

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 5 apply throughout this Circular including this front cover:

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

Actions required

1. If you have disposed of all of your Imperial Shares, this Circular should be handed to the purchaser of such Imperial Shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.
2. Imperial Shareholders are referred to page 1 of this Circular, which sets out the actions required by them.



CIRCULAR TO IMPERIAL SHAREHOLDERS

regarding:

- **the amendment to the MOI to revise the conversion profile of the Deferred Ordinary Shares; and**
- **the General Meeting;**

and incorporating:

- **a notice convening the General Meeting; and**
 - **a form of proxy to vote at the General Meeting (for use only by Certificated Imperial Shareholders and Own-name Dematerialised Imperial Shareholders).**
-

Investment Bank

Out of the Ordinary[®]



Legal Adviser



Transaction Sponsor

Out of the Ordinary[®]



Sponsor to Imperial



Date of issue: 18 September 2013

This Circular is available in English only and copies hereof may be obtained from the registered office of Imperial at the registered address set out in the "Corporate information and advisers" section of this Circular, during normal business hours on Business Days during the period from 18 September 2013 to 21 October 2013, both days inclusive.

CORPORATE INFORMATION AND ADVISERS

Directors of Imperial

TS Gcabashe (*Chairman*)**
A Tugendhaft (*Deputy Chairman*)*
HR Brody (*Chief Executive Officer*)
OS Arbee
MP de Canha
GW Riemann
M Swanepoel
T Dingaan*
S Engelbrecht**
RL Hiemstra*
MJ Leeming**
P Langeni**
MV Moosa*
RJA Sparks**
Y Waja**

* Non-executive

** Independent non-executive

Company Secretary and registered office

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

Investment Bank and Transaction Sponsor

Investec Bank Limited
(Registration number 1969/004763/06)
100 Grayston Drive
Sandown
Sandton
2196
(PO Box 785700, Sandton, 2146)

Sponsor to Imperial

Merrill Lynch South Africa Proprietary Limited
A subsidiary of Bank of America
(Registration number 1995/001805/07)
138 West Street
Sandown
Sandton
2196
(PO Box 651987, Benmore, 2010)

Legal Advisers

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

Transfer Secretaries

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

Date and place of incorporation

15 February 1946, South Africa

ACTIONS REQUIRED BY IMPERIAL SHAREHOLDERS

This Circular is important and requires your immediate attention.

Please take careful note of the following provisions regarding the action required by Imperial Shareholders. If you are in any doubt as to what actions to take, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

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

The General Meeting will be held at 10:00 on Monday, 21 October 2013 at Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, 2007, for purposes of considering and, if deemed fit, passing the special and ordinary resolution required to authorise the amendment to the MOI. The notice convening the General Meeting is attached to and forms part of this Circular.

1. DEMATERIALISED IMPERIAL SHAREHOLDERS WHO ARE NOT OWN-NAME DEMATERIALISED IMPERIAL SHAREHOLDERS

1.1 Voting at the General Meeting

1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.

1.1.2 If you have not been contacted by your Broker or CSDP, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.

1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.

1.1.4 You must **not** complete the attached form of proxy (*blue*).

1.2 Attendance and representation at the General Meeting

In accordance with the mandate between you and your Broker or CSDP, you must advise your Broker or CSDP if you wish to attend the General Meeting and if so, your Broker or CSDP will issue the necessary letter of representation to you to attend and vote at the General Meeting.

2. CERTIFICATED IMPERIAL SHAREHOLDERS AND DEMATERIALISED IMPERIAL SHAREHOLDERS WHO ARE OWN-NAME DEMATERIALISED IMPERIAL SHAREHOLDERS

2.1 Voting and attendance at the General Meeting

2.1.1 You may attend and vote at the General Meeting in person.

2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the relevant form of proxy (*blue*) attached in accordance with the instructions contained therein and returning it to the Transfer Secretaries, to be received by them, for administrative purposes, in the case of the General Meeting no later than 10:00 on Thursday, 17 October 2013 (or to the Company by hand by no later than 10:00 on Monday, 21 October 2013).

3. GENERAL

3.1 Approvals necessary for the amendment of the MOI at the General Meeting

The amendment of the MOI is subject, *inter alia*, to the approval of Imperial Shareholders by special resolution at the General Meeting in accordance with the Companies Act and Imperial's MOI. In order to be approved, the special resolution must be adopted with the support of at least 75% of the voting rights exercised on such resolution at the General Meeting.

3.2 **Electronic participation in the General Meeting**

Imperial Shareholders wishing to participate electronically in the General Meeting are required to deliver, by no later than 10:00 on Thursday, 17 October 2013, a written notice to Imperial at Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, 2007 (marked for the attention of Imperial's Company Secretary), that they wish to participate via electronic communication at the General Meeting.

In order for the abovementioned notice to be valid it must contain: (a) if the Imperial Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the Imperial Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the General Meeting; (c) a valid email address and/or facsimile number; and (d) confirmation of whether the Imperial Shareholder wishes to vote via electronic communication. Imperial shall use its reasonable endeavours to notify Imperial Shareholders wishing to participate in the General Meeting by way of electronic communication of the relevant details through which the shareholder can participate via electronic communication by no later than 24 hours before the General Meeting.

Should an Imperial Shareholder wishing to participate in the General Meeting by way of electronic communication as mentioned above, such shareholder or his proxy, will be required to dial-in to the dial-in facility on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, from the time of commencement of, and for the duration of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the General Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

3.3 **Dematerialisation**

If an Imperial Shareholder wishes to Dematerialise his Imperial Shares, he should contact his Broker or CSDP.

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IMPORTANT DATES AND TIMES

2013

Notice record date, being the date on which an Imperial Shareholder must be registered in the Register in order to be eligible to receive the notice convening the General Meeting on	Friday, 13 September
Circular containing a notice convening the General Meeting posted to Imperial Shareholders and notice convening the General Meeting released on SENS on	Wednesday, 18 September
Notice convening the General Meeting published in the South African press on	Thursday, 19 September
Last day to trade Imperial Shares in order to be recorded in the Register to vote at the General Meeting (see note 2 below) on	Friday, 4 October
Record date for the General Meeting, being the date on which Imperial Shareholders must be registered in the Register in order to be eligible to attend and participate in the General Meeting to vote thereat, by close of trade on	Friday, 11 October
Forms of proxy in respect of the General Meeting to be lodged with the Transfer Secretaries, for administrative purposes, by 10:00, on (or may thereafter be lodged by hand with the Company prior to 10:00 on Monday, 21 October 2013)	Thursday, 17 October
General Meeting to be held at 10:00 on	Monday, 21 October
Results of the General Meeting released on SENS on	Monday, 21 October

Notes:

1. The above dates and times are subject to amendment at the discretion of Imperial. Any such amendment will be released on SENS and published in the South African press.
2. Imperial Shareholders should note that as transactions in Imperial Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place five Business Days after such trade. Therefore, Imperial Shareholders who acquire Imperial Shares after close of trade on Friday, 4 October 2013 will not be eligible to attend, participate in and to vote at the General Meeting.
3. All dates and times indicated above are South African Standard Times.

