 – RULE 5.1.1**

The Board proposes that the existing rule 5.1.1 be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

“shall not exceed 10 098 573 (ten million ninety-eight thousand five hundred and seventy-three) ~~21 121 297~~ (twenty one million one hundred twenty one thousand two hundred ninety seven) Shares equating to approximately 5% ~~10%~~ (five percent ~~ten percent~~) of the issued ordinary share capital of the Company at the date of approval of the DBP”

12. **PROPOSED AMENDMENT NO. 12 – RULE 5.2.1**

The Board proposes that the existing rule 5.2.1 be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

“shall not exceed 1 009 857 (one million nine thousand eight hundred and fifty-seven) ~~2 121 298~~ (two million one hundred twenty one thousand two hundred ninety eight) Shares representing approximately 0.5% ~~1%~~ (half a percent ~~one percent~~) of the issued ordinary share capital of the Company”

13. **PROPOSED AMENDMENT NO. 13 – ADDITION OF NEW RULE 9A**

The Board proposes the addition of a new rule 9A as follows:

“9A. REDUCTION OR FORFEITURE OF MATCHING AWARD

9A.1 Remco may exercise its discretion to determine that a Matching Award is subject to reduction or forfeiture (in whole or in part) if:

9A.1.1 there is reasonable evidence of misbehaviour or material error by the Participant; or

9A.1.2 the financial performance of the Group, the Company, the Employer Company or the relevant business unit for any Financial Year in respect of which a Matching Award is based have subsequently appeared to be materially inaccurate; or

9A.1.3 the Group, the Company, the Employer Company or the relevant business unit suffers a material downturn in its financial performance, for which the Participant can be seen to have some liability; or

9A.1.4 the Group, the Company, the Employer Company or the relevant business unit suffers a material failure of risk management, for which the Participant can be seen to have some liability, or in any other circumstances if the Remco determines that it is reasonable to subject the Matching Awards of one or more Participants to reduction or forfeiture.

9A.2 To the extent that this Rule 9A applies to a Participant, the RemCom shall determine if the Participants Matching Award shall be forfeited in whole or in part and, if RemCom does so determine that all or a portion of the Participant's Matching Award shall be forfeited, that Matching Award shall be forfeited with effect from the date of the determination.

9A.3 RemCom may postpone the Vesting Date in respect of any Participant if, at the Vesting Date, there is an ongoing investigation or other procedure being carried on to determine whether the forfeiture provisions apply in respect of a Participant, or the RemCom decides that further investigation is warranted. In such event, the Vesting Date shall be deemed to be the date upon which the investigation or procedure has been completed and the RemCom has determined that Participant's Matching Award shall not be forfeited.”

14. **PROPOSED AMENDMENT NO. 14 – ADDITION OF NEW RULE 13B**

The Board proposes the addition of a new rule 13B as follows:

“13B. LISTINGS AND LEGAL REQUIREMENTS

13B.1 Notwithstanding any other provision of the DBP:

13B.1.1 no Shares shall be Settled on any Participant or received pursuant to this DBP if RemCom determines, in their sole discretion, that such Settlement will or may violate any Applicable Laws or the Listings Requirements; and

13B.1.2 the Company shall apply for the listing of all Shares which are Settled to Participants on the JSE.

13B.2 Despite the occurrence of a Vesting Date, all Participants shall be subject to the Group's policies and procedures relating to trading in the Company's securities, the Financial Markets Act and the Listings Requirements and no Participant shall undertake any action in respect of that Participant's Shares that will cause the Company to breach its obligations in terms of the Financial Markets Act or the Listings Requirements.

13B.3 The Company will ensure that no Shares are Settled for the DBP at a time when such acquisition is prohibited by the provisions of the Financial Markets Act or the Listings Requirements. To the extent that the Company is unable to deliver the Shares to a Participant as a result of the provisions of the Financial Markets Act or the Listings Requirements, the Company will deliver the Shares to the Participant as soon as possible after the restriction is lifted; provided that the Company will not be liable for any loss that may be suffered by the Participant as a result of the postponement of delivery in terms of this Rule 13B.

