

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The definitions and interpretation provisions commencing on page 6 of this Circular apply, *mutatis mutandis*, to this cover page (unless the context requires a contrary intention).

**Action required:**

1. If you have disposed of all your Offer Shares, then this Circular, together with the attached Form of Acceptance, Surrender and Transfer, should be handed to the purchaser of such Offer Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.
2. Offeree Shareholders are referred to page 4 of this Circular, which sets out the detailed action required of them in respect of the Offer set out in this Circular.
3. If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, legal adviser, accountant or other professional adviser immediately.
4. None of Finbond, the Offeror, or any of their advisors accepts responsibility and will not be held liable for any action or omission, including, without limitation, any failure on the part of the CSDPs or Brokers of Dematerialised Offeree Shareholders to notify such Dematerialised Offeree Shareholders of the Offer set out in this Circular.

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## **Riskowitz Value Fund LP**

### **Riskowitz Value Fund LP**

(Formed in the State of Delaware in the United States of America)  
(Registration number 4797702)  
("RVF" or the "Offeror")



### **Finbond Group Limited**

(Incorporated in the Republic of South Africa)  
(Registration number 2001/015761/06)  
(JSE share code: FGL)  
(ISIN: ZAE000138095)  
("Finbond" or the "Company")

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## **COMBINED CIRCULAR TO OFFEREE SHAREHOLDERS**

regarding:

- a mandatory offer by the Offeror in terms of section 123 of the Companies Act to acquire all of the Offer Shares for the Offer Consideration (being R2.91 (two Rand ninety one cents) per Offeree Share); and
- reflecting the views of the Independent Board of Finbond with respect to the Offer.

enclosing, among other things:

- a Form of Acceptance, Surrender and Transfer for use by Certificated Offeree Shareholders only, who wish to accept the Offer; and
- the opinion of the Independent Expert regarding the Offer.

**Offer Opening Date:**

**Friday, 30 June 2017**

**Offer Closing Date:**

**Friday, 18 August 2017**

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**Corporate Advisor and  
Sponsor to Finbond**



**Legal Advisor to the Offeror**



**Independent Expert to the  
Independent Board**



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Date of issue: **29 June 2017**

*This Circular is available in English only. Copies of this Circular may be obtained from the registered offices of Finbond and from the Transfer Secretaries during normal office hours from the date of issue of this Circular to the Closing Date, both days inclusive. The Circular is also available on the website of Finbond ([www.finbondlimited.co.za](http://www.finbondlimited.co.za)).*

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## FINBOND AND RVF CORPORATE INFORMATION AND ADVISORS

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### Finbond Group Limited

#### Company Secretary and registered office for Finbond

Mr. BC Bredenkamp (B.Com (Accounting), LLB, Post-Graduate Certificate in Advanced Taxation)  
Bank Forum Building  
Cnr Veale and Fehrsen Street  
Nieuw Muckleneuk, Brooklyn  
Pretoria, 0181  
(PO Box 2127, Brooklyn Square, 0075)

#### Directors of Finbond

Dr. W Van Aardt (CEO)  
C van Heerden (COO)  
CH Eksteen (CFO)  
MDC Motlatla\*\* (Chairman)  
DJ Brits\*\*  
NJ Melville#  
HJ Wilken-Jonker  
JJ Noeth\*  
HG Kotze  
NR Xaba\*

\* *independent non-executives* # *Independent Board*

#### Place and date of incorporation of Finbond

Incorporated in 2001 in the Republic of South Africa

#### Corporate Advisor and Sponsor to Finbond

Grindrod Bank Limited  
(Registration number: 1994/007994/06)  
4th Floor, Grindrod Tower  
8a Protea Place, Sandton  
Johannesburg, 2196  
(PO Box 78011, Sandton, 2146)

#### Independent Expert

BDO Corporate Finance Proprietary Limited  
(Registration number 1983/002903/07)  
22 Wellington Road, Parktown  
Johannesburg, 2193  
(Private Bag X60500, Houghton, 2041)

#### Transfer Secretaries to Finbond

Link Market Services South Africa Proprietary Limited  
(Registration number 2000/007239/07)  
13th floor, Rennie House  
19 Ameshoff Street, Braamfontein  
Johannesburg, 2001  
(PO Box 4844, Johannesburg, 2000)

### Riskowitz Value Fund LP

#### Registered office for RVF

15th, Floor, 3 Columbus Circle  
New York NY  
10019

#### Place and date of incorporation of RVF

Incorporated in 2010 in the state of Delaware in the United States of America

#### General Partner of RVF

Riskowitz Capital Management LLC

#### Legal advisor to RVF

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

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## **IMPORTANT LEGAL NOTE**

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To the extent that the release, publication or distribution of this Circular in certain jurisdictions outside of South Africa may be restricted or prohibited by the laws of such foreign jurisdiction, then this Circular is deemed to have been provided for information purposes only, and neither the Offeror nor Finbond accept any responsibility for any failure by persons in any such jurisdictions in to which this Circular is released, published or distributed to inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. This Circular does not constitute an offer to sell, or the solicitation of an offer to purchase, any shares or other securities or a solicitation of any approval in any jurisdiction in which such offer or solicitation would be unlawful.

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## SALIENT DATES AND TIMES

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**The definitions and interpretation provisions commencing on page 6 of this Circular apply, *mutatis mutandis*, to the salient dates and times (unless the context requires a contrary intention).**

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**2017**

Record date to be entitled to receive this Circular on	Thursday, 15 June
Circular posted to Shareholders and announced on SENS on	Thursday, 29 June
Opening Date for acceptance at 09:00 on	Friday, 30 June
Last Day to Trade in Finbond Shares in order to accept the Offer on	Tuesday, 15 August
Finbond Shares trade <i>ex</i> the entitlement to accept the Offer on	Wednesday, 16 August
Record date on	Friday, 18 August
Receipt of acceptances and closing of Offer by 12:00 on	Friday, 18 August
Payment date on	Monday, 21 August
Results of the Offer announcement released on SENS and settlement of Offer on	Monday, 21 August
Results of the Offer announced in the press on	Tuesday, 22 August

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**Notes:**

1. All dates and times in this Circular are local dates and times in South Africa.
2. The above dates and times are subject to amendment at the discretion of the Offeror, subject to prior written approval from the TRP being obtained. Any such amendment will be released on SENS and published in the press.
3. No Dematerialisation or rematerialisation of Offer Shares will take place between Wednesday, 16 August 2017 and Friday, 18 August 2017, both days included.
4. Offeree Shareholders should note that acceptance of the Offer is irrevocable.
5. Offeree Shareholders are referred to page 4 of this Circular for information on the action required to be taken by them.
6. Payment of the Offer Consideration to Certificated Offeree Shareholders will be made within 6 (six) Business Days of the later of the Offer becoming unconditional or the date on which the Offeror receives a Certificated Offeree Shareholder's Form of Acceptance, Surrender and Transfer together with the relevant Documents of Title. Payment of the Offer Consideration to Dematerialised Offeree Shareholders will be made within 6 (six) Business Days of the later of the Offer becoming unconditional or the date on which the CSDPs or Brokers of such Dematerialised Offeree Shareholder notify the Transfer Secretaries of the acceptance of the Offer.

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## ACTION REQUIRED BY OFFEREE SHAREHOLDERS

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**The definitions and interpretation provisions commencing on page 6 of this Circular apply, *mutatis mutandis*, to this information on action required by Offeree Shareholders (unless the context requires contrary intention).**

If you have disposed of all your Offer Shares, then this Circular, together with the attached Form of Acceptance, Surrender and Transfer, should be handed to the purchaser of such Offer Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

### OFFER

The options available to Offeree Shareholders are:

- to accept the Offer in respect of all or any of your Offer Shares;
- to reject the Offer in respect of all or any Offer Shares; or
- to dispose of some or all of your Offer Shares on the JSE/by private sale.

If you wish to reject the Offer, you do not need to take any further action.

If you wish to accept the Offer, you must do so in the manner described below, depending on whether you are a Certificated Offeree Shareholder or a Dematerialised Offeree Shareholder.

**Please take careful note of the following provisions regarding the action required by Offeree Shareholders. If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, legal adviser, accountant or other professional advisor immediately.**

### 1. CERTIFICATED OFFEREE SHAREHOLDERS

- 1.1 If you are a Certificated Offeree Shareholder and wish to accept the Offer in respect of some or all of your Offer Shares, you must complete the Form of Acceptance, Surrender and Transfer attached to this Circular in accordance with its instructions and forward it, together with the Documents of Title in respect of your Offer Shares, to the Transfer Secretaries. The Form of Acceptance, Surrender and Transfer and Documents of Title may be delivered by hand or sent by registered mail to the Transfer Secretaries as follows:

**If delivered by hand:**

Link Market Services Proprietary Limited  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein  
2001

**If sent by mail:**

Link Market Services Proprietary Limited  
PO Box 4844  
Johannesburg  
2000

so as to be received by the Transfer Secretaries by no later than 12:00 on the Closing Date.

- 1.2 If you accept the Offer in respect of all or any of your Offer Shares and surrender your Documents of Title, you will NOT be able to trade your Offer Shares from the date that you surrender your Documents of Title in respect of those Offer Shares.
- 1.3 If a Form of Acceptance, Surrender and Transfer and Documents of Title are not received by 12:00 on the Closing Date, the Offer will be deemed to have been declined. No late acceptances will be considered. Acceptances of the Offer that are sent through the post are sent at the risk of the Certificated Offeree Shareholders concerned. Accordingly, Certificated Offeree Shareholders should take note of the postal delivery times so as to ensure that acceptances of the Offer are received timeously. It is therefore recommended that such acceptances be sent by registered mail or delivered by hand to the Transfer Secretaries.
- 1.4 No receipts will be issued for Documents of Title that have been surrendered, unless specifically requested by the Certificated Offeree Shareholders concerned. Persons requiring receipts must prepare a receipt and forward it together with their surrendered Documents of Title.

- 1.5 If Documents of Title relating to any Offer Shares have been destroyed or lost, Certificated Offeree Shareholders should nevertheless return the Form of Acceptance, Surrender and Transfer duly signed and completed, together with evidence satisfactory to the Offeror that the Documents of Title to the relevant Offer Shares have been destroyed or lost and an indemnity acceptable to the Offeror against any damage, expense, loss or payment that it, or any of its duly authorised representatives, may incur or suffer by reason of, or arising from, the payment of the Offer Consideration to such person. An acceptable form of indemnity may be obtained from the Offeror.
- 1.6 The Offeror reserves the right, in their absolute and sole discretion to:
  - 1.6.1 treat as invalid, Forms of Acceptance, Surrender and Transfer not accompanied by the relevant Documents of Title (or, if applicable, evidence satisfactory to the Offeror that the Documents of Title to the relevant Offer Shares have been destroyed or lost and an indemnity acceptable to the Offeror, as contemplated in paragraph 1.5 above);
  - 1.6.2 treat as invalid, Forms of Acceptance, Surrender and Transfer that have not been completed in accordance with the instructions set out therein;
  - 1.6.3 require proof of the authority of the person signing the Form of Acceptance, Surrender and Transfer, where such proof has not been lodged with, or recorded by, the Transfer Secretaries; or
  - 1.6.4 condone the non-compliance by any Certificated Offeree Shareholder with any of the terms of the Offer.
- 1.7 If a Form of Acceptance, Surrender and Transfer is treated as invalid due to non-compliance with the instructions contained therein, then the Certificated Offeree Shareholder that submitted that Form of Acceptance, Surrender and Transfer will be deemed to have declined the Offer, unless that Certificated Offeree Shareholder resubmits to the Transfer Secretaries, before 12:00 on the Closing Date, a properly completed Form of Acceptance, Surrender and Transfer.

## 2. **DEMATERIALIZED OFFEREE SHAREHOLDERS**

- 2.1 If you are a Dematerialised Offeree Shareholder, you will be contacted by your duly appointed Broker or CSDP in the manner stipulated in the Custody Agreement entered into between you and your Broker or CSDP, as the case may be, in order to ascertain whether or not you wish to accept the Offer in respect of some or all of your Offer Shares. If you wish to accept the Offer in respect of some or all of your Offer Shares, you must notify your Broker or CSDP of your acceptance of the Offer in the time and manner stipulated in the Custody Agreement entered into between you and your Broker or CSDP, as the case may be, in order to constitute a valid acceptance.
- 2.2 If you are a Dematerialised Offeree Shareholder and wish to accept the Offer in respect of some or all of your Offer Shares, but have not been contacted by your Broker or CSDP, it would be advisable for you to contact and furnish your Broker or CSDP with instructions in regard to the acceptance of the Offer. These instructions must be provided in the manner and by the cut-off date and time stipulated in your Custody Agreement.
- 2.3 If your CSDP or Broker does not obtain instructions from you, it will be obliged to act in accordance with the instructions in the Custody Agreement concluded between you and your CSDP or Broker.
- 2.4 You must NOT complete the attached Form of Acceptance, Surrender and Transfer.
- 2.5 If you notify your Broker or CSDP of your desire to accept the Offer in respect of some or all of your Offer Shares, you will NOT be able to trade your Offer Shares in respect of which you have accepted the Offer from the date on which you notify your Broker or CSDP of your acceptance of the Offer.