DEFINITIONS

In this Circular, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing one gender include the other genders and references to a person include references to a body corporate and *vice versa*:

“BEE”	black economic empowerment;
“Board”	the board of directors of Imperial whose names appear in the “Corporate information and advisers” section of this Circular;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
“Business Day”	a day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Imperial Shares”	Imperial Shares represented by a share certificate or other physical document of title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
“Circular”	this circular to Imperial Shareholders, dated Wednesday, 18 September 2013, including the annexures hereto, the notice of General Meeting and the form of proxy;
“Companies Act”	the Companies Act, 2008 (Act No. 71 of 2008), as amended;
“CSDP”	a person that holds in custody and administers securities or an interest in securities and that has been accepted by a central securities depository as a participant in terms of section 31 of the Financial Markets Act;
“Deferred Ordinary Shares”	deferred ordinary shares with a par value of 4 cents each carrying the rights set out in Annexure A of the MOI, which will be amended in terms of special resolution number 1 contained in the notice of General Meeting forming part of this Circular. The Deferred Ordinary Shares were issued to Ukhamba in 2004;
“Dematerialisation”	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of securities holders maintained by a CSDP and “Dematerialised” shall bear the corresponding meaning;
“Dematerialised Imperial Shareholders”	those Imperial Shareholders who hold Dematerialised Imperial Shares;
“Dematerialised Imperial Shares”	Imperial Shares which have been Dematerialised;
“Development Trust”	Imperial and Ukhamba Community Development Trust, a trust formed with Master’s reference number IT 3821/04;
“Directors”	directors for the time being of Imperial;
“Existing Conversion Profile”	the current conversion profile of the Deferred Ordinary Shares whereby: <ul style="list-style-type: none">• the number of Deferred Ordinary Shares which convert into Imperial Shares each year on a one-for-one basis is based on the Headline Earnings Based Formula up until June 2018;• Deferred Ordinary Shares will convert into Imperial Shares in tranches of 500 000 shares per annum thereafter until all the Deferred Ordinary Shares have converted into Imperial Shares; and• the number of Deferred Ordinary Shares that actually convert into Imperial Shares on a one-for-one basis is adjusted for the weighted average number of shares in issue by applying the following formula:

	<i>Deferred Ordinary Shares per the Existing Conversion Profile x weighted average number of Imperial Shares in issue during the year less Deferred Ordinary Shares which have converted to Imperial/Imperial Shares in issue as at the issue date (excluding Treasury Shares);</i>
“Financial Markets Act”	the Financial Markets Act, 2012 (Act No. 19 of 2012), as amended;
“General Meeting”	the General Meeting of Imperial Shareholders to be held at Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, 2007 on Monday, 21 October 2013 at 10:00 for the purpose of considering and, if deemed fit, passing the special and ordinary resolution set out in the notice of General Meeting forming part of this Circular;
“HDI”	historically disadvantaged individual;
“Headline Earnings”	headline earnings as defined in Circular 7/2002 issued on 17 December 2002 by The South African Institute of Chartered Accountants, or any subsequent amendment thereof;
“Headline Earnings Based Formula”	the formula to determine the number of Deferred Ordinary Shares that convert into Imperial Shares on a one-for-one basis each year up until June 2018 based on Imperial's growth rate in HEPS: <ul style="list-style-type: none"> • 500 000 if HEPS growth equals or exceeds 10% over the previous financial year; • 750 000 if HEPS growth equals or exceeds 11% over the previous financial year; • 1 000 000 if HEPS growth equals or exceeds 12% over the previous financial year; • 1 250 000 if HEPS growth equals or exceeds 13% over the previous financial year; and • if HEPS growth over the previous financial year is lower than 10%, there will be no conversion of Deferred Ordinary Shares into Imperial Shares for that particular year;
“HEPS”	headline earnings per share;
“Imperial” or “the Company”	Imperial Holdings Limited (Registration number 1946/021048/06), a public company duly registered and incorporated in accordance with the company laws of South Africa;
“Imperial Shares”	ordinary no par value shares in the share capital of Imperial;
“Imperial Shareholders”	the registered holders of Imperial Shares as appearing on the main and sub-registers of Imperial;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and licensed to operate an exchange under the Financial Markets Act;
“Last Practicable Date”	the last practicable date prior to the finalisation of the Circular, being Wednesday, 11 September 2013;
“Listings Requirements”	the listings requirements of the JSE, as amended from time to time;
“MOI”	the memorandum of incorporation of Imperial;
“Own-name Dematerialised Imperial Shareholders”	those Imperial Shareholders that hold Dematerialised Imperial Shares in their own name, forming part of the Register;
“OTC”	over the counter;
“Proposed Amendments”	<i>inter alia</i> , the following proposed amendments to Imperial's existing BEE structure with Ukhamba as set out in more detail in paragraph 4: <ul style="list-style-type: none"> • amend the conversion period of the Deferred Ordinary Shares by replacing the Existing Conversion Profile with the Proposed Conversion Profile; • restrict the Ukhamba board of directors from transferring ownership of the Imperial Shares held by Ukhamba during the 12-year duration of the Proposed Conversion Profile; • facilitate the trading of the Ukhamba Shares held by the Ukhamba Trust and the Development Trust on an OTC trading platform; and