13B.4 Whilst the Employer Companies will make every effort to Settle Shares within a reasonable period of time for purposes of satisfying their obligations under the DBP, they do not guarantee that they will be able to do so within set time periods. As such, the Group will not be liable for any loss that may be suffered by the Participant as a result of any fluctuations in the Share price, or for any other reason.”

15. **PROPOSED AMENDMENT NO. 15 – ADDITION OF NEW RULE 13C**

The Board proposes the addition of a new rule 13C as follows:

“13C. POOR PERFORMANCE AND DISCIPLINARY PROCEDURES

In the event of pending disciplinary or poor performance procedures against any Participant, or the contemplation of such procedures, then the Vesting and/or Settlement of any Matching Awards shall be suspended until the final conclusion of such procedures, at which time the Matching Awards shall Vest and/or be Settled, or the provisions of Rule 10A shall be applied, whichever is applicable.”

16. **PROPOSED AMENDMENT NO. 16 – ADDITION OF NEW RULE 15A**

The Board proposes the addition of a new rule 15A as follows:

“15A. DATA PROTECTION

15A.1 By participating in the DBP, a Participant is deemed to agree and consent to:

15A.1.1 the collection, use and processing by the Employer Company of Personal Information relating to the Participant, for all purposes reasonably connected with the administration of the DBP;

15A.1.2 the Employer Company, Company, and any member of the Group transferring Personal Information to or between any of such persons for all purposes reasonably connected with the administration of the DBP and the use of such Personal Information by such persons for all purposes reasonably connected with the administration of the DBP;

15A.1.3 the transfer to and retention of such Personal Information by any third party anywhere in the world for all purposes reasonably connected with the administration of the DBP.”

17. **PROPOSED AMENDMENT NO. 17 – ADDITION OF NEW ANNEXURE A**

The Board proposes the addition of a new Annexure A to the Rules as follows:

Annexure A

1. DEFINITIONS AND INTERPRETATION

1.1 In this Annexure A, unless expressly stipulated to the contrary or unless the context clearly indicates a contrary intention, words and expressions as defined in the DBP (to which this document is attached as Annexure A) shall bear the same meanings where used herein, and the following words and expressions shall bear the following meanings (and cognate words and expressions shall bear corresponding meanings)

*1.1.1 “**Board(s)**” means the Company Board and/or the Motus Board (as the context requires);*

*1.1.2 “**Company Board**” means the board of directors for the time being of the Company, or any committee thereof (including the RemCom) to or upon whom the powers of the board in respect of the DBP are delegated or are conferred in terms of the Company’s articles of association;*

*1.1.3 “**Company Shares**” means ordinary shares of a par value of four cents (or as adjusted) in the capital of the Company;*

*1.1.4 “**Employee**” means a person eligible for participation in the DBP, namely any senior employee with significant managerial or other responsibility, including any director holding salaried employment or office, of any Employer Company but excluding any director serving on the RemCom or the Motus RemCom and excluding any non-executive director;*

*1.1.5 “**Employer Company**” means (i) a company in the Group and (ii) a company in the Motus Group, which employs an Employee;*

*1.1.6 “**Market Value**” means the volume weighted average price of (i) Company Share and (ii) a Motus Share, as quoted on the JSE for the Business Day immediately preceding the date on which a determination of the market value of the Matching Shares is to be made for the purposes of the Rules and the preceding trading day;*

*1.1.7 “**Motus**” means Motus Holdings Limited (Registration No 2017/451730/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and a wholly-owned subsidiary of the Company immediately prior to the Unbundling;*

- 1.1.8 **"Motus Board"** means the board of directors for the time being of Motus, or any committee thereof (including the Motus RemCom) to or upon whom the powers of the board in respect of the DBP are delegated or are conferred in terms of Motus' articles of association;
- 1.1.9 **"Motus Group"** means Motus, its direct and indirect subsidiaries and associated companies from time to time;
- 1.1.10 **"Motus Participant"** means an Employee employed by a company in the Motus Group to whom an Offer has been made in terms of this DBP and who has accepted such Offer, and includes the executor of such employee's deceased estate where appropriate;
- 1.1.11 **"Motus RemCom"** means the remuneration committee of the Motus Board;
- 1.1.12 **"Motus Share"** means an ordinary share of no par value in the capital of Motus;
- 1.1.13 **"RemCom"** means the remuneration committee of the Company Board;
- 1.1.14 **"Unbundling"** means the distribution by the Company of 100% of the issued share capital in Motus to the Company's shareholders by way of a pro rata distribution in specie in terms of section 46 of the Companies Act, 71 of 2008, and obtaining a listing of the distributed Motus Shares on the JSE; and
- 1.1.15 **"Unbundling Date"** means the date on which the Unbundling is effected.