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## DEFINITIONS AND INTERPRETATION PROVISIONS

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Throughout this Circular and the annexures hereto, unless otherwise stated, the words in the first column have the meanings assigned to them in the second column, words in the singular include the plural and *vice versa*, words importing natural persons include corporations and associations of persons and any reference to a gender includes the other gender and the neuter.

<b>“Acquisition”</b>	the acquisition of a beneficial interest in Finbond Shares resulting in RVF and its Concert Parties being able to exercise more than 35% of the voting rights attaching to the Finbond Shares;
<b>“Affiliate”</b>	of a Person, means its Subsidiaries and Holding Companies, and Subsidiaries from time to time of such Holding Companies;
<b>“Authorised Dealer”</b>	an authorised dealer in foreign exchange of the South African Reserve Bank, designated as such in the Exchange Control Regulations;
<b>“Bowmans” or “Legal Advisor”</b>	Bowman Gilfillan Inc (Registration number 1998/021409/21), a company registered and incorporated in terms of the laws of South Africa;
<b>“Broker”</b>	any person registered as a “broking member (equities)” in terms of the JSE in accordance with the rules of the Financial Markets Act;
<b>“Buckley Capital”</b>	Buckley Capital Management LLC (Registration number 2771039), a limited liability company registered and incorporated in terms of the laws of the state of Delaware in the United States of America;
<b>“Business Day”</b>	any day, other than a Saturday, Sunday or gazetted public holiday in South Africa;
<b>“Certificated Offeree Shareholders”</b>	Offeree Shareholders who are holders of Certificated Offer Shares;
<b>“Certificated Offer Shares”</b>	Offer Shares which have not been Dematerialised, title to which is represented by a share certificate or other Documents of Title;
<b>“Circular” or “Offer Circular”</b>	this joint Offeror and Offeree Circular to Finbond Shareholders, as contemplated in regulation 106(2) of the Takeover Regulations, dated Thursday, 29 June 2017, including the annexures, and Form of Acceptance, Surrender and Transfer, attached hereto, setting out the details of the Offer and incorporating all disclosures required to be made by the Offeror and Offeree in terms of the Takeover Regulations;
<b>“Closing Date”</b>	the last date on which Offeree Shareholders will be able to accept the Offer, being Friday 18 August 2017 or such later date as announced by the Offeror should the Offeror wish to extend the Offer;
<b>“Common Monetary Area”</b>	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
<b>“Companies Act”</b>	the Companies Act, 2008 (No. 71 of 2008), as amended;
<b>“Companies Regulations”</b>	the Companies Regulations, 2011, promulgated in terms of section 223 of the Companies Act (which includes the Takeover Regulations);
<b>“Competition Authorities”</b>	collectively, the Competition Commission, the Competition Tribunal or the Competition Appeal Court, if any of them has jurisdiction for the purposes of the Offer, as established by the Competition Act, 1998 (No. 89 of 1998), as amended;
<b>“Concert Parties”</b>	Conduit, Ithuba and Protea;



<b>“Conduit”</b>	Conduit Capital Limited (Registration number 1998/017351/06), a public company registered and incorporated in terms of the laws of South Africa and listed on the JSE;
<b>“CSDP”</b>	a participant as defined in section 1 of the Financial Markets Act;
<b>“Custody Agreements”</b>	the agreement that regulates the relationship between the Broker or CSDP and each holder of shares that has elected to have such shares held by the Broker or CSDP as their nominee;
<b>“Dematerialisation”</b> or <b>“Dematerialised”</b>	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded in a sub-register of securities holders maintained by a CSDP or Broker after the documents of title have been validated and cancelled by the transfer secretaries and captured onto the Strate system by the selected CSDP or Broker and the holding of securities is recorded electronically;
<b>“Dematerialised Offer Shares”</b>	Offer Shares which have been Dematerialised;
<b>“Dematerialised Offeree Shareholders”</b>	Offeree Shareholders who are holders of Dematerialised Offer Shares;
<b>“Documents of Title”</b>	share certificates, certified transfer deeds, balance receipts, or any other documents of title to Offer Shares;
<b>“Exchange Control Regulations”</b>	the Exchange Control Regulations, 1961, as amended, issued under section 9 of the Currency and Exchanges Act, 1933 (No. 9 of 1933), as amended;
<b>“Excluded Shareholders”</b>	Kings Reign, Net1 and its Affiliates, Buckley Capital and the Subsidiaries of Finbond;
<b>“FICA”</b>	Financial Intelligence Centre Act, 2001 (No. 38 of 2001), as amended;
<b>“Finbond”</b> or <b>“the Company”</b>	Finbond Group Limited (Registration number 2001/015761/06), a public company registered and incorporated in terms of the laws of South Africa and listed on the JSE;
<b>“Finbond directors”</b>	the board of directors of Finbond;
<b>“Finbond Scheme”</b>	the Finbond Group Limited Share Appreciation Rights Scheme;
<b>“Finbond Shares”</b>	ordinary shares of Finbond, which are listed on the JSE;
<b>“Finbond Shareholders”</b>	holders of Finbond Shares;
<b>“Financial Markets Act”</b>	Financial Markets Act, 2012 (No. 19 of 2012), as amended;
<b>“Form of Acceptance, Surrender and Transfer”</b>	the form of acceptance, surrender and transfer attached to this Circular for purposes of Tendering Offer Shares in terms of the Offer, for use by Certificated Offeree Shareholders only;
<b>“Holding Company”</b>	of a Person, means a holding company (as defined in the Companies Act) of that Person from time to time, but also including each Person registered or incorporated outside South Africa who would be such a holding company if registered or incorporated in South Africa;
<b>“Independent Board”</b>	collectively, Mr. DJ Brits, Adv NJ Melville and Dr. MDC Motlatla, being those Finbond directors whom Finbond has indicated are independent directors as per the Takeover Regulations, for purposes of considering the Offer, providing Offeree Shareholders with its views on the Offer and the Offer Consideration and forming an opinion of the Offer Consideration;
<b>“Independent Expert”</b> or <b>“BDO”</b>	BDO Corporate Finance Proprietary Limited (Registration number 1983/002903/07), a private company registered and incorporated in terms of the laws of South Africa and the independent professional expert that the Independent Board has appointed to advise and report on the Offer;

<b>“Ithuba”</b>	Ithuba Investments LP (Registration number 5761656), a limited partnership registered and formed in terms of the laws of the state of Delaware in the United States of America;
<b>“JSE”</b>	JSE Limited (Registration number 2005/022939/06), a public company registered and incorporated in terms of the laws of South Africa, licensed as an exchange under the Financial Markets Act;
<b>“JSE Listings Requirements”</b>	the listings requirements of the JSE issued pursuant to the provisions of the Financial Markets Act, as amended from time to time;
<b>“Kings Reign”</b>	Kings Reign Investments Proprietary Limited (Registration number 1998/024624/07), a private company registered and incorporated in terms of the laws of South Africa, the shares of which are held by the van Aardt Family Trust of which Dr. Willie van Aardt is the settler;
<b>“Last Day to Trade”</b>	the last day on which Offeree Shareholders may trade Offer Shares in order to be recorded in the Register so as to accept the Offer, being Tuesday, 15 August or such later date as announced by the Offeror should the Offeror wish to extend the Offer;
<b>“Last Practicable Date”</b>	the last practicable date prior to the finalisation of this Circular, being Wednesday, 21 June 2017;
<b>“Net1”</b>	Net1 Finance Holdings Proprietary Limited (Registration number 1998/020801/07), a private company registered and incorporated in terms of the laws of South Africa, and a 25.9% shareholder of Finbond as at the Last Practicable Date;
<b>“Offer”</b>	the mandatory offer by the Offeror to Offeree Shareholders, made in terms of section 123 of the Companies Act and the Takeover Regulations, to acquire all the Offer Shares for the Offer Consideration;
<b>“Offeree Shareholder”</b>	a holder of Offer Shares to whom the Offer is made and who may accept the Offer;
<b>“Offeror” or “RVF”</b>	Riskowitz Value Fund LP (Registration Number 4797702), a limited partnership registered and formed in terms of the laws of the state of Delaware in the United States of America;
<b>“Offer Acceptance Date”</b>	the date on which each Offeree Shareholder duly accepts the Offer in accordance with the Form of Acceptance, Surrender and Transfer or the date on which the Offeree Shareholder duly notifies its CSDP or Broker of acceptance of the Offer, as the case may be;
<b>“Offer Consideration”</b>	the consideration to be paid by the Offeror to the Offeree Shareholders, being R2.91 (two Rand ninety one cents) per Offer Share;
<b>“Offer Consideration Recipient”</b>	an Offeree Shareholder who has duly accepted the Offer and will receive the Offer Consideration;
<b>“Offer Period”</b>	the period beginning at 09:00 on the Opening Date and ending at 12:00 on the Closing Date;
<b>“Offer Shares”</b>	all the Finbond Shares, save for those Finbond Shares beneficially owned by the Excluded Shareholders, the Concert Parties and the Offeror;
<b>“Opening Date”</b>	the date from which the Offer will be open for acceptance, being Friday, 30 June 2017;
<b>“Person”</b>	includes any individual, body corporate, trust, company, close corporation, governmental authority, corporate entity, unincorporated association or other entity, whether or not having separate legal existence or personality and wherever incorporated, created or established;

<b>“Protea”</b>	Protea Asset Management LLC (Registration number 5249392), a limited liability company registered and incorporated in terms of the laws of the state of Delaware in the United States of America;
<b>“Record Date”</b>	the last day and time for Offeree Shareholders to be recorded in the Register in order to be entitled to accept the Offer, being Friday, 18 August 2017 or such later date as announced by the Offeror should the Offeror wish to extend the Offer;
<b>“Register”</b>	the register of certificated Finbond Shareholders maintained by Finbond in accordance with sections 50(1) and 50(3) of the Companies Act, and the sub-register of dematerialised Finbond Shareholders maintained by the relevant CSDPs;
<b>“SAA”</b>	share appreciation awards in terms of the Finbond Scheme;
<b>“SENS”</b>	the Stock Exchange News Service of the JSE;
<b>“South Africa” or “SA”</b>	the Republic of South Africa;
<b>“Corporate Advisor and Sponsor”</b>	Grindrod Bank Limited (Registration number 1994/007994/06), a public company registered and incorporated in terms of the laws of South Africa;
<b>“Strate”</b>	Strate Proprietary Limited (Registration number 1998/022242/07), a private company registered and incorporated in terms of the laws of South Africa, which is licensed as a central securities depository under the Financial Markets Act, and which is responsible for the electronic settlement system used by the JSE;
<b>“Subsidiary”</b>	of a Person, means a subsidiary (as defined in the Companies Act) of that Person from time to time, but also including each Person registered or incorporated outside South Africa which would be such a subsidiary if registered or incorporated in South Africa;
<b>“Suspensive Condition”</b>	the suspensive condition referred to in paragraph 5.9.2;
<b>“Takeover Regulations”</b>	the Takeover Regulations prescribed by the Minister of Trade and Industry in terms of Section 120 of the Companies Act;
<b>“Takeover Regulation Panel” or “TRP”</b>	the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
<b>“Tender”</b>	the tender of the Offer Shares held by the Offeree Shareholders for disposal to the Offeror in terms of the Offer in accordance with the provisions of this Circular;
<b>“Transfer Secretaries”</b>	Link Market Services South Africa Proprietary Limited (Registration number 2000/007239/07), a private company registered and incorporated in terms of the laws of South Africa, being the Transfer Secretaries of Finbond;
<b>“ZAR” or “Rand”</b>	South African Rand and cents, the official currency of South Africa; and
<b>“VWAP”</b>	Volume weighted average price.