	<ul style="list-style-type: none"> remove the Ukhamba board of directors' right to appoint a Director to Imperial's Board.
"Proposed Conversion Profile"	the proposed conversion profile of Deferred Ordinary Shares whereby they will convert in 12 equal tranches of 831 469 shares each year commencing 30 June 2014 and ending 30 June 2025;
"Rand" or "R"	South African Rand, the official currency of South Africa;
"Register"	the securities register of Imperial Shareholders maintained by Imperial in terms of the Companies Act including the register of Certificated Imperial Shareholders and the sub-registers of Dematerialised Imperial Shareholders maintained by the relevant CSDPs in accordance with the Companies Act;
"SENS"	the Stock Exchange News Service of the JSE;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Limited (Registration number 1998/022242/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and a registered central securities depository responsible for the electronic custody and settlement system for transactions that take place on the JSE and off-market trades;
"Transfer Secretaries"	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the company laws of South Africa;
"Treasury Shares"	Imperial Shares held by Imperial's subsidiaries;
"Ukhamba"	Ukhamba Holdings Proprietary Limited (Registration number 1998/017702/07), a private company duly registered and incorporated in accordance with the company laws of South Africa. Ukhamba is 46.9% owned by Imperial with the balance owned by the Ukhamba Trust (47.1%) and the Development Trust (6.0%);
"Ukhamba Shares"	ordinary no par value shares in the share capital of Ukhamba; and
"Ukhamba Trust"	Ukhamba Trust, a trust formed with Master's reference number IT 11896/98. The beneficiaries of the Ukhamba Trust comprise approximately 15 575 employees and former employees of Imperial.

FAST MOVING
FORWARD THINKING



IMPERIALTM

Imperial Holdings Limited

(Incorporated in the Republic of South Africa)

Registration number 1946/021048/06

Share code: IPL ISIN: ZAE000003620

Directors

Non-executive

TS Gcabashe (*Chairman*)*
A Tugendhaft (*Deputy Chairman*)
T Dinga
S Engelbrecht*
RL Hiemstra
MJ Leeming*
P Langeni
MV Moosa
RJA Sparks*
Y Waja*

Executive

HR Brody (*Chief Executive Officer*)
OS Arbee
MP de Canha
GW Riemann
M Swanepoel

* *Independent*

CIRCULAR TO IMPERIAL SHAREHOLDERS

I. INTRODUCTION

The beneficiaries of the Ukhamba Trust, which owns 47.1% of the Ukhamba Shares, have, for some time, been indicating to Imperial a desire for liquidity in order to realise value for the units they hold in the Ukhamba Trust.

Ukhamba's 10.1% shareholding in Imperial, which arises from Ukhamba's holding of Imperial Shares and Deferred Ordinary Shares is an important component of Imperial's black empowerment and Ukhamba is currently free to dispose of or unbundle the unencumbered Imperial Shares which it currently holds and those Imperial Shares that it will receive as the Deferred Ordinary Shares convert. The pace and quantum of conversion of Deferred Ordinary Shares is however uncertain and can potentially take up to 29 years.

As a result, and in order to achieve an outcome that is beneficial to all stakeholders, Imperial is recommending the Proposed Amendments to the Ukhamba BEE structure which involve, *inter alia*:

- amending the conversion period of the Deferred Ordinary Shares from the Existing Conversion Profile to the Proposed Conversion Profile over a fixed 12-year period. This amendment requires approval by special resolution to amend Imperial's MOI;
- Ukhamba agreeing not to transfer ownership of the Imperial Shares held by Ukhamba during the 12-year duration of the Proposed Conversion Profile;
- facilitating the trading of the Ukhamba Shares held by Ukhamba Trust and the Development Trust on an OTC trading platform; and
- Ukhamba agreeing to relinquish its right to appoint a Director to Imperial's Board.

The purpose of this Circular is to provide Imperial Shareholders with the relevant information relating to the amendment of Imperial's MOI, in accordance with the provisions of the Companies Act and the Listings Requirements, and to give notice convening the General Meeting in order to consider and, if deemed fit, pass the special and ordinary resolution necessary to approve the amendment to the MOI and effect the Proposed Amendments to the Ukhamba BEE structure.

2. RATIONALE

As a leading transportation and mobility group, it is Imperial's intention to continue to support BEE in South Africa. Imperial believes that BEE will bring long-term economic benefits to the country and that empowerment initiatives will improve the lives of a wide range of HDI's by addressing the discrimination and imbalances of the past.

It is in this light that Imperial is recommending the Proposed Amendments, which have been designed to:

- provide an opportunity to the existing beneficiaries to realise monetary value;
- preserve and enhance Imperial's existing BEE ownership structure;
- preserve Imperial's current business in the sectors of the economy in which it operates;
- demonstrate Imperial's continued commitment to BEE and transformation;
- achieve the initial objectives of the Ukhamba structure to empower beneficiaries including Imperial employees; and
- enhance staff morale of the Imperial employees who have participated in the Ukhamba BEE structure for nine years and who have expressed a desire to monetise their investment.

In order to achieve these objectives, Ukhamba Shares will be tradeable on an OTC platform to 100% black owned entities or black individuals. Imperial will revise the Existing Conversion Profile of the remaining Deferred Ordinary Shares to introduce certainty to the conversion profile and increase the attractiveness of Ukhamba Shares as an investment alternative for qualifying investors (being 100% black owned entities or black individuals).

3. BACKGROUND

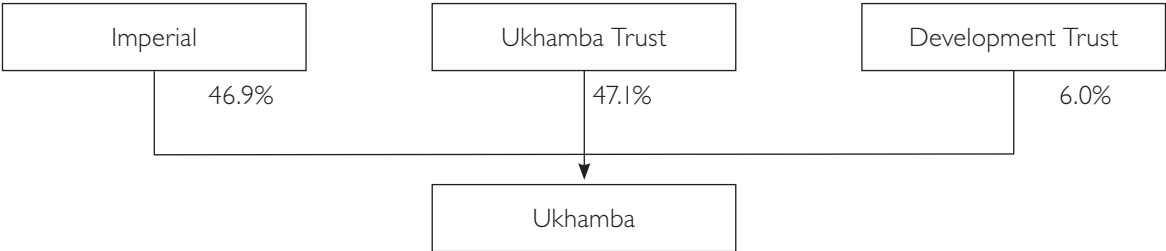
3.1 Description

Ukhamba, an investment holding company, with investments in a range of businesses, was formed by Imperial on 6 November 1998 as a venture between Imperial and the Ukhamba Trust. The Ukhamba Trust gave HDIs an opportunity to purchase an interest in Ukhamba through the purchase of Ukhamba Trust units. Ukhamba was formed to create a culture of savings, to generate wealth and to facilitate the transfer of skills for Imperial's historically disadvantaged employees. Imperial provided seed capital of R15 million for the creation of Ukhamba.