2. OPERATION OF ANNEXURE A

- 2.1 The purpose of this Annexure A is to ensure that:
 - 2.1.1 Regard is had to the Market Value of both the Company Shares and the Motus Shares when Matching Awards (which relate to Offers made prior to the Unbundling Date) are Settled; and
 - 2.1.2 Motus Participants, which received Offers prior to the Unbundling Date, may continue to participate in the DBP until all such Offers have either been Settled or lapsed (as the case may be).
- 2.2 For the avoidance of doubt:
 - 2.2.1 no new Offers shall be made to Motus Participants after the Unbundling Date under the DBP and the terms of the Offer shall continue to apply to existing Offers;
 - 2.2.2 the provisions of this Annexure A shall apply to existing Offers where the Accrual Date falls on or after the Unbundling Date until such existing Grants have either been Exercised or lapsed (as the case may be), whereafter the provisions of this Annexure A will cease to apply;
 - 2.2.3 to the extent that any provision of the Rules conflicts with any provision of this Annexure A, then the relevant provision of Annexure A shall prevail to the extent of such conflict.
- 2.3 The Boards are responsible for the governance pertaining to the DBP. References to "Board" in the Rules must be read as referring to the relevant Board or Boards where appropriate.
- 2.4 References to "the Company" must be read as references to "the Company and/or Motus (as the case may be)" where appropriate, including but not limited to in Rules 1, 7, 8, 9, 11, 12,13, 14, and 15.
- 2.5 References to "Participants" include Motus Participants, but references to "Motus Participants" do not include Participants employed by the Group.
- 2.6 References to the "Rules" must be read as a reference to "the Rules read with Annexure A" where appropriate.
- 2.7 Subject to clause 3.2 below, references to "Shares" must be read as "Company Shares and Motus Shares". Shareholders of the Company will receive Motus Shares pursuant to the Unbundling and Participants will receive Company Shares and Motus Shares when Matching Awards are Settled. In this regard, references to "Bonus Shares", "Committed Shares" and "Matching Shares" must be read to comprise Company Shares and Motus Shares;
- 2.8 In calculating the number of Matching Shares to be Settled to a Participant, regard shall be had to the Market Value and number of the Bonus Shares and Committed Shares held on the Vesting Date.

2.9 For the avoidance of doubt, the Company shall be obliged to ensure the delivery of all obligations to all Participants employed by the Group and Motus shall be obliged to ensure the delivery of all obligations to Motus Participants in accordance with the Rules.

3. ALTERED RULES

Change of Control (Rule 11)

- 3.1 If there a change of Control of either the Company or Motus, the provisions of Rule 11 shall apply.
- 3.2 For the purposes of Rule 11.1, the definition of "Control" in Rule 11.6 shall be expanded to include, in relation to Motus, that some or other natural person, company, close corporation or other juristic person or corporate entity, charity, partnership, trust, joint venture, syndicate, or other association of persons or entities, individually or collectively:
- 3.2.1 owns or own, directly or indirectly, over 50% of the Motus Shares;
- 3.2.2 controls or control, directly or indirectly, over 50% of the voting rights, in relation to the Motus Shares, exercisable by members in general meeting or otherwise of Motus; and
- 3.2.3 are entitled, directly or indirectly, to appoint a majority of the Motus Board, or to appoint of remove the Motus Board having a majority of the votes exercisable at meetings of the Motus Board.
- 3.3 For the avoidance of doubt, the Unbundling will not trigger the provisions of Rule 11.

Variation in Share Capital (Rule 12)

- 3.4 If there a variation in share capital of either the Company or Motus, the provisions of Rule 12 shall apply.
- 3.5 The Boards shall communicate with one another in making any adjustments (in terms of Rule 12.1), in order to ensure that the adjustments take account of the fact that Matching Shares comprise Company Shares and Motus Shares. If necessary, the Boards may change the ratio of Company Shares to Motus Shares to be Settled to a Participant.