# Riskowitz Value Fund LP

## Riskowitz Value Fund LP

(Formed in the State of Delaware in the United States of America)  
(Registration number 4797702)  
("RVF" or the "Offeror")



## Finbond Group Limited

(Incorporated in the Republic of South Africa)  
(Registration number 2001/015761/06)  
(JSE share code: FGL)  
(ISIN: ZAE000138095)  
("Finbond" or the "Company")

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## CIRCULAR TO OFFEREE SHAREHOLDERS

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### 1. INTRODUCTION

- 1.1 Offeree Shareholders are referred to the announcement released by RVF and Conduit on SENS on Friday, 7 April 2017 stating that pursuant to the Acquisition:
  - 1.1.1 RVF and the Concert Parties are able to exercise more than 35% of the voting rights attached to the Finbond Shares; and
  - 1.1.2 RVF will make an offer to acquire Offer Shares from Offeree Shareholders.
- 1.2 Offeree Shareholders are also referred to the announcement released by Finbond on SENS on Friday, 7 April 2017 stating that the relevant entities had given notice of the Acquisition in accordance with section 122(3) of the Companies Act.
- 1.3 The Acquisition gave rise to an obligation to make a mandatory offer in terms of section 123 of the Companies Act read with Chapter 5 of the Companies Regulations.
- 1.4 Accordingly, on 26 May 2017, a joint announcement was released by the Offeror and Finbond on SENS stating that the Offeror had expressed a firm intention to acquire the Offer Shares for a cash consideration of R2.91 per Offer Share in order to comply with the obligations referred to in paragraph 1.3 above.
- 1.5 The purpose of this Circular is, among other things, to:
  - 1.5.1 set out the terms on which the Offer is made to Offeree Shareholders;
  - 1.5.2 provide Offeree Shareholders with the rationale for the Offer;
  - 1.5.3 inform Offeree Shareholders of the manner in which the Offer may be accepted and the manner in which the Offer will be implemented;
  - 1.5.4 provide Offeree Shareholders with the fair and reasonable opinion of the Independent Expert, in accordance with Regulation 90 of the Takeover Regulations; and
  - 1.5.5 provide Offeree Shareholders with the Independent Board's views and opinions regarding the Offer and the Offer Consideration.

### 2. DESCRIPTION OF THE OFFEROR

- 2.1 RVF is an investment partnership formed in the state of Delaware in the United States. RVF's limited partnership interests are offered solely, from time-to-time, to a limited number of individual or institutional investors that qualify as: (i) "accredited investors" within the meaning of the Securities Act of 1933, as amended, and Regulation D promulgated thereunder; (ii) "qualified clients" within the meaning of Securities and Exchange Commission ("SEC") Rule 205-3 promulgated under the Investment Advisers Act of 1940, as amended; and (iii) meet certain other suitability standards. RVF is managed by Protea Asset Management LLC ("Protea"), an SEC registered and regulated investment adviser formed in the state of Delaware in the United States.

- 2.2 Protea seeks superior returns and long-term capital appreciation by investing principally in South African publicly traded companies for less than intrinsic value with an emphasis on a margin of safety. Protea employs a disciplined, focused and concentrated value investment approach by investing in a select group of companies for the long-term (RVF's historical average holding period exceeds five years). There is no assurance, however, that RVF or Protea will achieve its investment objective or be profitable.

### 3. DESCRIPTION OF FINBOND

- 3.1 Finbond is a leading South African financial services institution that specialises in the design and delivery of unique value and solution-based short-term credit solutions tailored around borrower requirements rather than institutionalised policies and practices.
- 3.2 Finbond conducts its business through two major divisions focussed on:
- 3.2.1 Micro Credit Products; and
  - 3.2.2 Investment and Savings Products.
- 3.3 Micro Credit Products are offered to the under-banked and underserved market actively seeking credit solutions but remaining largely unattended and underserved due to the traditional banks' concentration on the higher income brackets of the population. Finbond's micro credit division currently operates through 550 branches in South Africa and North America. In South Africa, Finbond has 379 branches of which 140 are located in Gauteng, North West, Limpopo and Mpumalanga, 62 in KwaZulu-Natal, 67 in the Western Cape, 51 in the Eastern Cape and 57 in the Free State. As part of its client-centric focus, Finbond ensures that its distribution channels reflect the demographics of its clients. In the United States of America and Canada, Finbond has 171 branches of which 35 are located in California, 42 are located in Louisiana, 40 are located in Illinois, five are located in Indiana, two are located in Florida, one is located in Ohio, 14 are located in Missouri, six are located in Ontario, one is located in Michigan, two are located in Mississippi, eight are located in Alabama, seven are located in Wisconsin and eight are located in South Carolina. In total, Finbond has 1 803 employees.
- 3.4 Investment and Savings products, that offer a superior above average rate of return, are offered nationally to investors and pensioners looking for guaranteed higher fixed income in the current environment of depressed yields. Finbond's strategy is to stimulate savings through offering superior investment and savings solutions by providing client shareholders with better interest rates, better products and better service.
- 3.5 Finbond commenced trading in 2003, was listed on the Johannesburg Stock Exchange in 2007 and received its mutual banking license from the South African Reserve Bank in 2012 and expanded operations to the USA and Canada in 2016.
- 3.6 Finbond's management team have a long and successful track record within the banking, micro finance and financial services sectors. This, combined with well-developed systems, unique branded product offerings, advanced information technology and a well-trained staff compliment, provide Finbond with a sound platform for future growth.
- 3.7 Further information about Finbond can be found on its website: [www.finbondlimited.co.za](http://www.finbondlimited.co.za).

### 4. RATIONALE FOR THE OFFER AND THE IMPACT ON FINBOND AND OFFEREE SHAREHOLDERS

As an unintended consequence of the Acquisition, RVF and the other Concert Parties' shareholding in Finbond has increased to above 35%, obliging RVF to make a mandatory offer to the Finbond Shareholders for their Finbond Shares in terms of section 123 of the Companies Act read with chapter 5 of the Companies Regulations.

Considering the irrevocable undertakings by the persons listed in paragraph 15.1, beneficially owning, in total, 53.9% of the Finbond Shares, to be Excluded Shareholders, there will be no change to the nature of Finbond's business or its strategy, and no change to its board of directors or executive management, pursuant to the Offer. Finbond Shares will remain listed on the JSE following the completion of the Offer. Should the shareholder spread requirements be affected following the implementation of the Offer, Finbond will take appropriate action to mitigate same.

## 5. TERMS OF THE OFFER

### 5.1 The Offer:

- 5.1.1 The Offeror offers to acquire all the Offer Shares from the Offeree Shareholders for the Offer Consideration.
- 5.1.2 The Offer by the Offeror is made only to the Offeree Shareholders and not to the Excluded Shareholders or Concert Parties.
- 5.1.3 An Offeree Shareholder shall be entitled to accept the Offer in respect of all or any of its Offer Shares.
- 5.1.4 The Offeror under the Offer is acting in concert with the other Concert Parties.
- 5.1.5 The Offer is made subject to the fulfilment or waiver of the Suspensive Condition.
- 5.1.6 RVF reserves the right to amend the terms of the Offer at any time during the Offer Period and if RVF so elects, the amended terms of the Offer will be released on SENS.

### 5.2 Offer Consideration

- 5.2.1 The Offer Consideration is the highest price paid within the six-month period before the date of this Circular.
- 5.2.2 The Offer Consideration represents a discount of:
  - 5.2.2.1 9.06% discount to the closing price of a Finbond Share on the JSE on Wednesday, 24 May 2017 of R3.20, being the last trading day prior to the date of publication of the firm intention announcement;
  - 5.2.2.2 9.91% discount to the 30-day VWAP of Finbond shares on the JSE of R3.23 up to Wednesday, 24 May 2017, being the last trading day prior to the date of publication of the firm intention announcement; and
  - 5.2.2.3 19.39% to 30.88% discount to the fair value range determined by BDO.

### 5.3 Acceptance of the Offer

The Offer is open for acceptance from 09:00 on the Opening Date. Offeree Shareholders who wish to accept the Offer, whether in respect of all, or only some, of their Offer Shares must do so in accordance with the procedures set out below. Offeree Shareholders accepting the Offer in respect of all, or only some, of the Offer Shares will receive the Offer Consideration in cash. Tenders will only be accepted in respect of Offer Shares settled and reflecting in the Register.

#### 5.3.1 **Certificated Offeree Shareholders**

- 5.3.1.1 If you are a Certificated Offeree Shareholder and wish to accept the Offer in respect of some or all of your Offer Shares, you must complete the Form of Acceptance, Surrender and Transfer attached to this Circular in accordance with its instructions and forward it, together with the Documents of Title in respect of your Offer Shares, to the Transfer Secretaries. The Form of Acceptance, Surrender and Transfer and Documents of Title may be delivered by hand or sent by registered mail to the Transfer Secretaries as follows:

**If delivered by hand:**

Link Market Services  
Proprietary Limited  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein  
2001

**If sent by mail:**

Link Market Services  
Proprietary Limited  
PO Box 4844  
Johannesburg  
2000

so as to be received by the Transfer Secretaries by no later than 12:00 on the Closing Date.



- 5.3.1.2 If you accept the Offer in respect of all or any of your Offer Shares and surrender your Documents of Title, you will NOT be able to trade your Offer Shares from the date that you surrender your Documents of Title in respect of those Offer Shares.
- 5.3.1.3 If a Form of Acceptance, Surrender and Transfer and Documents of Title are not received by 12:00 on the Closing Date, the Offer will be deemed to have been declined. No late acceptances will be considered. Acceptances of the Offer that are sent through the post are sent at the risk of the Certificated Offeree Shareholders concerned. Accordingly, Certificated Offeree Shareholders should take note of the postal delivery times so as to ensure that acceptances of the Offer are received timeously. It is therefore recommended that such acceptances be sent by registered mail or delivered by hand to the Transfer Secretaries.
- 5.3.1.4 No receipts will be issued for Documents of Title that have been surrendered, unless specifically requested by the Certificated Offeree Shareholders concerned. Persons requiring receipts must prepare a receipt and forward it together with their surrendered Documents of Title.
- 5.3.1.5 If Documents of Title relating to any Offer Shares have been destroyed or lost, Certificated Offeree Shareholders should nevertheless return the Form of Acceptance, Surrender and Transfer duly signed and completed, together with evidence satisfactory to the Offeror that the Documents of Title to the relevant Offer Shares have been destroyed or lost and an indemnity acceptable to the Offeror against any damage, expense, loss or payment that it, or any of its duly authorised representatives, may incur or suffer by reason of, or arising from, the payment of the Offer Consideration to such person. An acceptable form of indemnity may be obtained from the Offeror.
- 5.3.1.6 The Offeror reserves the right, in their absolute and sole discretion to:
  - 5.3.1.6.1 treat as invalid, Forms of Acceptance, Surrender and Transfer not accompanied by the relevant Documents of Title (or, if applicable, evidence satisfactory to the Offeror that the Documents of Title to the relevant Offer Shares have been destroyed or lost and an indemnity acceptable to the Offeror, as contemplated in paragraph 5.3.1.5 above);
  - 5.3.1.6.2 treat as invalid, Forms of Acceptance, Surrender and Transfer that have not been completed in accordance with the instructions set out therein;
  - 5.3.1.6.3 require proof of the authority of the person signing the Form of Acceptance, Surrender and Transfer, where such proof has not been lodged with, or recorded by, the Transfer Secretaries; or
  - 5.3.1.6.4 condone the non-compliance by any Certificated Offeree Shareholder with any of the terms of the Offer.
- 5.3.1.7 If a Form of Acceptance, Surrender and Transfer is treated as invalid due to non-compliance with the instructions contained therein, then the Certificated Offeree Shareholder that submitted that Form of Acceptance, Surrender and Transfer will be deemed to have declined the Offer, unless that Certificated Offeree Shareholder resubmits to the Transfer Secretaries, before 12:00 on the Closing Date, a properly completed Form of Acceptance, Surrender and Transfer.

### 5.3.2 **Dematerialised Offeree Shareholders**

- 5.3.2.1 If you are a Dematerialised Offeree Shareholder, you will be contacted by your duly appointed Broker or CSDP in the manner stipulated in the Custody Agreement entered into between you and your Broker or CSDP, as the case may be, in order to ascertain whether or not you wish to accept the Offer in respect of some or all of your Offer Shares. If you wish to accept the Offer in respect of some or all of your Offer Shares, you must notify your Broker or CSDP of your acceptance of the Offer in the time and manner stipulated in the Custody Agreement entered into between you and your Broker or CSDP, as the case may be, in order to constitute a valid acceptance.