In terms of a general meeting held on 3 March 2004, Imperial Shareholders approved, by way of a special resolution, the specific issue of 22 755 389 Deferred Ordinary Shares for cash at par value of 4 cents to Ukhamba. This issue of shares to Ukhamba ensured that Imperial became a "black-empowered" company with 25.1% of its equity owned by HDIs and was the culmination of a long-term strategy by Imperial to effect true, broad-based BEE.

3.2 Beneficiaries

Ukhamba is 46.9% owned by Imperial with the balance owned by the Ukhamba Trust (47.1%) and the Development Trust (6.0%).



The beneficiaries of the Ukhamba Trust constitute approximately 15 575 HDIs each of whom own units in the Ukhamba Trust which allow them to participate in any dividends and other amounts arising from Ukhamba's investments, including its investment in Imperial Shares and Deferred Ordinary Shares.

The Development Trust provides financial support for specific educational needs of a number of historically disadvantaged communities. The trust supports ten schools and has assisted in establishing libraries at some of these schools. In addition, learners are exposed to a range of cultural, sporting and extracurricular activities. The trust touches the lives of approximately 10 000 children.

3.3 **Salient terms of the existing structure**

3.3.1 **Ukhamba's shareholding in Imperial**

As at the Last Practicable Date, Ukhamba holds 10 898 684 Imperial Shares and 11 856 705 Deferred Ordinary Shares. The Deferred Ordinary Shares will currently convert under the Existing Conversion Profile and are subject to the terms and conditions set out in Annexure A of the MOI. The terms and conditions set out that the Imperial Shares held by Ukhamba cannot exceed 10.1% of the Imperial Shares in issue net of Treasury Shares.

3.3.2 **Entitlement to dividends**

Other than in respect of a bonus issue or capitalisation issue, Deferred Ordinary Shares are not entitled to receive distributions or dividends. Only once the Deferred Ordinary Shares convert to Imperial Shares will they receive distributions or dividends on the same basis as other Imperial Shares.

3.3.3 **Restriction on transfer**

The Deferred Ordinary Shares and Imperial Shares held by Ukhamba are currently subject to the following restrictions on transfer:

3.3.3.1 Ukhamba is not entitled at any time to transfer ownership of any of the Deferred Ordinary Shares;

3.3.3.2 Ukhamba is entitled to unbundle or dispose of any of the Imperial Shares that have resulted from the conversion of the Deferred Ordinary Shares;

3.3.3.3 Ukhamba has pledged 9 538 147 of the Imperial Shares as collateral for cash raised in 2011 to make a substantial dividend payout to its shareholders. Approximately R800 million of cash was raised and distributed to Ukhamba's shareholders. Ukhamba is restricted from transferring ownership on these pledged shares.

3.3.4 **Voting rights of the Deferred Ordinary Shares**

Each Deferred Ordinary Share has one vote and accordingly ranks *pari passu* with Imperial Shares with regards to voting rights.

3.3.5 **Other terms of the Deferred Ordinary Shares**

The JSE's approval of the creation and issue of the Deferred Ordinary Shares in 2004 was subject to the following terms being reflected in the MOI:

3.3.5.1 that any further issue of the Deferred Ordinary Shares is entirely subject to the provisions of the Listings Requirements;

3.3.5.2 that no additional Deferred Ordinary Shares shall be issued without the approval of the JSE and Imperial Shareholders, if such additional Deferred Ordinary Shares, together with the originally issued Deferred Ordinary Shares constitute more than 10.1% of Imperial's aggregate net issued shares;

3.3.5.3 that the holders of Deferred Ordinary Shares may not veto any resolution that would otherwise have been passed by the holders of Imperial Shares; and

3.3.5.4 that notwithstanding any clause of the MOI pertaining to general meetings of Imperial Shareholders and/or holders of Deferred Ordinary Shares, the votes cast by each holder will rank equally.

The Deferred Ordinary Shares are not listed on the JSE but are subject to the Listings Requirements.

4. **DETAILS OF THE PROPOSED AMENDMENTS**

4.1 **Amendments to Imperial's MOI**

4.1.1 It is proposed that Imperial amend the conversion profile of the Deferred Ordinary Shares from the Existing Conversion Profile to the Proposed Conversion Profile.

4.1.2 The Existing Conversion Profile of the Deferred Ordinary Shares results in:

- a certain number of Deferred Ordinary Shares converting into Imperial Shares each year on a one-for-one basis based on the Headline Earnings Based Formula up until June 2018 (see paragraph 4.1.3 below);
- Deferred Ordinary Shares converting into Imperial Shares in tranches of 500 000 shares per annum after June 2018 until all of the Deferred Ordinary Shares have converted into Imperial Shares; and
- the number of Deferred Ordinary Shares that actually convert into Imperial Shares on a one-for-one basis is adjusted for the weighted average number of shares in issue by applying the following formula:

Deferred Ordinary Shares per the Existing Conversion Profile x weighted average number of Imperial Shares in issue during the year less Deferred Ordinary Shares which have converted to Imperial Shares / Imperial Shares in issue as at the issue date (excluding Treasury Shares).

4.1.3 In terms of the Headline Earnings Based Formula the following number of Deferred Ordinary Shares convert into Imperial Shares on a one-for-one basis each year up until June 2018 based on Imperial's growth rate in HEPS:

- 500 000 if HEPS growth equals or exceeds 10% over the previous financial year;
- 750 000 if HEPS growth equals or exceeds 11% over the previous financial year;
- 1 000 000 if HEPS growth equals or exceeds 12% over the previous financial year;
- 1 250 000 if HEPS growth equals or exceeds 13% over the previous financial year; and
- if HEPS growth over the previous financial year is lower than 10%, there will be no conversion of Deferred Ordinary Shares into Imperial Shares for that particular year.

4.1.4 The Proposed Conversion Profile will result in the Deferred Ordinary Shares converting in 12 equal tranches of 831 469 shares each year commencing 30 June 2014 and ending 30 June 2025. This will simplify the conversion profile of the Deferred Ordinary Shares and will facilitate the trade in Ukhamba Shares on the OTC market.

4.1.5 The Deferred Ordinary Shares will retain the existing voting rights attached to them.

4.1.6 The estimated range of the IFRS 2 cost of amending the conversion profile from the Existing Conversion Profile to the Proposed Conversion Profile has been calculated, based on a number of assumptions at the date of the Circular, as approximately R70 million to R100 million.