Domicilium and Notices (Rule 16)

- 3.6 Motus chooses the following domicilium citandi et executandi for purposes of Rule 16:
The address and telefax number of the Registered Office of Motus from time to time, it being recorded that as at the date of the approval of Annexure A the Registered Office of Motus is:

Physical address:	1 Van Buuren Road Cnr Geldenhuis and Van Doort Streets Bedfordview Gauteng 1610
Postal address:	PO Box 1719 Edenvale Gauteng 1610
Facsimile/email	ockert@motuscorp.co.za

4. UNALTERED RULES

- 4.1 Aside from the amendments to certain definitions that appear in these provisions (as set out in clause 1 above), there are no specific changes to Rules 6, 7, 8, 9,10, 13, 14, 15, 17, and 18.

The Board does not propose any amendments other than the 17 proposed amendments above.

PROPOSED AMENDMENTS TO PROVISIONS OF THE CSP RULES

For the reasons detailed in paragraph 12 of the Circular, the Board proposes the following amendments to the CSP Rules:

1. PROPOSED AMENDMENT NO. 1 – DEFINITION OF “COMPANY”

The Board proposes that the existing definition of “Company” be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

“Company” means Imperial Holdings Logistics Limited (~~previously Imperial Holdings Limited~~) (Registration Number 1946/021048/06);

2. PROPOSED AMENDMENT NO. 2 – DEFINITION OF “CSP”

The Board proposes that the existing definition of “CSP” be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

“CSP” means the Imperial Holdings Logistics Limited Conditional Share Plan constituted by these Rules, as amended from time to time;

3. PROPOSED AMENDMENT NO. 3 – DEFINITION OF “DBP”

The Board proposes that the existing definition of “DBP” be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

“DBP” means the Imperial Holdings Logistics Limited Deferred Bonus Plan, the terms and conditions of which are set out in the rules of the DBP, as may be amended from time to time;

4. PROPOSED AMENDMENT NO. 4 – DEFINITION OF “JSE”

The Board proposes that the existing definition of “JSE” be replaced in its entirety and substituted with the following definition:

“JSE” means the JSE Limited, a public company incorporated in accordance with the laws of the Republic of South Africa under registration number 2005/022939/06, which is licensed as an exchange in terms of the Financial Markets Act, 19 of 2012;

5. PROPOSED AMENDMENT NO. 5 – DEFINITION OF “SAR”

The Board proposes that the existing definition of “SAR” be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

“SAR” means the Imperial Holdings Logistics Limited Share Appreciation Right Scheme, the terms and conditions of which are set out in the rules of the SAR, as may be amended from time to time;

6. PROPOSED AMENDMENT NO. 6 – DEFINITION OF “ADMINISTRATOR”

The Board proposes the addition of a new definition for “Administrator” be added to Rule 1 as follows:

“Administrator” means a service provider appointed by an Employer Company to act on behalf of that Employer Company in performing the obligations of that Employer Company in terms of the CSP;

7. PROPOSED AMENDMENT NO. 7 – DEFINITION OF “APPLICABLE LAWS”

The Board proposes the addition of a new definition for “Applicable Laws” be added to Rule 1 as follows:

“Applicable Laws” means, in relation to any person or entity, all and any statutes, subordinate legislation and common law; regulations; ordinances and by laws; accounting standards; directives, codes of

practice, circulars, guidance notices, judgments and decisions of any competent authority, compliance with which is mandatory for that person or entity;

8. **PROPOSED AMENDMENT NO. 8 – DEFINITION OF “FINANCIAL MARKETS ACT”**

The Board proposes the addition of a new definition for “Financial Markets Act” be added to Rule 1 as follows:

“Financial Markets Act” means the Financial Markets Act, 19 of 2012;

9. **PROPOSED AMENDMENT NO. 9 – DEFINITION OF “PERSONAL INFORMATION”**

The Board proposes the addition of a new definition for “Personal Information” be added to Rule 1 as follows:

“Personal Information” means personal information as defined in section 1 of the Protection of Personal Information Act, 4 of 2013;

10. **PROPOSED AMENDMENT NO. 10 – ADDITION OF NEW RULE 4A**

The Board proposes the addition of a new Rule 4A as follows:

“4A. ADMINISTRATOR

An Employer Company may appoint an Administrator to act on its behalf in performing its obligations as an Employer Company under the CSP. For purposes of the CSP, references to “Employer Company” include an Administrator that has been appointed by an Employer Company in terms of this clause 4A.”

