

ANCHOR GROUP LIMITED

(formerly Andotorque Investments Proprietary Limited)

(Incorporated in the Republic of South Africa)

(Registration number 2009/005413/06)

("Anchor" or "the Company")

ISIN Code: ZAE000193389 JSE Code: ACG

ANNOUNCEMENT RELATING TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF METHWOLD INVESTMENTS PROPRIETARY LIMITED ("METHWOLD") AND RENEWAL OF CAUTIONARY ANNOUNCEMENT

INTRODUCTION

Further to the cautionary announcement published on 26 May 2015, shareholders are advised that the Company has concluded a Sale of Shares Agreement ("the Agreement") with the Haiden Family Trust, Cuross Trust, Cowen Childrens' Trust and AE McConnochie ("the Sellers") in terms of which Anchor has acquired an initial 66% of the issued share capital of Methwold and the later acquisition of the remaining 34% in Methwold ("the Acquisition"). The Sellers are not related parties to Anchor. The effective date of the acquisition is 1 June 2015.

TERMS OF THE ACQUISITION

The consideration for the acquisition of the 66% shareholding is R91.465 million and is to be settled by means of a cash amount of R72.825 million and the balance of R18.640 million through the issue of 1 864 000 shares at R10.00 per share to the Sellers.

Anchor will acquire the remaining 34% of Methwold in four (4) annual tranches based on a price earnings ratio of 8 times audited profit after taxation commencing from the year ending 31 December 2016. The purchase consideration for the remaining 34% has been capped at a maximum of the initial purchase consideration.

DESCRIPTION OF THE BUSINESS BEING ACQUIRED

Methwold is an investment holding company which holds 100% in Robert Cowen Investments (Pty) Limited ("RCI") which is a niche asset management business that manages segregated portfolios for private clients and institutions, and holds 100% in Apollo Trustees (Pty) Limited ("Apollo") which provides trust management services.

RCI is a well-run and respected business that looks after approximately 200 families and has Assets Under Management of R3.8 billion as at the effective date. It was started by Rob Cowen in 1982. Di Haiden and Alan McConnochie will continue to run the business in the same manner in which it has always been run and are contractually committed until at least the end of 2019.

RATIONALE FOR THE TRANSACTION

The Acquisition is in line with Anchor's strategic objectives at the time of listing to expand and grow its business through acquisition of quality businesses and attracting key talent and expertise to complement the Anchor Group.

The Anchor management team believes that the strong RCI culture of client service and its focus on both local and offshore investments fits perfectly within the Anchor culture. Anchor's established asset management and research team (which runs the Anchor BCI Equity fund which is the top performing in the country in its category over 1 and 2 years), should be able to contribute successful investment ideas to the RCI research team.

Over time, management believes there will be meaningful synergies, *inter alia*, in research, unit trust and offshore investments.

RCI are excellent at providing a 'one-stop-shop' for family wealth, with expertise in trusts, estate planning (liaising, where appropriate, with tax experts and lawyers) to ensure that families have an investment plan that maintains continuity and the transfer and safeguarding of wealth for future generations.

CONDITIONS PRECEDENT AND CATEGORISATION

The Acquisition is subject to conditions precedent including regulatory and board approval, to the extent necessary. The conditions precedent are to be met by 30 June 2015.

The Acquisition is categorised as a Category 2 acquisition in accordance with the JSE Listings Requirements and accordingly approval by Anchor shareholders is not required.

FINANCIAL INFORMATION

The net asset value of Methwold is R3.3 million and net profit after tax for the year ended 28 February 2015 was R12.069 million.

Had the acquisition been in effect for the year ended 31 December 2014, the pro forma effect on Anchor would have been:

- to increase Headline Earnings Per Share (HEPS) by 20%,
- to increase Adjusted Headline Earnings Per Share (AHEPS) by 18%; and
- to increase shares in issue by 1.3%.

RENEWAL OF CAUTIONARY ANNOUNCEMENT

Anchor is in other acquisition negotiations that, if concluded, may have an impact on the price at which securities are traded. Accordingly, shareholders are advised to continue to exercise caution until a further announcement is made.

Johannesburg
4 June 2015

Designated Advisor

Arbor Capital Sponsors Proprietary Limited