4.2 **Amendments to the Ukhamba Shareholders and Subscription Agreement**

4.2.1 The existing Ukhamba Shareholders Agreement will be cancelled and the Subscription Agreement will be amended to remove the ability of Ukhamba to appoint a representative to the Imperial Board. Under the Proposed Conversion Profile, a fixed number of Deferred Ordinary Shares convert to Imperial Shares over the next 12 years with no link to the performance of Imperial. As a result, there is no longer the need for Ukhamba to be represented on the Board.

4.2.2 The cancellation of the existing Ukhamba Shareholders Agreement and amendment of the Subscription Agreement is a condition precedent to the amendment of Imperial's MOI (refer to paragraph 5.1.2).

4.2.3 Ukhamba's Shareholders, being the Ukhamba Trust, the Development Trust and Imperial are required to approve and sign the new agreement.

4.3 **Amendments to Ukhamba's Memorandum of Incorporation**

4.3.1 Ukhamba's Memorandum of Incorporation will be amended in order to:

- create three classes of shares from the existing Ukhamba Shares:
 - "A" shares: to be held by the Ukhamba Trust (47.1% of the aggregate of the "A" shares and the "B" shares) and the Development Trust (6.0% of the aggregate of the "A" shares and the "B" shares) which will be tradeable on the OTC platform and may only be sold to black persons and 100% black owned entities;
 - "B" shares: to be held by Imperial (46.9% of the aggregate of the "A" shares and the "B" shares) which will be unlisted and unrestricted;

- “C” shares: unlisted shares to be held 47.1% by the Ukhamba Trust; 6.0% by the Development Trust and 46.9% by Imperial which will entitle the holders to any distribution in respect of Ukhamba’s investments other than Imperial Shares and Deferred Ordinary Shares;
 - increase the number of Ukhamba Shares such that the total number of units that beneficiaries of the Ukhamba Trust hold will be proportional to the total number of Ukhamba Shares held by the Ukhamba Trust;
 - govern the unwind of Ukhamba at the end of the 12-year period including the manner in which the Imperial Shares will be distributed to shareholders of Ukhamba; and
 - restrict Ukhamba from distributing Imperial Shares currently owned by Ukhamba and those that it will receive as the Deferred Ordinary Shares convert until the end of the 12-year period.
- 4.3.2 The amendments of Ukhamba’s Memorandum of Incorporation will be voted on by Ukhamba’s Shareholders, being the Ukhamba Trust, the Development Trust and Imperial at a general meeting scheduled for 10:30 on Monday, 21 October 2013.

4.4 **Amendments to the trust deed of the Ukhamba Trust**

- 4.4.1 The trust deed of the Ukhamba Trust will be amended as follows:
- to permit OTC trading allowing beneficiaries of the Ukhamba Trust to dispose of their entitlements for cash;
 - to take into account the change in the capital structure of Ukhamba to comprise sufficient Ukhamba Shares such that each unit in the Ukhamba Trust equates to an agreed number of Ukhamba Shares;
 - Ukhamba Shares held by the Ukhamba Trust at the end of the 12-year period will result in the trust receiving a distribution of Imperial Shares;
 - The Ukhamba Trust will in turn distribute the Imperial shares received by it to the beneficiaries of the trust.
 - the Ukhamba Trust will effectively operate on "autopilot" as a conduit to dispose of the Ukhamba Shares on the beneficiaries' behalf, until such time as all beneficiaries have disposed of their rights to the Ukhamba Shares, at which point the trust can be dissolved;
 - present trustees will continue and existing trustees will have the right to appoint any new trustees only if there is a vacancy; and
 - future amendments to the trust deed will require approval by 51% of unitholders present in person or by proxy at the meeting.
- 4.4.2 The amendment of the trust deed of the Ukhamba Trust is a condition precedent to the amendment of Imperial's MOI (refer to paragraph 5.1.3).
- 4.4.3 The trustees of the Ukhamba Trust are required to approve the proposed amendments to the trust deed.

4.5 **Trade on an OTC platform**

- 4.5.1 Trade in Ukhamba Shares will be facilitated on an OTC trading platform to allow beneficiaries of the Ukhamba Trust to monetise their entitlements in the trust. The Development Trust is also able to trade its shares on the OTC trading platform.
- 4.5.2 Only black individuals and 100% black owned entities will be allowed to buy and own the Ukhamba Shares to ensure Imperial's BEE ownership is not diluted.
- 4.5.3 It is anticipated that the trading on the OTC platform will commence on or about 15 November 2013.

5. **CONDITIONS**

- 5.1 The proposed amendment to the MOI is subject to the fulfilment, *inter alia*, of the following conditions precedent:
- 5.1.1 the requisite majority of Imperial Shareholders providing the necessary approvals required to amend the MOI in terms of Imperial's MOI, the Companies Act and the Listings Requirements, to the extent required;

- 5.1.2 the cancellation of the Ukhamba Shareholders Agreement and the amendment of the Subscription Agreement to remove the ability of Ukhamba to appoint a director to the Imperial Board;
- 5.1.3 the amendment of the trust deed of the Ukhamba Trust in order to implement the changes as outlined in paragraph 4.4; and
- 5.1.4 the obtaining of such regulatory approvals as may be necessary, including, but not limited to, the approval of the JSE.

6. IRREVOCABLE UNDERTAKINGS

The following Imperial Shareholders, holding a total of 79 870 401 Imperial Shares, which represent a voting interest of 41.8% excluding Treasury Shares and Imperial Shares held by Ukhamba, have provided irrevocable undertakings and/or letters of support to vote in favour of the amendment of the MOI:

Imperial Shareholder	Number of Imperial Shares	% voting rights
Public Investment Corporation	28 736 235	15.0
J.P. Morgan Asset Management	15 273 664	8.0
Lynch Family Holdings	8 596 697	4.5
Investec Asset Management	6 325 465	3.3
Lereko Mobility Proprietary Limited	5 929 544	3.1
Mazi Capital Proprietary Limited	5 000 000	2.6
Abax Investments Proprietary Limited	2 963 694	1.6
Prudential Portfolio Managers	2 635 401	1.4
Coronation Asset Management Proprietary Limited	1 584 701	0.8
Other	2 825 000	1.5
Total	79 870 401	41.8

7. CONSENTS

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

8. OPINIONS AND RECOMMENDATIONS

The Board has considered the Proposed Amendments and is of the opinion that the Proposed Amendments are in the best interests of:

- the Ukhamba Trust and the Development Trust and their beneficiaries as the Proposed Amendments shorten the likely conversion period of the Deferred Ordinary Shares which enhances the value in Ukhamba and provide the beneficiaries with the opportunity to realise monetary value for their units in the trusts; and
- Imperial Shareholders as it secures Imperial's BEE ownership for a further 12 years at an acceptable cost.