- 5.3.2.2 If you are a Dematerialised Offeree Shareholder and wish to accept the Offer in respect of some or all of your Offer Shares, but have not been contacted by your Broker or CSDP, it would be advisable for you to contact and furnish your Broker or CSDP with instructions in regard to the acceptance of the Offer. These instructions must be provided in the manner and by the cut-off date and time stipulated in your Custody Agreement.
- 5.3.2.3 If your CSDP or Broker does not obtain instructions from you, it will be obliged to act in accordance with the instructions in the Custody Agreement concluded between you and your CSDP or Broker.
- 5.3.2.4 You must NOT complete the attached Form of Acceptance, Surrender and Transfer.
- 5.3.2.5 If you notify your Broker or CSDP of your desire to accept the Offer in respect of some or all of your Offer Shares, you will NOT be able to trade your Offer Shares in respect of which you have accepted the Offer from the date on which you notify your Broker or CSDP of your acceptance of the Offer.

#### 5.4 **Settlement of the Offer Consideration**

- 5.4.1 Dematerialised Offeree Shareholders who accept the Offer will have the Offer Consideration paid into their accounts at their CSDP or Broker within six Business Days after the Offer Acceptance Date, unless the Suspensive Condition has not been fulfilled or waived by the Offer Acceptance Date, in which case the Offer Consideration will be paid to Dematerialised Offeree Shareholders who accepted the Offer within six Business Days after the fulfilment or waiver of the Suspensive Condition.
- 5.4.2 Certificated Offeree Shareholders who accept the Offer will have the Offer Consideration paid to them within six Business Days after the Offer Acceptance Date, unless the Suspensive Condition has not been fulfilled or waived by the Offer Acceptance Date, in which case the Offer Consideration will be paid to Certificated Offeree Shareholders who accepted the Offer within six Business Days after the fulfilment or waiver of the Suspensive Condition.
- 5.4.3 The payment of the Offer Consideration to which any Offeree Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeree Shareholder may otherwise be, or claim to be, entitled against the holder.

#### 5.5 **The Offer Period**

- 5.5.1 The Offer will open at 09:00 on the Opening Date and will, in accordance with Regulations 102(4) and 105(5) of the Takeover Regulations, close at 12:00 on the Closing Date.
- 5.5.2 The Offeror may, in its absolute and sole discretion, but subject to the provisions and requirements of the Companies Act and the Takeover Regulations which state, inter alia, that:
  - 5.5.2.1 the Offer must remain open for at least 30 Business Days from the Opening Date; and
  - 5.5.2.2 the Offer must remain open for 10 Business Days following the fulfilment or waiver of the Suspensive Condition,extend the Closing Date. If the Offeror so elects, the amended Closing Date will be released on SENS.

#### 5.6 **Ownership, risk and benefit**

- 5.6.1 Ownership of, all risk in, as well as the benefit attaching to, the Offer Shares will be acquired free of all counterclaims, encumbrances, liens, pre-emptive rights and any other third-party rights and interest of any nature whatsoever, and together with all rights now and hereafter attaching to the Offer Shares.
- 5.6.2 Offeree Shareholders who have accepted the Offer or who have notified their Brokers or CSDPs of their election to accept the Offer will NOT be able to trade their Offer Shares from the Offer Acceptance Date.



## 5.7 Governing law

This Circular, the Offer and any acceptance of the Offer will be governed by, and construed in accordance with, the laws of South Africa, and will be subject to the exclusive jurisdiction of the South African courts.

## 5.8 Tax Implications For Offeree Shareholders

The tax treatment of the Offer Consideration in the hands of Offeree Shareholders is dependent on their individual circumstances and the tax jurisdiction applicable to those Offeree Shareholders. It is recommended that, if any Offeree Shareholder is uncertain about his tax treatment, he should seek appropriate advice in this regard.

## 5.9 Approvals and consents

- 5.9.1 The Offeror has obtained the necessary internal authorisations and approvals to proceed with the Offer.
- 5.9.2 The Offer and the implementation thereof will be subject to the fulfilment of the suspensive condition that, by no later than 30 September 2017 (or such later date as agreed between the Offeror and the Company), and to the extent applicable, all and any requisite regulatory approvals required for implementation of the Offer have been obtained (either unconditionally or subject to conditions acceptable to RVF, acting reasonably), including all and any requisite approvals to the extent applicable:
  - 5.9.2.1 of the TRP, including among other things, the issue by the TRP of a compliance certificate or exemption in terms of the Companies Act in relation to the Offer; and
  - 5.9.2.2 in terms of the Exchange Control Regulations, 1961 made in terms of the Currency and Exchanges Act No. 9 of 1933, and all directives and rulings issued thereunder.
- 5.9.3 The Suspensive Condition may be waived (in whole or in part) by the Offeror, in writing, to the extent the waiver is permissible in law.
- 5.9.4 Pursuant to Regulation 105(5) of the Companies Regulations, an announcement will be published on SENS within one business day after the Suspensive Condition has been fulfilled or, if applicable, waived.

## 6. THE INDEPENDENT BOARD OPINION

- 6.1 In accordance with the Companies Act and the Takeover Regulations, the Independent Board has appointed the Independent Expert to provide the Independent Board with its opinion, as contemplated in Regulation 90 of the Takeover Regulations, as to whether the terms of the Offer are fair and reasonable to Offeree Shareholders.
- 6.2 The Independent Expert has considered the terms and conditions of the Offer and, subject to the conditions contained in its opinion, has expressed the view that the Offer is **not fair and reasonable to Offeree Shareholders**.
- 6.3 The Independent Expert has also considered the Comparable Offer, detailed in paragraph 9, which provides holders of SAAs with the full in the money value between the exercise price and the Offer Consideration, and are of the opinion that the Comparable Offer is comparable with respect to the SAAs.
- 6.4 The Independent Expert has determined, based on its valuation procedures, a valuation range of R3.61 to R4.21 per Finbond Share with a most likely value of R3.88 per Finbond Share.
- 6.5 The Independent Expert's opinion is included in Annexure 3 to this Circular and their full valuation report is available on Finbond's website. The Independent Expert's consent has not been withdrawn prior to the publication of this Circular.
- 6.6 The Independent Board, after due consideration of the opinion provided by the Independent Expert, has placed reliance on the opinion and is unanimously of the opinion that the Offer and Comparable Offer **is neither fair nor reasonable and recommends that Offeree Shareholders reject the Offer**.

- 6.7 The Independent Board has considered the following factors, which may be difficult to quantify or which are unquantifiable, as contemplated in Regulation 110(6) and wishes to draw Offeree Shareholders' attention to these factors so as to enable them to make an informed decision regarding the Offer:
- 6.7.1 The Offer Price of R2.91 is below the core fair value of R3.88 per Finbond Share and the fair value range of R3.61 to R4.21 and the closing price of a Finbond Share on the JSE of R3.00 prior to the date of publication of the notification referred to in paragraph 1.2. We are not aware of any material adverse effects of the Offer.
- 6.7.2 The Independent Board and BDO have considered the proposed terms and conditions of the Offer, based upon and subject to the conditions set out herein, and is of the opinion that the terms and conditions of the Offer Price, in respect of the Offer, based on quantitative considerations, are not fair to Finbond Shareholders.
- 6.7.3 Based on qualitative factors, the Independent Board is of the opinion that the terms and conditions of the Offer are not reasonable from the perspective of Finbond Shareholders.
- 6.7.4 the Offer being priced at R 2.91, being a:
- 9.06% discount to the closing price of a Finbond Share on the JSE on Wednesday, 24 May 2017 of R3.20, being the last trading day prior to the date of publication of the firm intention announcement;
  - 9.91% discount to the 30-day VWAP of a Finbond Share on the JSE of R3.23 up to Wednesday, 24 May 2017, being the last trading day prior to the date of publication of the firm intention announcement; and
  - 19.39% to 30.88% discount to the fair value range determined by BDO.
- 6.8 The Finbond directors, and companies owned and controlled by them, will not be accepting the Offer in respect of the Finbond Shares beneficially owned by them.
- 6.9 The Independent Board has no objection to the intentions of the Offeror in respect of Finbond or to the statements contained in this Circular insofar as they pertain to Finbond.

## 7. EXCHANGE CONTROL REGULATIONS

- 7.1 The settlement of the Offer Consideration for both Certificated Offeree Shareholders and Dematerialised Offeree Shareholders will be made subject to the Exchange Control Regulations.
- 7.2 The following is a summary of the Exchange Control Regulations. Offeree Shareholders who are not resident in, or who have registered addresses outside, South Africa must satisfy themselves as to the full observance of the laws of the relevant jurisdiction concerning the receipt of the Offer Consideration, including obtaining any required governmental or other consents, observing any other required formalities and paying any issue, transfer or other taxes due in that jurisdiction. If an Offeree Shareholder is in any doubt, he should consult his professional advisers without delay.

### 7.2.1 ***Emigrants from the Common Monetary Area***

- 7.2.1.1 In the case of Offeree Shareholders who are emigrants from the Common Monetary Area and whose Offer Shares form part of their blocked assets and to whom paragraph 7.2.2 below does not apply, the Offer Consideration will:

- 7.2.1.1.1 in the case of Certificated Offeree Shareholders whose Documents of Title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the Authorised Dealer in South Africa controlling such Offeree Shareholders' blocked assets in terms of the Exchange Control Regulations to be issued directly to the blocked Rand accounts of the Offeree Shareholders concerned. The Form of Acceptance, Surrender and Transfer makes provision for details of the Authorised Dealer concerned to be given. If the information regarding Authorised Dealers is not given, the Offer Consideration will be held in a designated account by the Transfer Secretaries for the Offeree Shareholders concerned, pending receipt of the necessary information or instructions. No interest will be paid on the Offer Consideration so held in trust; and

7.2.1.1.2 in the case of Dematerialised Offeree Shareholders, be issued to their Brokers or CSDPs, which will arrange for the Offer Consideration to be issued directly to the blocked Rand accounts of the Offeree Shareholders concerned with their Authorised Dealers in foreign exchange in South Africa.

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

7.2.2.1 The Offer Consideration accruing to non-resident Offeree Shareholders whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area, or who are emigrants to whom paragraph 7.2.1 above applies, will:

7.2.2.1.1 in the case of Certificated Offeree Shareholders whose Documents of Title have been endorsed "non-resident" under the Exchange Control Regulations, be posted to the registered address, unless the Offeree Shareholder requires the Offer Consideration to be paid to an Authorised Dealer. The Form of Acceptance, Surrender and Transfer makes provision for details of an Authorised Dealer to be provided; and

7.2.2.1.2 in the case of Dematerialised Offeree Shareholders, be issued to their duly appointed Brokers or CSDPs and credited to such Dematerialised Offeree Shareholder in accordance with the provisions of the Custody Agreements with their Brokers or CSDPs.

**8. CONFIRMATION OF FINANCIAL RESOURCES**

8.1 In accordance with the Takeover Regulations, the Offeror has furnished an unconditional cash confirmation from Bowmans to the TRP, to its satisfaction, for settlement of the full Offer Consideration.

8.2 The Offer is in respect of the following number of Offer Shares:

Total number of Finbond Shares in issue	762 210 879
Less: Finbond Shares held by the Offeror and Concert Parties	(280 541 431)
Less: Finbond Shares held by the Excluded Shareholders	(410 970 916)
Offer Shares for which the cash confirmation is required	70 698 532
Maximum capitalisation issue shares that can be elected*	1 560 712
Offer price	R2.91
Maximum Offer Consideration payable if Offer accepted in full	R210 244 400

\*On 23 June 2017 Finbond declared a cash dividend of 7.28 cents per share, with a capitalisation issue Share award alternative of 2.20812 capitalisation issue shares for every 100 ordinary shares held ("Dividend"). If all the Offer Shareholders elect to receive the capitalisation issue shares *in lieu* of the cash dividend, the maximum number of additional shares that will affect the Offer is 1 560 712.

The record date for the Dividend is Friday, 14 July 2017.

8.3 As required by Regulation 106(6)(c) of the Takeover Regulations, the Offeror hereby confirms that in financing the Offer Consideration, it has not incurred a high level of debt and the payment of interest, capital repayments or security for such debt is not dependent upon the business of Finbond.

**9. FINBOND SCHEME**

9.1 The Offeror shall comply with any obligation it may have under the Companies Act and the Takeover Regulations to make a comparable offer to the holders of SAAs under the Finbond Scheme, at the same time that the Offer is made to Offeree Shareholders (Comparable Offer).

9.2 As at the Last Practicable Date, there are 43 500 000 SAAs in issue, all of which, in terms of the rules of the Finbond Scheme, have become unconditional, or will as a result of RVF and its Concert Parties beneficially owning in excess of 35% of the issued Finbond Shares become unconditional.