11. **PROPOSED AMENDMENT NO. 11 – ADDITION OF NEW RULE 4B**

The Board proposes the addition of a new Rule 4B as follows, and all references to “costs” are deemed to refer to **“Costs”** as defined in Rule 4B.1:

“4B. COSTS

4B.1 Prior to the Vesting Date, all costs and expenses relating to the CSP, including for the avoidance of doubt, all costs relating to the Administrator, (“Costs”) will be for the Company’s account.

4B.2 The Company may recover from each Employer Company such Costs as may be attributable to the participation of any of its Employees in the CSP.

4B.3 Notwithstanding the provisions of clauses 4B.1 and 4B.2, the Company may procure, if applicable, that the relevant Employer Company shall

4B.3.1 bear all Costs of and incidental to the implementation and administration of the CSP and shall, as and when necessary, provide all requisite funds and facilities for that purpose;

4B.3.2 provide all secretarial, accounting, administrative, legal and financial advice and services, office accommodation, stationery and so forth for the purposes of the CSP.

4B.4 After the Vesting Date, all Costs will be for the Participant’s account.

4B.5 The Participant shall be liable for all employees’ tax payable as a result of benefits due to him in terms of the CSP.”

12. **PROPOSED AMENDMENT NO. 12 – RULE 5.1.1**

The Board proposes that the existing Rule 5.1.1 be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

“shall not exceed 10 098 573 (ten million ninety-eight thousand five hundred and seventy-three) ~~21 212 987~~ (twenty-one million two hundred and twelve thousand nine hundred and eighty-seven) Shares equating to approximately 5% ~~10%~~ (five percent ~~ten percent~~) of the issued ordinary share capital of the Company at the date of approval of this CSP”

13. **PROPOSED AMENDMENT NO. 13 – RULE 5.2.1**

The Board proposes that the existing Rule 5.2.1 be amended to read as follows (additions are underlined and deletions are indicated by a strikethrough):

“shall not exceed 1 009 857 (one million nine thousand eight hundred and fifty-seven) ~~2 121 298 (two million one hundred twenty one thousand two hundred ninety eight)~~ Shares representing approximately 0.5% ~~1%~~ (half a percent ~~one percent)~~ of the issued ordinary share capital of the Company”

14. **PROPOSED AMENDMENT NO. 14 – ADDITION OF NEW RULE 9A**

The Board proposes the addition of a new Rule 9A as follows:

“9A. REDUCTION OR FORFEITURE OF CONDITIONAL AWARD

9A.1 RemCom may exercise its discretion to determine that a Conditional Award is subject to reduction or forfeiture (in whole or in part) if:

9A.1.1 there is reasonable evidence of misbehaviour or material error by the Participant; or

9A.1.2 the financial performance of the Group, the Company, the Employer Company or the relevant business unit for any Financial Year in respect of which a Conditional Award is based have subsequently appeared to be materially inaccurate; or

9A.1.3 the Group, the Company, the Employer Company or the relevant business unit suffers a material downturn in its financial performance, for which the Participant can be seen to have some liability; or

9A.1.4 the Group, the Company, the Employer Company or the relevant business unit suffers a material failure of risk management, for which the Participant can be seen to have some liability, or in any other circumstances if the RemCom determines that it is reasonable to subject the Conditional Awards of one or more Participants to reduction or forfeiture.

9A.2 To the extent that this Rule 9A applies to a Participant, the RemCom shall determine if the Participant's Conditional Award shall be forfeited in whole or in part and, if RemCom does so determine that all or a portion of the Participant's Conditional Award shall be forfeited, that Conditional Award shall be forfeited with effect from the date of the determination.