Accordingly, the Board recommends that Imperial Shareholders vote in favour of the resolutions required to amend the MOI.

The Directors with direct and/or indirect beneficial shareholdings in Imperial intend to vote such Imperial Shares in favour of the resolutions to be proposed at the General Meeting.

9. RESPONSIBILITY STATEMENT

The Directors whose details are set out in the "Corporate information and advisers" section of this Circular:

- have considered all statements of fact and opinion in this Circular;
- collectively and individually, accept full responsibility for the accuracy of the information given in this Circular for purposes of providing appropriate information to Imperial Shareholders in relation to and for purposes of the Proposed Amendment of the MOI;
- certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading;

- have made all reasonable enquires in this regard; and
- certify to the best of their knowledge and belief, that the Circular contains all information required by law and the Listings Requirements.

10. **GENERAL MEETING**

A General Meeting of Imperial Shareholders will be held in the boardroom at Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, 2007 on Monday, 21 October 2013 at 10:00 in order to consider and, if deemed fit, pass, with our without modification, the resolutions as set out in the notice of General Meeting attached and forming part of this Circular.

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

11. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the registered office of Imperial, from Wednesday, 18 September 2013 up to and including the date of the General Meeting:

- the MOI of Imperial;
- the signed irrevocable undertakings referred to in paragraph 6 of this Circular;
- the Memorandum of Incorporation of Ukhamba;
- the Ukhamba Shareholders and Subscription Agreements;
- the trust deeds of the Ukhamba Trust and the Development Trust;
- the written consent of each of the advisers set out in paragraph 7 of this Circular; and
- a signed copy of this Circular.

For and on behalf of

IMPERIAL HOLDINGS LIMITED

Rohan Venter

Group Legal Adviser and Company Secretary

Johannesburg

18 September 2013

PROPOSED AMENDMENTS TO THE MOI

I. SPECIAL RIGHTS AND CONDITIONS ATTACHED TO THE DEFERRED ORDINARY SHARES

I.1 Interpretation

For the purposes of this Annexure A, the following terms shall have the meanings assigned to them hereunder:

- I.1.1 "the auditors" means the auditors for the time being of the Company;
- I.1.2 "the board" means the board of directors of the Company;
- I.1.3 "the Company" or "Imperial" means Imperial Holdings Limited;
- I.1.4 "the conversion" means the conversion of deferred ordinary shares into ordinary shares during the conversion period;
- I.1.5 "conversion date" means 30 June of each year during the conversion period;
- I.1.6 "conversion period" means the twelve year period commencing on 1 July 2013;
- I.1.7 "the converted shares" means, at any time, the cumulative total number of deferred ordinary shares that have been converted into ordinary shares;
- I.1.8 "CSDP" means a Central Securities Depository Participant, accepted as a participant in terms of section 31 of the Financial Markets Act, 2012 (Act 19 of 2012), as amended;
- I.1.9 "the deferred ordinary shares" means 22 755 389 deferred ordinary shares of a par value of 4 cents each in the capital of the Company, being the original number of deferred ordinary shares that were allotted and issued by the Company;
- I.1.10 "effective date" means 20 August 2013, being the date on which 1 122 377 deferred ordinary shares converted to ordinary shares, which was the last conversion prior to the conversion which will in the future occur during the conversion period in the manner provided in clause I.13;
- I.1.11 "the Group" means, collectively, the Company, its subsidiaries and associates;
- I.1.12 "the Listings Requirements" means the Listings Requirements of the JSE;
- I.1.13 "MOI" means the Memorandum of Incorporation of the Company;
- I.1.14 "ordinary shares" means ordinary shares of a par value of 4 cents each in the capital of the Company;
- I.1.15 "the specified deferred ordinary shares" means 9 977 628 deferred ordinary shares, provided that any additional deferred ordinary shares acquired by the holders of the deferred ordinary shares in terms of I.3.3 and/or I.3.4, shall be deemed to constitute part of the specified deferred ordinary shares;
- I.1.16 "treasury shares" means any ordinary shares which are owned by any subsidiary of the Company.

I.2 Rights, privileges and conditions

The rights, privileges and conditions which attach to the deferred ordinary shares are set out in I.3 to I.17 hereof.

I.3 Issue price

Each deferred ordinary share was issued at its par value, of 4 cents, on the basis that:

- I.3.1 if the issued ordinary shares of a par value of 4 cents each in the capital of the Company are consolidated or subdivided, the same shall apply, *mutatis mutandis*, to the deferred ordinary shares;
- I.3.2 if any rights issue is implemented by the Company in respect of the ordinary shares, the holders of the deferred ordinary shares shall not be entitled to participate in the rights issue;
- I.3.3 if the board so determines, and subject to the approval of the holders of the ordinary shares in general meeting and of the JSE, if required, the holders of the deferred ordinary shares may be given

the right in respect of any rights issue as contemplated in 1.3.2, to subscribe at a par value of 4 cents each (or free of any consideration if the shares concerned are no par value shares), for that number of additional deferred ordinary shares, which together with the aggregate of the converted shares as at the effective date and the specified deferred ordinary shares, will constitute 10.1% of the total issued share capital of the Company after the rights issue (excluding any treasury shares but including the deferred ordinary shares);

1.3.4 if any capitalisation or bonus issue is implemented by the Company, the holders of the deferred ordinary shares shall be entitled and confined to a distribution from the Company of so many additional deferred ordinary shares, which together with the aggregate of the converted shares as at the effective date and the specified deferred ordinary shares, will constitute 10.1% of the total issued share capital of the Company after the capitalisation or bonus issue (excluding any treasury shares but including the additional deferred ordinary shares).

1.4 **No participation in dividends or other distributions**

Save as provided in 1.3.4 and 1.5, the deferred ordinary shares shall not participate in, or receive any dividends or capital distributions distributed by the Company and/or any other payments made by the Company in terms of Section 46 of the Act.