- 9.3 The Comparable Offer will be made to holders of SAAs at a cash amount in relation to each SAA equal to the amount (if any) by which the Offer Price of the Offer (R2.91) exceeds the “Offer Price” (as defined in the Finbond Scheme) of the SAA concerned. The Comparable Offer will be made on the basis that if a holder of SAAs accepts the Comparable Offer in relation to an SAA, he/she will no longer have any rights under the Finbond Scheme in relation to that SAA. The cash confirmation referred to in paragraph 8.1 accordingly includes an amount of R23 874 342, being the total amount that the Offeror will pay the holders of SAAs if (i) no holder of SAAs enters into the written agreement referred to in paragraph 9.4 below and (ii) all participants accept the Comparable Offer in relation to all of the 43 500 000 SAAs.
- 9.4 The Comparable Offer will not be made to those holders of SAAs (if any) who agree in writing that the Comparable Offer will not be extended to them.

#### 10. REMUNERATION AND CONTINUATION IN OFFICE AND DETAILS OF SERVICE CONTRACTS OF FINBOND DIRECTORS

- 10.1 RVF has obtained irrevocable undertakings from, or on behalf of, the persons listed in paragraph 15.1, beneficially owning, in total, 53.9% of the Finbond Shares in terms of which (amongst other things) they have irrevocably undertaken, with respect to the Finbond Shares beneficially owned by them, and subject to the terms of such undertakings, to be Excluded Shareholders. Consequently there will be no change to the nature of Finbond’s business or its strategy, and no change to its board of directors or executive management, pursuant to the Offer. Finbond Shares will remain listed on the JSE following the completion of the Offer.
- 10.2 No Finbond director intends to resign following the completion of the Offer process.
- 10.3 There are no material particulars of an abnormal nature in respect of Finbond directors’ service contracts which require specific disclosure, nor were any Finbond directors’ service contracts entered into or materially amended during the period beginning six months prior to the Opening Date and ending on the Last Practicable Date. The service contracts of Finbond directors will not be affected by the Offer.
- 10.4 Non-executive directors are elected annually by Finbond shareholders at the Annual General Meeting. Executive directors have standard employment contracts, indicating job specifications, terms of employment and notice periods.
- 10.5 There are no particulars of an abnormal nature in respect of Finbond directors’ service contracts which require specific disclosure.

#### 11. INTERESTS OF THE OFFEROR, CONCERT PARTIES AND THE DIRECTORS OF THE OFFEROR

The Offeror and the Concert Parties collectively hold 280 541 431 Finbond Shares, being 36.81% of the Finbond Shares as set out below. Pursuant to the implementation of the Offer and assuming acceptance by all Offerees, the Offeror will become the beneficial owner of the Offer Shares.

<b>Concert Party</b>	<b>Number of ordinary shares currently held</b>	<b>Current shareholding (%)</b>
RVF	37 765 662	4.95
Conduit	47 185 977	6.19
Ithuba	195 589 792	25.66
<b>Total</b>	<b>280 541 431</b>	<b>36.81</b>

- 11.1 Save as disclosed in paragraph 11.2, none of the directors or the equivalent of the Offeror own any Finbond Shares or shares in the Offeror in their personal or representative capacities.
- 11.2 Sean Riskowitz and Adrian Maizey being members of Riskowitz Capital Management, LLC, the general partner of both RVF and Ithuba, hold the following combined interests in RVF and Ithuba and, accordingly, the following indirect interest in Finbond Shares:

<b>Partner*</b>	<b>Interest in RVF and Ithuba combined</b>	<b>Total Finbond Shares Owned by RVF and Ithuba combined</b>	<b>Implied Indirect Shares held beneficially by each partner</b>	<b>Implied Indirect Interest held beneficially by each partner</b>
Sean Riskowitz	0.2077%	233 355 454	483 448	0.0636%
Adrian Maizey	0.1048%	233 355 454	244 591	0.0321%
<b>Total</b>	<b>0.3125%</b>	<b>233 355 454</b>	<b>728 039</b>	<b>0.0957%</b>

\*The partners have been granted incentive arrangements which accrue and are discharged at the end of 2017, based on the financial performance of RVF and Ithuba. The details above exclude any potential increase in interest in RVF and Ithuba arising from such incentive arrangement given that such incentive has not accrued and given that financial performance of RVF and Ithuba for the relevant period remains uncertain.

## 12. INTERESTS OF FINBOND AND FINBOND DIRECTORS

- 12.1 Finbond does not have any direct or indirect beneficial interest in or holding of securities in the Offeror.
- 12.2 No Finbond director has any direct or indirect beneficial interest or holding of securities in the Offeror.
- 12.3 As at the Last Practicable Date up to the approval of this Circular, the aggregate of the direct and indirect beneficial interest of Finbond directors was 24% of all the Finbond Shares as set out below.

<b>Director</b>	<b>Direct beneficial interest</b>	<b>Indirect Shares held beneficial by associates</b>	<b>Total</b>	<b>Percentage</b>
Willem Van Aardt	–	182 595 351	182 595 351	24%
Johannes Daniel Brits	–	–	–	–
Carel Van Heerden	–	–	–	–
Neville John Melville	–	–	–	–
Hendrina Johanna Wilken-Jonker	–	–	–	–
Malesela David Clement Motlatla	–	–	–	–
Jasper Jurgens Noeth	–	–	–	–
Ntambose Rosetta Xaba	25 635	–	25 635	0.0003%
Herman Gideon Kotzé*	–	–	–	–
Cornelius Hendrik Eksteen	–	–	–	–
<b>Total</b>	<b>25 635</b>	<b>182 595 351</b>	<b>182 620 986</b>	<b>24.0003%</b>

There has been no change in the Finbond directors' interest set out above between the Last Practicable Date and the date of approval of this Circular.

\*Mr. Herman G Kotze is the Chief Executive Officer of Net1, one of the Excluded Shareholders that owns 197 522 435 (or 25.91%) of Finbond Shares.

- 12.4 Each Finbond director that holds Finbond Shares in his personal capacity, intends to reject the Offer in full. None of the members of the Independent Board hold any Finbond Shares.
- 12.5 The board of directors also have indirect control over 15 481 014 Finbond Shares, representing 2.03% of the issued shares, held by Finbond Property Finance, a wholly-owned subsidiary of Finbond.

## 13. ACQUISITION HISTORY IN FINBOND SHARES

Save as disclosed below, none of the Offeror, the Concert Parties, the Excluded Shareholders or the Finbond directors have dealt in Finbond Shares in the period commencing six months before 7 April 2017 and ending on the Last Practicable Date ("Relevant Period").

### 13.1 Dealings by Conduit

- 13.1.1 On 15 September 2016, Conduit announced on SENS that it had concluded agreements to acquire all of the shares in and shareholder claims against, among others, Snowball Wealth Proprietary Limited ("Snowball") in consideration of the issue of Conduit shares to the shareholders of Snowball.
- 13.1.2 Snowball is a South African investment company, investing for the long-term in a portfolio of listed companies. Snowball's underlying investments included (and still include) an interest in 13 855 248 Finbond Shares.
- 13.1.3 The Snowball transaction was implemented on or about 6 April 2016, at which point in time Snowball became a wholly-owned subsidiary of Conduit.
- 13.1.4 The consideration ascribable to the Finbond Shares indirectly acquired by Conduit and discharged by Conduit through the issue of Conduit shares is an amount of R2.91 per Finbond Share (based on the closing share price of a Conduit share on or about the date of implementation of the transaction), being the price at which Offer is made.

### 13.2 Dealings by Buckley

Buckley's dealings in Finbond Shares during the Relevant Period are set out in Annexure 2.

## 14. ARRANGEMENTS IN RELATION TO THE OFFER

- 14.1 The relevant officers of the Offeror confirm that, save for the irrevocable undertakings referred to in paragraph 15 below, the firm intention letter entered into between the Offeror and Finbond in relation to the Offer, the convertible loan agreement referred to in paragraph 14.2 below and the agreements relating to the Snowball transaction referred to in paragraph 13.1, no agreements exist between the Offeror and/or the Concert Parties, on the one hand, and:

- 14.1.1 Finbond;

- 14.1.2 any director of Finbond, or any person who was a director of Finbond within the 12 months prior to the Last Practicable Date; and

- 14.1.3 any Finbond Shareholder, or any person who was a Finbond Shareholder with the 12 months prior to the Last Practicable Date,

on the other hand, that could be considered to be material to a decision regarding the Offer to be taken by Finbond Shareholders.

### 14.2 Convertible Loan Agreement

- 14.2.1 In order to provide funding for Finbond's North American expansion, RVF, Kings Reign, Net1 and Finbond entered into a convertible loan agreement pursuant to which RVF, Kings Reign and Net1 made available to Finbond additional loans totaling USD37 500 000 for the purposes of acquiring a 50% interest in Americash Holdings Limited, Americash LLC and Credit Box LLC, based in the Midwest Region of the USA.

- 14.2.2 The additional loans provided by RVF, Kings Reign and Net1 were extended on 28 February 2017 and accrue interest at 3-months LIBOR plus 12% until 31 August 2017 and are unsecured.

- 14.2.3 RVF, Kings Reign and Net1 are provided with an option to convert their respective additional loans into Finbond (at a subscription price of R2.68) at any time before 31 August 2017 by:

- 14.2.3.1 converting the capital outstanding under their respective additional loans into the Rand equivalent thereof by applying an agreed conversion rate; and

- 14.2.3.2 dividing such amount by 762 210 879 (being the Finbond Shares on a fully diluted basis as at 28 February 2017, and adjusted for any changes in the number of issued shares that occurs after 28 February 2017).



14.3 The maximum shareholding for RVF, Net1 and KRI, that could result from the loan conversion is set out below:

Shareholders	Existing shareholding	Loan value	Maximum shares from loan conversion	Maximum shares from capitalisation issue share award	Total shares	% Shareholding
RVF	280 541 431	\$17 500 000	94 944 030	6 194 691.45	381 680 152	38.85%
Net1	97 522 435	\$10 000 000	54 253 731	4 361 532.39	256 137 699	26.07%
KRI	182 595 351	\$10 000 000	54 253 731	4 031 924.46	240 881 007	24.52%
Issued Shares	762 210 879	\$27 500 000	203 451 492	16 830 530.86	982 492 902	

**Assumptions:**

1. The calculation assumes that all parties will convert the shareholder loans.
2. The conversion rate of the shareholder loans will be the greater of R14.54 and the average mid-point rate for the 30-day period immediately preceding close of business on the business day prior to the Repayment Date. We assume that R14.54 will be greater for purposes of the calculation.
3. For purposes of the calculation it is assumed that all Finbond Shareholders will elect to receive the capitalisation issue share award instead of the cash dividend and that the Capitalisation issue share award will be finalised before conversion of the loans or implementation of the Offer.

**15. IRREVOCABLE UNDERTAKINGS NOT TO ACCEPT THE OFFER**

15.1 RVF has obtained irrevocable undertakings from, or on behalf of, the persons listed below, beneficially owning, in total, 53.92% of the Finbond Shares in terms of which (amongst other things) they have irrevocably undertaken, with respect to the Finbond Shares beneficially owned by them, and subject to the terms of such undertakings, to be the Excluded Shareholders.

Name	Number of Finbond Shares beneficially owned	Percentage of all Finbond Shares
Kings Reign Investments Proprietary Limited	182 595 351	23.96%
Net1 Finance Holdings Proprietary Limited	197 522 435	25.91%
Finbond Property Finance Proprietary Limited*	15 481 014	2.03%
Buckley Capital Management, LLC	15 372 116	2.02%
<b>Total</b>	<b>410 970 916</b>	<b>53.92%</b>

\*100% owned subsidiary of Finbond, the shares are held as treasury shares.

15.2 None of the persons referred to in paragraph 15.1 has an interest in the Offeror.

**16. NO CHANGE TO BUSINESS, STRATEGY, BOARD AND EXECUTIVE**

There will be no change to the nature of Finbond's business or its strategy, and no change to its board of directors or executive management, pursuant to the Offer. Finbond Shares will remain listed on the JSE following the completion of the Offer.

**17. FINANCIAL INFORMATION RELATING TO FINBOND**

17.1 The abridged audited annual financial statements of Finbond for the years ended 28 February 2017, 29 February 2016 and 28 February 2015, are set out in Annexure 1 to this Circular. Offeree Shareholders are referred to the Finbond website (<http://www.finbondlimited.co.za/afs.asp>) for the full audited annual financial statements and integrated annual reports.

17.2 The Offer, being a cash offer to the Offerees, will have no financial effect on the Company.

**18. CONSENTS**

18.1 Each of the Legal Advisor, Corporate Advisor and Sponsor and Independent Expert have consented in writing to act in the capacities stated and to their names appearing in this Circular and have not withdrawn their consent prior to the publication of this Circular.

