ANCHOR GROUP

ANCHOR GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2009/005413/06)
("Anchor" or "the Company")
ISIN Code: ZAE000193389 JSE Code: ACG

ACQUISITION OF 50% INTEREST IN THE PORTFOLIO BUREAU GROUP

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1. INTRODUCTION

1.1 Anchor is pleased to advise that it has entered into agreements in terms of which it will acquire, through a subscription for new ordinary shares, 50% of The Portfolio Bureau Proprietary Limited ("Portfolio Bureau") and 50% of Portfolio Bureau Investments Proprietary Limited ("Pbi").

1.2 Portfolio Bureau is an independent and authorised financial services provider and has been active in the financial services industry since 1994, with a substantial presence in Cape Town. Portfolio Bureau offers a diverse range of financial products and services.

1.3 Pbi is a newly established business holding a Category II licence in terms of the Financial Advisory and Intermediary Services Act and will act as an investment manager in respect of certain Collective Investment Schemes and other portfolios.

1.4 The acquisition is in line with Anchor's strategy to invest in high quality, successful businesses with a similar culture and strong management.

2. TERMS OF THE ACQUISITION

2.1 Anchor will subscribe for the Portfolio Bureau shares with effect from 1 November 2015. The aggregate subscription price to be paid by Anchor is R125 million, which will be settled through a cash payment of R93.75 million and the issue of 2.5 million Anchor shares at an agreed issue price of R12.50 per Anchor share. As Pbi is a newly established business, Anchor will subscribe for 50% of its shares for a nominal amount.

2.2 The subscription proceeds received by Portfolio Bureau will be utilised to settle previously declared dividends to be paid to St Louis Investments Proprietary Limited, the Legacy Investment Trust, the Monsoon Trust and Norman van Rooyen ("the existing shareholders"), who will retain a 50% interest in Portfolio Bureau.

2.3 The aggregate subscription price is based on the assumption that Portfolio Bureau will meet a profit target for the financial year ending 31 December 2016, and, if that target is not achieved and the existing shareholders elect, that it will meet a profit target for the financial year ending 31 December 2017. In the event that Portfolio Bureau does not meet the target/s in respect of the applicable financial year/s, the existing shareholders will pay an adjustment amount to Anchor, which will be determined in accordance with a predetermined formula, but is limited to a maximum amount of R31.25 million.

2.4 The existing shareholders have pledged and ceded the Anchor shares as security for any obligation to pay an adjustment amount. The price of the Anchor shares has been underpinned at R12.50, being the agreed issue price.

2.5 All the conditions precedent to the transaction have been, or will be fulfilled and the transaction will be implemented on or before 30 November 2015.

2.6 The transaction agreements will provide for typical warranties for a transaction of this nature.

3. FINANCIAL EFFECTS OF THE TRANSACTION FOR ANCHOR

3.1 Had the acquisition been in effect for the 6 months ended 30 June 2015, the pro forma effect on Anchor, assuming the payment of the purchase consideration (including the issue of 2.5 million Anchor shares) on 1 January 2015, would have been:

3.1.1 to increase Earnings Per Share (EPS) and Headline Earnings Per Share (HEPS) by 11%; and

3.1.2 to increase Adjusted Headline Earnings Per Share (AHEPS) by 11%.

3.2 The aggregate profit after taxation for Portfolio Bureau for the 12 months ended 28 February 2015 amounted to R19.1 million.

3.3 The net working capital of Portfolio Bureau as at 1 November 2015 (being the effective date of the transaction) has been warranted to be not less than R1.5 million.

4. CATEGORISATION

The transaction constitutes a category 2 acquisition for Anchor in terms of the JSE's Listings Requirements and does not require approval by the company's shareholders.

Johannesburg
26 November 2015

Designated Advisor
Arbor Capital Sponsors Proprietary Limited

Corporate Advisor
Java Capital Proprietary Limited

Legal advisor to Anchor Group

Legal advisor to Portfolio Bureau