1.5 **Rights on winding-up**

The deferred ordinary shares shall confer on the holders thereof the right, in a winding-up, to repayment of the par value thereof, *pari passu* with the holders of the ordinary shares, but no further right to participate in the profits or assets of the Company.

1.6 **Voting rights**

1.6.1 The deferred ordinary shares shall rank *pari passu* in all respects with the ordinary shares with respect to voting rights.

1.6.2 In accordance with 1.6.1, notwithstanding anything to the contrary which may be contained in the MOI, the holders of the deferred ordinary shares shall not be entitled to veto any resolution that would otherwise have been capable of being passed by the required majority of votes, collectively, of the holders of the ordinary shares and the deferred ordinary shares.

1.7 **Separate class**

The deferred ordinary shares shall constitute a separate class of shares.

1.8 **Variation of rights**

All or any of the rights attaching to the deferred ordinary shares may only be modified, altered, varied, added to or abrogated, with the prior written consent of the holders of at least 75% of the issued deferred ordinary shares or the sanction of a resolution of the holders of the issued deferred ordinary shares passed at a separate general meeting of such holders and at which members holding in the aggregate not less than 75% of the total votes of all the holders of the deferred ordinary shares entitled to vote at that meeting are present in person or by proxy and the resolution has been passed by not less than 75% of the total votes to which the holders of the deferred ordinary shares present in person or by proxy are entitled.

1.9 **Meetings and quorum**

Subject to 1.8, at every separate meeting of the holders of the deferred ordinary shares the provisions of the MOI relating to general meetings of ordinary members shall apply *mutatis mutandis*, except that a quorum at any such general meeting of the holders of the deferred ordinary shares shall be a person or persons holding or representing by proxy at least 75% of the issued deferred ordinary shares, provided that if at any adjournment of such meeting a quorum is not present, then the provisions of the MOI relating to adjourned meetings shall, *mutatis mutandis*, apply.

1.10 **Restriction on transfer**

The holders of the deferred ordinary shares shall not, whether directly or indirectly, be entitled to sell, alienate, or in any other manner dispose of, transfer, relinquish any rights to, beneficial or otherwise, pledge, or in any other manner encumber, any of the deferred ordinary shares save to, or in favour of the Company. In the event

of the holder of any deferred ordinary shares breaching the provisions hereof, then without prejudice to any other rights which the Company may have, the deferred ordinary shares which are the subject matter of the breach shall no longer be eligible for conversion in terms of 1.11 and the provisions of 1.13.3.1 to 1.13.3.3 shall be deemed to apply, *mutatis mutandis*, in respect of the said deferred ordinary shares.

1.11 **Conversion**

On each conversion date, the specified deferred ordinary shares to which the conversion applies, as provided in 1.13, shall automatically be converted into ordinary shares, on a one-for-one basis, and the appropriate amendment shall be made to the custody agreement entered into between each holder of the deferred ordinary shares and its CSDP or broker.

1.12 **Ranking on conversion**

Any ordinary shares so converted from deferred ordinary shares in terms of 1.11 shall rank from the conversion date, *pari passu* in all respects with the other ordinary shares, and shall accordingly qualify for any dividends or capital distributions declared by the Company after the conversion date.

1.13 **Method of conversion**

1.13.1 Subject to 1.13.2 and 1.13.3, on each conversion date 831 469 specified deferred ordinary shares shall convert into ordinary shares.

1.13.2 In the event that the number of the specified deferred ordinary shares is increased consequent upon the provisions of 1.3.3 and/or 1.3.4, then the number of specified deferred ordinary shares for conversion in terms of 1.13.1 during the remainder of the conversion period shall be proportionately increased to achieve the conversion of the remaining specified deferred ordinary shares in equal tranches, as near as arithmetically possible, over that period.

1.13.3 At the end of the conversion period, the remaining deferred ordinary shares:

1.13.3.1 shall not be capable of conversion;

1.13.3.2 shall confer on each holder of the deferred ordinary shares, one vote for every deferred ordinary share held up to 100 and thereafter, one vote for every ten thousand deferred ordinary shares held;

1.13.3.3 shall automatically be converted into an equivalent number of redeemable preference shares of no par value, carrying the rights and conditions set out in 1.13.4.

1.13.4 Every redeemable preference share referred to in 1.13.3.3 shall:

1.13.4.1 confer on the holder thereof the right, in a winding-up, to repayment of the par value thereof (if any), *pari passu* with the holders of the ordinary shares, but no further right to participate in the profits or assets of the Company;

1.13.4.2 not confer on the holder the right to vote at meetings of the Company except:

(a) during any period determined as provided in 1.13.5, during which any winding-up dividend or any part of any such dividend on such share or any redemption payment thereon remains in arrear and unpaid; or

(b) in regard to any resolution proposed which directly affects any of the rights attached to such preference share or the interests of the holder thereof, including a resolution for the winding-up of the Company or for the reduction of its capital;

1.13.4.3 subject to section 46 of the Act, be redeemable free of any consideration at the option of the Company at any time, on the following terms and conditions:

(a) notice of the exercise of such option shall be given by the Company to the holder of the preference share in writing, whereupon such preference share shall be regarded as redeemed and cancelled; and

(b) upon receipt of such notice, the holder shall deliver the certificate of such preference share to the Company at its registered office;

1.13.5 the period referred to in 1.13.4.2(a), if applicable at all, shall commence 6 months after the end of the financial year of the Company in respect of which such dividend accrued or such redemption payment became due.

1.14 Absence of limitations or restrictions

Nothing in this Annexure A, or arising out of the issue of the deferred ordinary shares, shall, or be construed to prevent or preclude the Group, subject to any normal shareholder approvals which may at any time be required (but without derogating from 1.6), from being able to carry on and conduct its business as it deems fit, or restrict or limit the conduct of its business in any manner whatsoever; nor to restrict or limit the Group, *inter alia*, in respect of any sales or other disposals of any assets, material or otherwise, mergers, takeovers and acquisitions.