18.2 The Independent Expert has consented to the inclusion of its report in the form and context in which it appears in this Circular, which consent has not been withdrawn prior to the publication of this Circular.

## 19. **DIRECTORS' RESPONSIBILITY STATEMENT**

19.1 The Independent Board, to the extent that information relates to Finbond or the Finbond Independent Board:

19.1.1 accept responsibility for the accuracy of the information contained in this Circular;

19.1.2 confirm that to the best of their respective knowledge and belief, the information contained in this Circular is both true and correct; and

19.1.3 confirm that this Circular does not, to the best of their respective knowledge and belief, omit anything likely to affect the importance of the information contained in this Circular.

19.2 No Finbond director appointed to the Independent Board is excluded from this statement as envisaged in Regulation 106(8) of the Takeover Regulations.

19.3 The directors of the Offeror, to the extent that information relates to the Offeror:

19.3.1 accepts responsibility for the accuracy of the information contained in this Circular;

19.3.2 confirms that to the best of their respective knowledge and belief, the information contained in this Circular is both true and correct; and

19.3.3 confirms that this Circular does not, to the best of their respective knowledge and belief, omit anything likely to affect the importance of the information contained in this Circular.

19.4 No directors of the Offeror are excluded from this statement as envisaged in Regulation 106(5) of the Takeover Regulations.

## 20. **STATEMENT OF NO CHANGE**

The information set out in this Circular does not differ materially from previously published information in respect of the Offer and no prior Circular has been issued in respect of the Offer.

## 21. **DOCUMENTS AND CONSENTS TO BE AVAILABLE FOR INSPECTION**

The following documents or copies thereof, are available for inspection during normal business hours at the registered office of Finbond, from the Opening Date, up to and including the Closing Date:

21.1 the memoranda of incorporation of Finbond and its subsidiaries;

21.2 a copy of the cash confirmation provided to the TRP in accordance with Regulations 111(4) and 111(5) of the Takeover Regulations;

21.3 the integrated annual reports of Finbond for the three financial years ended 28 February 2015, 29 February 2016, and 28 February 2017;

21.4 a signed copy of the Independent Expert's fairness opinion, in respect of the Offer, the text of which is included as Annexure 4 to this Circular;

21.5 the irrevocable undertakings listed in paragraph 15 above;

21.6 the written consent/submission of the Company's and Offeror's professional advisors;

21.7 TRP approval letter for the Circular; and

21.8 a signed copy of this Circular.

On behalf of the Independent Board

**Mr. DJ Brits**

*Independent non-executive director of Finbond*

29 June 2017



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## HISTORICAL AUDITED ABRIDGED FINANCIAL STATEMENTS OF FINBOND

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### **SUMMARISED HISTORICAL FINANCIAL INFORMATION OF FINBOND GROUP LIMITED FOR THE YEARS ENDED 28 FEBRUARY 2017, 29 FEBRUARY 2016 AND 28 FEBRUARY 2015**

Complete sets of the Financial Statements are available on the Finbond Group website – [www.finbondlimited.co.za](http://www.finbondlimited.co.za).

Finbond Group Limited is a company domiciled in South Africa. The summarised consolidated financial statements of the Company as at and for the 12 months ended 28 February 2017 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly controlled entities.

#### **Basis of preparation**

The summarised financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa. The summarised financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”) IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial pronouncements as issued by the Financial Reporting Standards Council IAS 34 Interim Financial Reporting, the Companies Act and the JSE Listings Requirements. It does not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated annual financial statements of the Group as at and for the year ended 28 February 2017.

These summarised financial statements are extracted from the Group’s audited financial statements and are not itself audited. The directors take full responsibility for the preparation of these summarised financial statements and the financial information has been correctly extracted from the Group’s audited financial statements.

**SUMMARISED STATEMENTS OF FINANCIAL POSITION  
AS AT 28 FEBRUARY 2017, 29 FEBRUARY 2016 AND 28 FEBRUARY 2015**

R'000	CONSOLIDATED			COMPANY		
	2017	2016	2015	2017	2016	2015
<b>Assets</b>						
Cash and cash equivalents	547 351	136 035	197 500	1 387	–	46 009
Other financial assets	207 717	231 879	372 772	358	358	822
Unsecured loans and other advances to customers	800 599	343 749	290 715	–	–	–
Secured loans and other advances to customers	220 958	94 781	–	–	–	–
Trade and other receivables	139 850	134 120	60 086	42 635	38 735	28 436
Loans to Group companies	–	–	–	697 569	163 362	50 069
Investments in subsidiaries	–	–	–	911 472	451 472	451 472
Property, plant and equipment	113 800	62 090	46 044	–	–	–
Investment property	278 185	269 540	248 820	–	–	–
Goodwill	752 699	152 976	120 034	–	–	–
Intangible assets	115 064	171	171	–	–	–
Other assets	1 379	6 087	13 113	139	–	2 426
<b>Total assets</b>	<b>3 177 602</b>	<b>1 431 428</b>	<b>1 349 255</b>	<b>1 653 560</b>	<b>653 927</b>	<b>579 234</b>
<b>Liabilities</b>						
Bank overdraft	27 725	29 628	–	27 725	29 628	–
Trade and other payables	81 428	33 003	26 300	3 462	11 313	3 268
Purchase consideration payable	213 375	–	–	–	–	–
Fixed and notice deposits	1 098 609	907 705	921 935	–	–	–
Current tax payable	40 456	4 771	2	5 666	3 764	–
Loans from shareholders	508 440	18 000	15 000	508 440	18 000	15 000
Loans from Group companies	–	–	–	211 263	215 973	216 970
Deferred taxation	60 056	45 499	38 513	–	475	–
Other liabilities	10 105	4 833	1 601	–	–	–
<b>Total liabilities</b>	<b>2 040 194</b>	<b>1 043 439</b>	<b>1 003 351</b>	<b>756 556</b>	<b>279 153</b>	<b>235 238</b>
<b>Equity</b>						
<i>Capital and reserves</i>						
Share capital	715 667	203 365	201 523	712 100	196 423	194 581
Reserves	(72 350)	6 476	3 428	10 881	6 476	3 428
Retained income	292 351	178 972	141 777	174 023	171 875	145 987
<b>Share capital and reserves attributable to ordinary shareholders</b>	<b>935 668</b>	<b>388 813</b>	<b>346 728</b>	<b>897 004</b>	<b>374 774</b>	<b>343 996</b>
Non-controlling interest	201 740	(824)	(824)	–	–	–
<b>Total equity</b>	<b>1 137 408</b>	<b>387 989</b>	<b>345 904</b>	<b>897 004</b>	<b>374 774</b>	<b>343 996</b>
<b>Total equity and liabilities</b>	<b>3 177 602</b>	<b>1 431 428</b>	<b>1 349 255</b>	<b>1 653 560</b>	<b>653 927</b>	<b>579 234</b>

**SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 28 FEBRUARY 2017, 29 FEBRUARY 2016 AND 28 FEBRUARY 2015**

R'000	CONSOLIDATED			COMPANY		
	2017	2016	2015	2017	2016	2015
Interest income	568 060	161 435	145 457	21 894	593	168
Interest expense	(144 929)	(87 525)	(76 137)	(27 429)	(4 307)	–
<b>Net interest income/(expense)</b>	<b>423 131</b>	<b>73 910</b>	<b>69 320</b>	<b>(5 535)</b>	<b>(3 714)</b>	<b>168</b>
Fee income	740 416	208 025	170 128	–	–	–
Management fee income	58 229	48 987	27 766	100 045	60 968	19 873
Other operating income	186 939	139 732	79 686	151	250	31 984
Operating (loss)/profit from cell captive	–	30 612	–	(465)	30 612	–
Foreign exchange gain	27 931	–	(2 661)	–	–	–
Net impairment charge on loans and advances	(296 213)	(71 314)	(60 137)	–	2	–
Operating expenses	(860 993)	(304 425)	(244 012)	(55 379)	(32 354)	(26 120)
<b>Operating profit</b>	<b>279 440</b>	<b>94 915</b>	<b>73 363</b>	<b>36 621</b>	<b>24 687</b>	<b>56 517</b>
Dividends received	–	–	–	–	27 925	34 617
<b>Profit before taxation</b>	<b>279 440</b>	<b>94 915</b>	<b>73 363</b>	<b>36 621</b>	<b>52 612</b>	<b>91 134</b>
Taxation	(98 994)	(37 661)	(22 496)	(9 125)	(6 665)	(16 602)
<b>Profit after taxation</b>	<b>180 446</b>	<b>57 254</b>	<b>50 867</b>	<b>27 496</b>	<b>45 947</b>	<b>74 532</b>
<b>Other comprehensive income to be reclassified to profit or loss</b>						
Foreign currency translation difference for foreign operations	(107 847)	–	–	–	–	–
<b>Total comprehensive income for the year</b>	<b>72 599</b>	<b>57 254</b>	<b>50 867</b>	<b>27 496</b>	<b>45 947</b>	<b>74 532</b>
<b>Profit attributable to:</b>						
Owners of the company	138 727	57 254	50 867	27 496	45 947	74 532
Non-controlling interest	41 719	–	–	–	–	–
	180 446	57 254	50 867	27 496	45 947	74 532
<b>Total comprehensive income attributable to:</b>						
Owners of the company	55 496	57 254	50 867	27 496	45 947	74 532
Non-controlling interest	17 103	–	–	–	–	–
	72 599	57 254	50 867	27 496	45 947	74 532
<b>Earnings per share</b>						
Basic and diluted earnings per share (cents)	18.6	9.7	8.6			

**SUMMARISED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2017, 29 FEBRUARY 2016 AND 28 FEBRUARY 2015**

R'000	Share capital	Reserves	Retained income	Total attributable to equity holders	Non- controlling interest	Total equity
<b>CONSOLIDATED</b>						
<b>Balance at 1 March 2014</b>	<b>225 953</b>	<b>4 875</b>	<b>99 599</b>	<b>330 427</b>	<b>(824)</b>	<b>329 603</b>
Total comprehensive income for the year	–	50 867	50 867	–	50 867	
Equity settled share-based payment charge	–	2 409	–	2 409	–	2 409
Transfer between reserves	(3 856)	3 856	–	–	–	
Treasury shares purchased	(24 430)	–	–	(24 430)	–	(24 430)
Dividends	–	–	(12 545)	(12 545)	–	(12 545)
<b>Balance at 1 March 2015</b>	<b>201 523</b>	<b>3 428</b>	<b>141 777</b>	<b>346 728</b>	<b>(824)</b>	<b>345 904</b>
Total comprehensive income for the year	–	–	57 254	57 254	–	57 254
Equity settled share-based payment charge	–	3 048	–	3 048	–	3 048
Treasury shares re-issued	1 842	–	–	1 842	–	1 842
Dividends	–	–	(20 059)	(20 059)	–	(20 059)
<b>Balance at 1 March 2016</b>	<b>203 365</b>	<b>6 476</b>	<b>178 972</b>	<b>388 813</b>	<b>(824)</b>	<b>387 989</b>
Total comprehensive income for the year	–	(83 231)	138 727	55 496	17 103	72 599
Profit for the year	–	–	138 727	138 727	41 719	180 446
Other comprehensive income for the year	–	(83 231)	–	(83 231)	(24 616)	(107 847)
Rights issue net of costs	516 266	–	–	516 266	–	516 266
Equity settled share-based payment charge	–	4 405	–	4 405	–	4 405
Treasury shares purchased	(3 964)	–	–	(3 964)	–	(3 964)
Business combinations	–	–	–	185 461	185 461	
Dividends	–	–	(25 348)	(25 348)	–	(25 348)
<b>Balance at 28 February 2017</b>	<b>715 667</b>	<b>(72 350)</b>	<b>292 351</b>	<b>935 668</b>	<b>201 740</b>	<b>1 137 408</b>