9A.3 RemCom may postpone the Vesting Date in respect of any Participant if, at the Vesting Date, there is an ongoing investigation or other procedure being carried on to determine whether the forfeiture provisions apply in respect of a Participant, or the RemCom decides that further investigation is warranted. In such event, the Vesting Date shall be deemed to be the date upon which the investigation or procedure has been completed and the RemCom has determined that Participant's Conditional Award shall not be forfeited.”

15. **PROPOSED AMENDMENT NO. 15 – ADDITION OF NEW RULE 12B**

The Board proposes the addition of a new Rule 12B as follows:

“12B. LISTINGS AND LEGAL REQUIREMENTS

12B.1 Notwithstanding any other provision of the CSP:

12B.1.1 no Shares shall be Settled on any Participant or received pursuant to this CSP if RemCom determines, in their sole discretion, that such Settlement will or may violate any Applicable Laws or the Listings Requirements; and

12B.1.2 the Company shall apply for the listing of all Shares which are Settled to Participants on the JSE.

12B.2 Despite the occurrence of a Vesting Date, all Participants shall be subject to the Group's policies and procedures relating to trading in the Company's securities, the Financial Markets Act and the Listings Requirements and no Participant shall undertake any action in respect of that Participant's Shares that will cause the Company to breach its obligations in terms of the Financial Markets Act or the Listings Requirements.

12B.3 The Company will ensure that no Shares are Settled for the CSP at a time when such acquisition is prohibited by the provisions of the Financial Markets Act or the Listings Requirements. To the extent that the Company is unable to deliver the Shares to a Participant as a result of the provisions of the Financial Markets Act or the Listings Requirements, the Company will deliver the Shares to the Participant as soon

as possible after the restriction is lifted; provided that the Company will not be liable for any loss that may be suffered by the Participant as a result of the postponement of delivery in terms of this Rule 12B.

12B.4 Whilst the Employer Companies will make every effort to Settle Shares within a reasonable period of time for purposes of satisfying their obligations under the CSP, they do not guarantee that they will be able to do so within set time periods. As such, the Group will not be liable for any loss that may be suffered by the Participant as a result of any fluctuations in the Share price, or for any other reason.”

16. **PROPOSED AMENDMENT NO. 16 – ADDITION OF NEW RULE 12C**

The Board proposes the addition of a new Rule 12C as follows:

“12C. POOR PERFORMANCE AND DISCIPLINARY PROCEDURES

In the event of pending disciplinary or poor performance procedures against any Participant, or the contemplation of such procedures, then the Vesting and/or Settlement of any Conditional Awards shall be suspended until the final conclusion of such procedures, at which time the Conditional Awards shall Vest and/or be Settled, whichever is applicable.”

17. **PROPOSED AMENDMENT NO. 17 – ADDITION OF NEW RULE 14A**

The Board proposes the addition of a new Rule 14A as follows:

“14A. DATA PROTECTION

14A.1 *By participating in the CSP, a Participant is deemed to agree and consent to:*

14A.1.1 *the collection, use and processing by the Employer Company of Personal Information relating to the Participant, for all purposes reasonably connected with the administration of the CSP;*

14A.1.2 *the Employer Company, Company, and any member of the Group transferring Personal Information to or between any of such persons for all purposes reasonably connected with the administration of the CSP and the use of such Personal Information by such persons for all purposes reasonably connected with the administration of the CSP;*

14A.1.3 *the transfer to and retention of such Personal Information by any third party anywhere in the world for all purposes reasonably connected with the administration of the CSP.”*

The Board does not propose any amendments other than the 17 proposed amendments above.



LEADERS IN MOBILITY

Imperial Holdings Limited

Incorporated in the Republic of South Africa
Registration Number: 1946/021048/06
Share code: IPL ISIN: ZAE000067211
Preference share code: IPLP ISIN: ZAE000088076
"Imperial" or "the Company"

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this notice of General Meeting is attached shall bear the same meanings herein.

Notice is hereby given of a General Meeting of Imperial Shareholders to be held at 10:00 CAT on Tuesday, 30 October 2018 in the Training Room, Hyundai Head Office, Cnr Lucas and Norman Road, Bedfordview, Johannesburg, Gauteng, for the purpose of considering and, if deemed fit, passing with or without modification, the special and ordinary resolutions set out below.