R'000	Share capital	Reserves	Retained income	Total attributable to equity holders	Non- controlling interest	Total equity
<b>COMPANY</b>						
<b>Balance at 1 March 2014</b>	<b>239 163</b>	<b>4 875</b>	<b>80 305</b>	<b>324 343</b>	<b>–</b>	<b>324 343</b>
Total comprehensive income for the year	–	74 532	74 532	–	74 532	
Equity settled share-based payment charge	–	2 409	–	2 409	–	2 409
Transfer between reserves	(3 856)	3 856	–	–	–	
Treasury shares purchased	(44 582)	–	–	(44 582)	–	(44 582)
Dividends	–	–	(12 706)	(12 706)	–	(12 706)
<b>Balance at 1 March 2015</b>	<b>194 581</b>	<b>3 428</b>	<b>145 987</b>	<b>343 996</b>	<b>–</b>	<b>343 996</b>
Total comprehensive income for the year	–	–	45 947	45 947	–	45 947
Equity settled share-based payment charge	–	3 048	–	3 048	–	3 048
Treasury shares re-issued	1 842	–	–	1 842	–	1 842
Dividends	–	–	(20 059)	(20 059)	–	(20 059)
<b>Balance at 1 March 2016</b>	<b>196 423</b>	<b>6 476</b>	<b>171 875</b>	<b>374 774</b>	<b>–</b>	<b>374 774</b>
Total comprehensive income for the year	–	–	27 496	27 496	–	27 496
Rights issue net of costs	516 266	–	–	516 266	516 66	
Equity settled share-based payment charge	–	4 405	–	4 405	–	4 405
Treasury shares purchased	(589)	–	–	(589)	–	(589)
Dividends	–	–	(25 348)	(25 348)	–	(25 348)
<b>Balance at 28 February 2017</b>	<b>712 100</b>	<b>10 881</b>	<b>174 023</b>	<b>897 004</b>	<b>–</b>	<b>897 004</b>

**SUMMARISED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 28 FEBRUARY 2017, 29 FEBRUARY 2016 AND 28 FEBRUARY 2015**

R'000	CONSOLIDATED			COMPANY		
	2017	2016	2015	2017	2016	2015
<b>Cash flows from operating activities</b>						
Cash generated from/ (utilised in) operations	262 995	(109 167)	161 166	5 513	53 406	16 626
Taxation paid	(44 788)	(17 838)	(8 543)	(7 837)	–	(2)
<b>Net cash from operating activities</b>	<b>218 207</b>	<b>(127 005)</b>	<b>152 623</b>	<b>(2 324)</b>	<b>53 406</b>	<b>16 624</b>
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(29 103)	(28 682)	(31 947)	–	–	–
Sale of property, plant and equipment	720	–	1 741	–	–	–
Purchase of investment property	(8 330)	(17 005)	(2 198)	–	–	–
Purchase of other intangible assets	(19 064)	(32 943)	(57 608)	–	–	–
Investments in subsidiaries	–	–	–	(460 000)	–	–
Movement in Group loans	–	–	–	(515 155)	(114 290)	(28 299)
Purchase of financial assets	–	(186 211)	(589 187)	–	–	–
Sale of financial assets	26 814	316 582	660 977	–	464	59 320
Net cash outflow from business combinations	(714 576)	–	–	–	–	–
<b>Net cash from investing activities</b>	<b>(743 539)</b>	<b>51 741</b>	<b>(18 222)</b>	<b>(975 155)</b>	<b>(113 826)</b>	<b>31 021</b>
<b>Cash flows from financing activities</b>						
(Buy back)/re-issue of shares	(3 964)	1 842	(24 819)	(589)	1 842	(19 762)
Issue of share capital	516 66	–	–	516 266	–	–
Proceeds from shareholders loan	490 440	3 000	15 000	490 440	3 000	15 000
Finance lease payments	1 873	(612)	(1 136)	–	–	–
Dividends paid	(66 064)	(20 059)	(12 706)	(25 348)	(20 059)	(12 706)
Dividends received	–	–	–	–	–	12 706
<b>Net cash from financing activities</b>	<b>938 551</b>	<b>(15 829)</b>	<b>(23 661)</b>	<b>980 769</b>	<b>(15 217)</b>	<b>(4 762)</b>
<b>Total cash movement for the year</b>	<b>413 219</b>	<b>(91 093)</b>	<b>110 740</b>	<b>3 290</b>	<b>(75 637)</b>	<b>42 883</b>
Cash at the beginning of the year	106 407	197 500	86 760	(29 628)	46 009	3 126
<b>Total cash at end of the year</b>	<b>519 626</b>	<b>106 407</b>	<b>197 500</b>	<b>(26 338)</b>	<b>(29 628)</b>	<b>46 009</b>

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**ACQUISITION HISTORY OF FINBOND SHARES**

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Buckley's dealings in Finbond Shares during the Relevant Period are set out below:

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<b>Date</b>	<b>Number of shares</b>	<b>Share Price</b>
1 May 2017	327 679	R2.45
1 March 2017	21 221	R2.50
30 December 2016	800	R2.50
29 December 2016	5 460	R2.50

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## REPORT OF THE INDEPENDENT EXPERT

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The Independent Board  
Finbond Group Limited  
Bank Forum Building  
337 Veale Street  
Brooklyn  
Pretoria, 0181  
21 June 2017

Dear Sirs

### REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO FINBOND GROUP LIMITED REGARDING A MANDATORY OFFER

#### Introduction

Finbond Group Limited (“**Finbond**” or “**Company**” or “**Group**”) in an announcement released on the Stock Exchange News Service of the JSE Limited (“**JSE**”) (“**SENS**”) on 7 April 2017, informed holders of ordinary shares with a par value of R0.0001 in the issued share capital of Finbond (“**Finbond Shares**”) (“**Finbond Shareholders**”) that Ithuba Investments LP (“**Ithuba**”), Protea Asset Management LLC (“**Protea Asset**”), Conduit Capital Limited (“**Conduit Capital**”) (collectively the “**Concert Parties**”) and Riskowitz Value Fund LP (“**RVF**” or “**Offeror**”), have acquired a beneficial interest in Finbond Shares resulting in RVF and its Concert Parties being able to exercise more than 35% of the voting rights attaching to the Finbond Shares (“**Acquisition**”). Pursuant to the Acquisition, Concert Parties and RVF hold 36.8% of the total number of Finbond Shares in issue.

Consequently, in terms of Section 123 of the Companies Act, No. 71 of 2008, as amended, (the “**Companies Act**”) read with the Takeover Regulations promulgated in terms of sections 120 and 223 of the Companies Act (the “**Takeover Regulations**”), the Offeror, is obligated to make an offer to Finbond Shareholders to acquire all shares held by Finbond Shareholders, other than those that it already owns, and excluding Finbond Shares held by Concert Parties and Finbond Shareholders that have elected to waive the benefit of the Offer (“**Offer Shares**”), at R2.91 per Offer Share (the “**Offer Consideration**”), being the highest price paid by the Offeror or any person acting in concert with the Offeror within the six-month period before the commencement of the offer period (the “**Mandatory Offer**” or “**Offer**”). Kings Reign Investments Proprietary Limited, Net 1 Finance Holdings Proprietary Limited and its affiliates, Buckley Capital Management LLC and subsidiaries of Finbond (“**Excluded Shareholders**”) have elected to waive the benefit of the Offer. In addition, at the date of the Offer there are 43 500 000 share appreciation awards in terms of the Finbond Share Appreciation Rights Scheme (“**Finbond Scheme**”) (“**SAA**s”) outstanding all of which, in terms of the rules of the Finbond Scheme, have become unconditional, or will as a result of RVF and its Concert Parties beneficially owning in excess of 35% of the issued Finbond Shares become unconditional. The Offeror shall comply with any obligation it may have under the Companies Act and the Takeover Regulations to make a comparable offer to the holders of SAAs under the Finbond Scheme, at the same time that the Offer is made to Offeree Shareholders (“**the Comparable Offer**”).

The Comparable Offer will be made to holders of SAAs at a cash amount in relation to each SAA equal to the amount (if any) by which the Offer Price of the Offer (R2.91) exceeds the “Offer Price” (as defined in the Finbond Scheme) of the SAA concerned. The Comparable Offer will be made on the basis that if a holder of SAAs accepts the Comparable Offer in relation to an SAA, he/she will no longer have any rights under the Finbond Scheme in relation to that SAA.

The Comparable Offer will not be made to those holders of SAAs (if any) who agree in writing that the Comparable Offer will not be extended to them.

As at the date of this opinion, the ordinary share capital of the Company comprises of the following:

- Authorised ordinary share capital comprising 1 000 000 000 Finbond Shares; and
- Issued ordinary share capital comprising 762 210 879 Finbond Shares.



The Company holds 15 481 014 ordinary shares as treasury shares. Full details of the Offer are contained in the circular to Finbond shareholders (the “**Circular**”) to be dated on or about 29 June 2017, which will include a copy of this letter.

At the last practicable date prior to the finalisation of this Circular, being 21 June 2017 (“**Last Practicable Date**”), Finbond directors held the following direct and indirect beneficial interests in the share capital of Finbond:

<b>Director</b>	<b>Total direct and indirect beneficial holding</b>
<b>Executive</b>	
Dr. W van Aardt (held through Kings Reign Investments Proprietary Limited)	182 595 351
<b>Non-executive</b>	
R Xaba	25 635
<b>TOTAL</b>	<b>182 620 986</b>

### **Fair and reasonable opinion required in respect of the offer**

The Offer is an affected transaction as defined in section 117(1)(c)(vi) of the Companies Act and, accordingly, will be regulated by the Companies Act, the Takeover Regulations and the Takeover Regulation Panel (“**TRP**”). Regulation 90 (1) provides that the Company must retain an independent expert to compile a report to the Independent Board concerning the proposed Offer which meets the requirements of Regulation 90 (5) (“**Fair and Reasonable Opinion**”).

BDO Corporate Finance Proprietary Limited (“**BDO Corporate Finance**” or the “**Independent Expert**”) has been appointed by the independent board constituted to assess the Offer (“**Independent Board**”) to advise on whether the terms and conditions of the Offer are fair and reasonable to holders of Offer Shares to whom the Offer is made and who may accept the Offer (“**Offeree Shareholders**”).

### **Responsibility**

Compliance with the Companies Act is the responsibility of the directors of Finbond and Independent Board. Our responsibility is to report on the fairness and reasonableness of the terms and conditions of the Offer.

### **Explanation as to how the terms “fair” and “reasonable” apply in the context of the Offer and Comparable Offer**

The “fairness” of an offer is based on quantitative issues. An offer may be said to be fair if the benefits received by shareholders, as a result of the offer, are equal to or greater than the value ceded by shareholders.

The Offer may be said to be fair if the Offer Consideration is greater than or equal to the fair value of a Finbond Share or unfair if the Offer Consideration is less than the fair value of a Finbond Share.

The assessment of reasonableness of the Offer Consideration is based on the Offer Consideration in relation to the prevailing trading price of a Finbond Share as at the time of the Offer.

It is therefore conceivable that if the Offer Consideration exceeds either the estimated fair value per security or current traded price per Finbond Share, but not both, the Offer Consideration could be considered fair but not reasonable or reasonable but not fair.

Regulation 87 of the Takeover Regulations states that the offer consideration in a comparable offer is to be determined by the Offeror taking account of the class of security to which the comparable offer is to be made.

### **Detail and sources of information**

In arriving at our opinion we have relied upon the following principal sources of information:

- The terms and conditions of the Offer, as set out in the Circular;
- Audited annual financial statements of Finbond for the year ended 29 February 2016;
- Unaudited management accounts of Finbond, on a consolidated basis and in respect of Finbond’s South African and International Operations, for the year ended 28 February 2017;

- Forecast financial information provided by Finbond management, on a consolidated basis and in respect of Finbond's South African and International Operations, for the years ending 28 February 2018 to 2022;
- Discussions with Finbond directors and management regarding the historical and forecast financial information;
- Discussions with Finbond directors and management on prevailing market, economic, legal and other conditions which may affect underlying value;
- Publicly available information relating to the banking and microfinance sectors in general; and
- Publicly available information relating to Finbond that we deemed to be relevant, including company announcements and media articles.

The information above was secured from:

- Directors and management of Finbond and their advisors; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Finbond.

## **Procedures**

In arriving at our opinion we have undertaken the following procedures in evaluating the fairness and reasonableness of the Offer:

- Reviewed the terms and conditions of the Offer;
- Reviewed the audited and unaudited financial information of Finbond;
- Reviewed and obtained an understanding from management as to the forecast financial information of Finbond and assessed the achievability thereof by considering historical information as well as macro-economic and sector-specific data;
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the banking and microfinance sectors generally;
- Held discussions with directors and management of Finbond regarding the past and current business operations, regulatory requirements, financial condition and future prospects of the Group and such other matters as we have deemed relevant to our inquiry;
- Determined the fair value of Finbond's South African and International Operations by applying the Fair Price to Book ("**P/B**") methodology;
- Aggregated the valuations of the South African and International Operations to determine a sum-of-the-parts ("**SOTP**") valuation of Finbond;
- Assessed the long-term potential of Finbond and its underlying subsidiaries;
- Performed a sensitivity analysis on key assumptions included in the valuations;
- Evaluated the relative risks associated with Finbond and the industry in which it operates;
- Reviewed certain publicly available information relating to Finbond and the banking and microfinance sectors that we deemed to be relevant, including Company announcements and media articles; and
- Where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which Finbond operates, and to analyse external factors that could influence the business of Finbond.