The record date established by the Directors in terms of section 59 of the Companies Act for the purpose of determining which Imperial Shareholders and Preference Shareholders are entitled to receive notice of the General Meeting is Friday, 21 September 2018 and for determining which Shareholders are entitled to participate and vote at the General Meeting, is Friday, 19 October 2018.

Special resolution number 1 – approval in terms of section 112 of the Companies Act

The proposal of the resolutions set out in this notice of General Meeting for consideration and voting at the General Meeting is subject to the **condition** that if, before the resolutions set out in this notice of General Meeting are to be voted on at the General Meeting, the Company receives any written notice from any Imperial shareholder/s in terms of section 164(3) of the Companies Act objecting to this special resolution number 1, then the chairperson of the General Meeting **may** close the General Meeting without putting the resolutions set out in this notice of General Meeting to the vote.

"Resolved as a special resolution that, subject to the condition above, and subject to ordinary resolution number 1 being duly passed (save to the extent that such resolution is conditional on the passing of this special resolution), the Unbundling (a written summary of the Unbundling setting out the precise terms of the Transaction is set out in the Circular), which Unbundling constitutes a disposal of a greater part of the assets or undertaking of the Company as contemplated in section 112 of the Companies Act, be and is hereby approved."

This resolution requires the support of at least 75% of the voting rights exercised on the resolution in terms of section 112 as read with 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 1 is that the Unbundling is considered by the Board to constitute a disposal of a greater part of the assets or undertaking of the Company, as contemplated in section 112 of the Companies Act, and as such requires the approval of Imperial Shareholders by way of a special resolution.

The **effect** of adopting special resolution number 1 will be that Imperial will have obtained the approval of the Imperial shareholders for the Unbundling as required in terms of section 112 read with section 115 of the Companies Act.

Special resolution number 2 – approval of the change of name of the Company (and consequent amendments to the MOI of the Company)

“Resolved as a special resolution that, subject to special resolution number 1 and ordinary resolution number 1 being duly passed, in accordance with section 16 of the Companies Act and article 38 of the MOI, the change of name of the Company from “Imperial Holdings Limited” to “Imperial Logistics Limited” be and is hereby approved, together with the consequent amendments to the MOI.”

This resolution requires the support of at least 75% of the voting rights exercised on the resolution, 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 that the change of name of the Company requires the approval of a special resolution of the Imperial Shareholders in terms of section 16 of the Companies Act and article 38 of the MOI.

The **effect** of adopting special resolution number 2 will be that Imperial will have obtained the approval of the Imperial Shareholders for the change of name of the Company as required in terms of section 16 of the Companies Act and article 38 of the MOI.

Ordinary resolution number 1 – approval of the amendments to the Existing Share Schemes

“Resolved as an ordinary resolution that, subject to special resolution number 1 being duly passed (save to the extent that such resolution is conditional on the passing of this ordinary resolution), the amendments to the Existing Share Schemes, the details of which are set out in paragraph 12 of the Circular and Annexure 8 (Proposed amendments to provisions of the SARs Rules), Annexure 9 (Proposed amendments to provisions of the DBP Rules) and Annexure 10 (Proposed amendments to provisions of the CSP Rules), respectively, to the Circular, be and are hereby approved.”

This resolution requires the support of at least 75% of the voting rights exercised on the resolution in terms of Schedule 14 of the Listings Requirements, Rule 16 of the SARs Rules (in the case of proposed amendments to the SARs), Rule 15 of the DBP Rules (in case of proposed amendments to the DBP) and Rule 14 of the CSP Rules (in the case of proposed amendments to the CSP), 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 ordinary resolution number 1 is that, in accordance with paragraph 14.2 of Schedule 14 of the Listings Requirements, Rule 16 of the SARs Rules (in the case of proposed amendments to the SARs), Rule 15 of the DBP Rules (in case of proposed amendments to the DBP) and Rule 14 of the CSP Rules (in the case of proposed amendments to the CSP), the terms and provisions of the Existing Share Schemes may only be amended with the approval of Imperial Shareholders by way of an ordinary resolution adopted with the support of at least 75% of the votes exercised on such resolution.

The **effect** of adopting ordinary resolution number 1 will be that Imperial will have obtained approval of the Imperial shareholders required in terms of paragraph 14.2 of Schedule 14 of the Listings Requirements, Rule 16 of the SARs Rules (in the case of proposed amendments to the SARs), Rule 15 of the DBP Rules (in case of proposed amendments to the DBP) and Rule 14 of the CSP Rules (in the case of proposed amendments to the CSP), for the Company to implement the amendments to the Existing Share Schemes.

Identification

In terms of section 63(1) of the Companies Act, all General Meeting participants will be required to provide identification reasonably satisfactory to the chairman of the General Meeting, who must be reasonably satisfied that the right of that person to participate in, and speak at vote at, the General Meeting as a Shareholder, as proxy or as a representative of a Shareholder, has been reasonably verified. Accepted forms of identification include original South African drivers’ licenses, identity documents and passports.

Electronic participation

Shareholders or their proxies may participate in (but not vote at) the 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 Friday, 26 October 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 be billed separately by their own telephone service providers for their own telephone calls to participate in the General Meeting;
- Shareholders and their proxies will not be able to vote telephonically at the General Meeting and will still need to appoint a proxy or representative to vote on their behalf at the 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.

Voting

Shareholders of the Company will be entitled to attend the General Meeting and to vote (or abstain from voting) on the special and ordinary resolutions set out above. On a show of hands every Shareholder who is present in person or by proxy at the 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.

Appraisal right

Shareholders are hereby advised of their appraisal rights in terms of section 164 of the Companies Act. Their attention is drawn to the provisions of that section which are set out in Annexure 1 to this Circular.

Before exercising their rights under section 164 of the Companies Act, in relation to the Unbundling, Shareholders should have regard to:

the Independent Expert Report set out in Annexure 6 to this Circular, which concludes that the Unbundling will not have any material adverse effects on the rights and interests of Imperial Shareholders; and

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

Proxies

A Shareholder entitled to attend and vote at the General Meeting may appoint 1 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 (*yellow*) is attached for the convenience of Certificated Shareholders and (own-name) Dematerialised Shareholders who are unable to attend the 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 Monday, 29 October 2018 for administrative purposes. Alternatively, a duly completed form of proxy may be handed to the chairperson of the General Meeting prior to the commencement of the General Meeting. Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the General Meeting should the Shareholder decide to do so.

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 instructed their CSDP or broker as to how they wish to cast their votes at the General Meeting in order for their CSDP or broker to vote in accordance with such instructions. If such Dematerialised Shareholders wish to attend the General Meeting in person, they must request their CSDP or broker to issue the necessary letter of representation to them. This must be done in terms of the Custody Agreement entered into between such Dematerialised Shareholders and their CSDP or broker.

For and on behalf of the Board

RA Venter

Company Secretary

Bedfordview
27 September 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
Share code: IPL ISIN: ZAE000067211
Preference share code: IPLP ISIN: ZAE000088076
"Imperial" or "the Company"

FORM OF PROXY

For use only by Imperial Shareholders who:

- hold their Shares in certificated form ("Certificated Shareholders")
- have dematerialised their Shares with 'own-name' registration ("Dematerialised Shareholders"),

in the Training Room, General Meeting of Shareholders of the Company to be held at 10:00 on Tuesday, 30 October 2018, at the Hyundai Head Office, Cnr Lucas and Norman Road, Bedfordview, Johannesburg, Gauteng, or at any other adjourned or postponed date and time determined in accordance with the provisions of the Companies Act as read with 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 General Meeting must inform their central securities depository Participant ("CSDP") or broker of their intention to attend or be represented at the 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 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 mandate 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 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 General Meeting convened for purposes of considering and, if deemed fit, passing, with or without modification, the 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 resolutions in respect of the Shares registered in my/our name/s in accordance with the following instructions:

	Number of Shares		
	*For	*Against	*Abstain
Special resolution number 1 – approving the Unbundling in terms of Section 112 of the Companies Act			
Special resolution number 2 – approval of the change of name of the Company (and consequent amendments to the MOI of the Company)			
Ordinary resolution number 1 – approving the amendments to the Existing Share Schemes			

* 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 2 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 ordinary 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 1 of such Shareholders may sign the form of proxy provided that if more than 1 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 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 Company's 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 Monday, 29 October 2018 for administrative purposes, 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.