## **Assumptions**

We arrived at our opinion based on the following assumptions:

- That reliance can be placed on the financial information of Finbond.

## **Appropriateness and reasonableness of underlying information and assumptions**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Conducting analytical reviews on the historical financial results and the forecast financial information, such as key ratio and trend analyses; and
- Determining the extent to which representations from management were confirmed by documentary and audited financial evidence, as well as our understanding of Finbond and the economic environment in which the Company operates.

## **Limiting conditions**

This opinion has been given to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion for the benefit of Offeree Shareholders. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Finbond shareholders. Should a Finbond shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual shareholder's decision as to whether to accept the Offer may be influenced by his particular circumstances. The assessment as to whether or not the Independent Board decides to recommend the Offer is a decision that can only be taken by the Independent Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. While our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of Finbond relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such 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 the actual future results of Finbond will correspond to those projected. We have, however, compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.

We have also assumed that the Offer will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of Finbond and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

## **Independence, competence and fees**

We confirm that neither we nor any related person with us have a direct or indirect interest in the Offer Shares or the Offer nor any relationship as contemplated in section 114(2)(b) of the Companies Act, and specifically declare, as required by Regulation 90(6)(i) and Regulation 90(3)(a) of the Companies Regulations, that we are independent in relation to the Offer and will reasonably be perceived to be independent taking into account other existing relationships and appointments. We also confirm that we have the necessary competence to provide the Fair and Reasonable Opinion on the Offer and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our professional fees of R500 000 (excluding VAT) are not contingent upon the success of the Offer.

## **Valuation**

We have performed a valuation of Finbond on a SOTP basis by applying the fair value Price to Book (P/B) methodology for Finbond's South African and International operations.

This valuation has been prepared on the basis of "Market Value". The generally accepted definition of "Market Value" is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.

“Market Value” for financial services firms is commonly derived by applying one or more of the following valuation methodologies:

- Fair Price to Book;
- Return on tangible equity (“**RoE**”);
- Price Earnings (“**PE**”) Multiples; and
- Dividend discount models (“**DDM**”) and Residual income models (“**RI**”).

Empirically, forecast RoE is a good indicator of fair value P/B for financial services firms. We set the fair value multiples using a Gordon Growth Model derived P/B. The RoE used in the Gordon Growth model is the long-term forecast (end-state RoE). The cost of equity is derived from the capital asset pricing model (“**CAPM**”) with the beta taken from Bloomberg (weekly 2-year beta). The equity risk premium is 5.5% – 6.5% and is standard across the sector. We set the terminal growth rate equal to the long-term forecast growth rate.

The valuation of Finbond was performed by applying the P/B methodology.

We valued the South African Operations with reference to estimated tangible equity using a Gordon growth model. Based on a cost of equity of 18.4% and managements growth forecasts.

We valued the International Operations with reference to estimated tangible equity using a Gordon growth model. Based on a cost of equity of 15.6% and managements growth forecasts.

The valuation was performed taking cognisance of risk and other market and industry factors affecting Finbond.

Key internal value drivers to the P/B valuation of Finbond included the discount rate, revenue growth, growth in operating expenses and return on equity.

External value drivers include key macro-economic parameters such as: GDP growth, interest rates, exchange rates, headline inflation rates and prevailing market and industry conditions in the banking and microfinance sectors were considered in assessing the forecast cash flows and risk profile of Finbond’s South African and International Operations.

## **Valuation results**

In undertaking the valuation exercise above, we determined a valuation range for Finbond Shares of R3.61 to R4.21 per Finbond Share, with a most likely value of R3.88 per Finbond Share.

The valuation range above is provided solely in respect of this opinion and should not be used for any other purposes.

## **Reasonableness of the offer**

The Offer Consideration represents a:

- Discount of 3.0% to the closing price per Finbond Share on the exchange operated by the JSE (“**Exchange**”) on Thursday, 6 April 2017 of R3.00, being the last trading day prior to the date of publication of the announcement in respect of the Acquisition; and
- Premium of 3.1% to the 30-day volume weighted average price (“**VWAP**”) of Finbond Shares on the Exchange of R2.82 up to 6 April 2017, being the last trading day prior to the date of publication of the announcement in respect of the Acquisition.

## **Opinion**

The Offer Consideration represents a discount of 3.0% to the closing price of a Finbond Share on the Exchange on 6 April 2017, and a discount of 25.0% to the core fair value of R3.88 per Finbond Share.

BDO Corporate Finance has considered the proposed terms and conditions of the Offer, based upon and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Offer, based on quantitative considerations, are not fair to Offeree Shareholders.

We are of the opinion that the proposed terms and conditions of the Offer are not reasonable from the perspective of Offeree Shareholders.

As the Comparable Offer provides holders of SAAs with the full in the money value between the exercise price and the Offer Consideration, we are of the opinion that the Comparable Offer is comparable with respect to the SAAs.

Our opinion is necessarily based upon the information available to us up to 21 June 2017, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals and consents required in connection with the Offer and the Offer have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

### **Consent**

We hereby consent to the inclusion of this letter and references thereto in the Circular in the form and context in which they appear.

Yours faithfully

### **BDO Corporate Finance Proprietary Limited**

Nick Lazanakis CA (SA)

Director

22 Wellington Road

Parktown

2193





## **Finbond Group Limited**

(Incorporated in the Republic of South Africa)

(Registration number 2001/015761/06)

(JSE share code: FGL)

(ISIN: ZAE00013895)

("Finbond" or the "Company")

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## **FORM OF ACCEPTANCE, SURRENDER AND TRANSFER**

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**For use by Offeree Shareholders who hold their Offer Shares in certificated form only in relation to the Offer by the Offeror. This form should be read in conjunction with the Circular to which this form is attached. Terms defined in the Circular to which this form is attached bear the same meaning herein.**

Instructions:

A separate form of acceptance, transfer and surrender is required for each Offeree Shareholder.

1. **Part A** must be completed by all Offeree Shareholders who return this form relating to the surrender of Documents of Title.
2. **Part B** must be completed by those Offeree Shareholders who accept the Offer.
3. **Part C** must be completed by those Offeree Shareholders who elect to receive the Offer Consideration electronically transferred into their bank accounts.
4. **Part D** must be completed by Offeree Shareholders who are emigrants from or non-residents of the Common Monetary Area (see Note 2).

If the Form of Acceptance, Surrender and transfer is returned with the relevant Documents of Title to Offer Shares, it will be treated as a conditional surrender that is made subject to the Offer being unconditional. The Offer is subject to the fulfilment or waiver, as the case may be, of the Suspensive Conditions listed in paragraph 5.9.2 of the Circular. If the Offer does not become unconditional for any reason whatsoever, the Company or the Transfer Secretary will, by no later than five business days after the date on which it became known that the Offer will not become operative, return the Documents of Title to the Shareholders concerned, by registered mail, at the risk of those Shareholders.

The Offer will be open for acceptance at 09:00 on Friday, 30 June 2017 and is expected to close no later than 12:00 on Friday, 18 August 2017. Accordingly, a Shareholder who is recorded in the Register at any time during the Offer Period may accept the offer at any time during this Offer Period.

To: The Transfer Secretaries

**If delivered by hand:**

Link Market Services Proprietary Limited  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein  
2001

**If sent by mail:**

Link Market Services Proprietary Limited  
PO Box 4844  
Johannesburg  
2000

Dear Sirs

**PART A – Surrender of Documents of Title**

**All shareholders who return this form must please complete Part A.**

I/we hereby surrender the enclosed share certificate/s, certified transfer deed/s and/or other documents of title, details of which have been completed below, in respect of my/our holding of shares in Finbond.

Surname or name of corporate body

First names (in full)

Title (Mr, Mrs, Miss, Ms, etc)

Address to which the Offer Consideration should be sent (if different from registered address) and unless Part C has been completed

Postal code

Country

Telephone number

Cellphone number

In terms of the provisions set out in paragraph 1 of the section entitled “*Action Required by Offeree Shareholders*” on page 4 of the Circular to which this form is attached, I/we surrender and enclose the undermentioned Document(s) of Title to Offer Shares.

**Share certificates and/or other Documents of Title surrendered**

<b>Name of registered holder (separate form for each holder)</b>	<b>Certificate number(s) (in numerical order)</b>	<b>Number of shares covered by each certificate</b>
<b>Total</b>		

*Please also read notes on the reverse hereof.*

<b>Signature of Offeree Shareholder(s)</b>	<b>Stamp and address of agent lodging this form (if any)</b>
Assisted by me (if applicable)	
(State full name and capacity)	
Date: 2017	
Telephone number (home)	
Telephone number (work)	
Cellphone number	

*Signatories may be called upon for evidence of their authority or capacity to sign this form*



**PART B** – Acceptance of the offer

**Offeree Shareholders who accept the Offer must please complete Part B.**

I/We hereby accept the Offer in respect of  Offer Shares held by me/us.

(Failure to state the number of shares shall be deemed to indicate acceptance of the Offer in respect of all Offer Shares indicated by the Documents of Title surrendered by that Offeree Shareholder or his/her representative.)

**PART C** – To be completed by those Offeree Shareholders who wish to have the Offer Consideration transferred into their bank accounts.

Name of bank account holder

Account number

Name of bank

Branch

Branch code

Type of bank account (cheque, savings, transmission, etc.)

**Notes:**

1. The Offer Consideration will only be electronically transferred if Part C is properly completed and this form is returned to the Transfer Secretaries together with the Documents of Title on or before the Closing Date.
2. Once the Offer has been duly accepted during the Offer Period, payment of the Offer Consideration will be made as set out in paragraph 1 of the section entitled "Action Required by Offeree Shareholders" on page 4 of the Circular to which this form is attached.
3. In terms of FICA requirements Link Market Services Proprietary Limited will not record your banking details for electronic payment to your bank account without certified true copies of the Offeree Shareholder's identity document and bank statement.

**PART D**

**1. To be completed only by certificated shareholders who are emigrants from South Africa.**

The Offer Consideration will be forwarded to the Authorised Dealer nominated below for its control and credited to the emigrant's blocked account. Accordingly, a non-resident who is an emigrant from South Africa must provide the following information:

Name and address of Authorised Dealer in South Africa or substitute instruction

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Account number

**2. To be completed only by all other non-resident certificated shareholders who wish to provide a substitute address.**

The Offer Consideration will be posted to the registered address of the non-resident concerned, unless written instructions to the contrary are **received** and an address provided below:

Substitute address

**3. If no nomination is made in terms of 1 above, the Offer Consideration will be held in trust by the Transfer Secretaries.**

**NOTES:**

1. Emigrants from the Common Monetary Area must complete Part D.
2. All other non-residents of the Common Monetary Area must complete Part D if they wish the Offer Consideration to be sent to an Authorised Dealer in South Africa.
3. If Part D is not properly completed, the Offer Consideration (in the case of emigrants or non-residents), will be held in trust by the Transfer Secretaries pending receipt of the necessary nomination or instruction.
4. The Offer Consideration will not be sent to Offeree Shareholders unless and until Documents of Title in respect of the relevant Offer Shares have been surrendered to the Transfer Secretaries.
5. If a Offeree Shareholder produces evidence to the satisfaction of the Offeror that Documents of Title in respect of his Offer Shares have been lost or destroyed the Offeror may waive the surrender of such Documents of Title against delivery of an indemnity in a form and on terms and conditions approved by it, or may in its discretion waive such indemnity.
6. If this form is not signed by the Offeree Shareholder, such shareholder will be deemed to have irrevocably appointed the company secretary of Finbond to implement such shareholder's obligations under the Offer on his/her behalf.
7. Persons who have acquired Offer Shares after the Record Date of Thursday, 15 June 2017, can obtain copies of this document from Finbond whose address is Bank Forum Building, Cnr Veale and Fehisen Streets, Nieuw Muckleneuk, Brooklyn, Pretoria, 0181.
8. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form.
9. Any alteration to this form must be signed in full and not initialed.
10. If this form is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this form for noting (unless it has already been noted by Finbond or the Transfer Secretaries).
11. Where the Offeree Shareholder is a company or a close corporation, unless it has been registered with Finbond or the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form must be submitted if so requested by the Offeror.
12. Note 11 above does not apply in the event of this form bearing the stamp of a broking member of the JSE.
13. Where there are joint holders of any Offer Shares, only that holder whose name stands first in the register in respect of such shares need sign this form.