1.15 Arbitration

Save as expressly otherwise provided in this Annexure A, any dispute between any of the holders of the deferred ordinary shares and the Company shall be finally resolved in accordance with the Rules ("the Rules") of The Arbitration Foundation of South Africa ("AFSA") and in accordance with the following:

- 1.15.1 there shall be one arbitrator who shall be a judge, former judge or retired judge of the High Court or the Supreme Court of Appeal of the High Court of the Republic of South Africa or a senior counsel of at least ten years' standing as such at the Johannesburg Bar;
- 1.15.2 the appointment of the arbitrator shall be agreed upon between the parties, but failing agreement between them within a period of 14 days after the arbitration has been demanded, either of the parties shall be entitled to request the chairman at the relevant time of AFSA (or if AFSA shall not be in existence at the time, by the Chairman of the Johannesburg Bar Council) or his representative to make the appointment and, in making his appointment, to have regard to the nature of the dispute;
- 1.15.3 the arbitration shall be held at a venue agreed upon in writing by the parties or, failing such agreement, at a venue in Sandton;
- 1.15.4 the decision of the arbitrator shall be subject to a right of appeal by either party in terms of Article 22 of the Rules to an Arbitration Tribunal consisting of 3 arbitrators who shall:
 - 1.15.4.1 be persons who hold the same qualifications and who have the same status as the persons referred to in 1.15.1; and
 - 1.15.4.2 be appointed in the manner referred to in 1.15.1 and 1.15.2;
- 1.15.5 the decision of the arbitrator or the Arbitration Tribunal, as the case may be, shall be final and binding on the parties in the absence of a manifest error in calculation and shall be carried into effect and may be made an order of competent jurisdiction. For this purpose, each of the parties shall be deemed to have submitted itself to the jurisdiction of the South Gauteng High Court and all appeal courts therefrom should either party wish to make the arbitrator's decision an order of that court;
- 1.15.6 the provisions of this Article 1.15:
 - 1.15.6.1 constitute an irrevocable consent by the parties to the procedure envisaged in this Article 1.15 and neither party shall be entitled to withdraw therefrom or claim at any stage of the proceedings that it is not bound by such proceedings;
 - 1.15.6.2 are severable from the rest of the MOI and shall remain in effect despite the termination of or invalidity or alleged invalidity for any reason of any part of this MOI; and
 - 1.15.6.3 shall not preclude any party from instituting any injunctive proceedings in any appropriate court of competent jurisdiction.

1.16 JSE Listings Requirements

The deferred ordinary shares are entirely subject to the provisions of the JSE Listings Requirements.

1.17 Restriction on issue of deferred ordinary shares

Subject to 1.3.3 and 1.3.4, the Company shall not allot and issue any further deferred ordinary shares, except with the approval of shareholders in general meeting and the JSE.

EXISTING TERMS OF THE DEFERRED ORDINARY SHARES AS SET OUT IN ANNEXURE A OF THE MOI

ANNEXURE A – ARTICLE 55 OF THE ARTICLES OF ASSOCIATION OF IMPERIAL

55. SPECIAL RIGHTS AND CONDITIONS ATTACHED TO THE DEFERRED ORDINARY SHARES

55.1 Interpretation

For the purposes of this Article 55, the following terms shall have the meanings assigned to them hereunder:

- I.1.1 “AC 110” means “AC 110: accounting for investments in associates”, being the accounting statement of Generally Accepted Accounting Practice as issued by The South African Institute of Chartered Accountants to prescribe principles for accounting for investments in associates, or any accounting standard which may be substituted in place thereof;
- I.1.2 “Annexure A” means Annexure A to this Article 55, which is to be read as incorporated herein;
- I.1.3 “the articles” means the articles of association of the company;
- I.1.4 “associate” means associate as defined in AC 110;
- I.1.5 “the auditors” means the auditors for the time being of the company;
- I.1.6 “Base Headline Earnings Hurdles” means Base Headline Earnings Hurdles as defined in Section I of Annexure A;
- I.1.7 “the board” means the board of directors of the company;
- I.1.8 “the company” or “Imperial” means Imperial Holdings Limited;
- I.1.9 “the conversion” means the conversion of any particular number of deferred ordinary shares into ordinary shares;
- I.1.10 “the converted shares” means, at any time, the cumulative total number of deferred ordinary shares that have been converted into ordinary shares during the initial conversion period, the extended conversion period and the indefinite conversion period;
- I.1.11 “CSDP” means a Central Securities Depository Participant, accepted as a participant in terms of the Custody and Administration of Securities Act, 1992 (Act 85 of 1992), as amended;
- I.1.12 “the date of conversion” means the date upon which each conversion concerned occurs in terms of 55.13;
- I.1.13 “the deferred ordinary shares” means deferred ordinary shares of a par value of 4 cents each in the capital of the company;
- I.1.14 “Eqstra” means Eqstra Holdings Limited (registration number 1998/011672/06);
- I.1.15 “Eqstra unbundling” means the transaction in terms of which the company will distribute its shares in Eqstra to the ordinary shareholders of the company in terms of section 90 of the Act, as read with section 46 of the Income Tax Act 58 of 1962;
- I.1.16 “the expert” means a person appointed by agreement of the board, the board of Eqstra and the holders of the deferred ordinary shares, and failing such agreement, by the Chairman of the Johannesburg Bar Council or failing him, by the President of The South African Institute of Chartered Accountants;
- I.1.17 “the extended conversion period” means the period commencing on 1 July 2011 and ending 14 days after the date of approval by the board of the financial statements of the company in respect of the financial period ended 30 June 2018, provided that if the company’s financial year-end should be changed, those dates shall be adjusted appropriately;
- I.1.18 “financial period” means each financial period of the company as more fully described in Section I of Annexure A;

- I.1.19 “financial statements” means the audited consolidated annual financial statements of the company in respect of each of the financial periods;
- I.1.20 “the formula” means the formula set out in Annexure A, upon the application of which the conversion during the initial conversion period and the extended conversion period will occur;
- I.1.21 “the Group” means, collectively, the company, its subsidiaries and associates;
- I.1.22 “headline earnings” means headline earnings as defined in Circular 7/2002 issued on 17 December 2002 by The South African Institute of Chartered Accountants, or any subsequent amendment thereof, provided that the following shall be excluded from the determination of headline earnings:
- I.1.22.1 any gains/losses arising from the sale of any businesses by the Group;
- I.1.22.2 in respect of the period 26 June 2003 to 25 June 2004, any losses from the impairment of the Group’s aviation assets, provided that to the extent that such an impairment is reversed in subsequent financial periods, any gains from such reversal shall also be excluded from the calculation of headline earnings in respect of those financial periods, and provided further, that the calculation of headline earnings shall not be adjusted for any impairment of such aviation assets in respect of any financial periods subsequent to 25 June 2004;
- I.1.22.3 any gains/losses arising from the issue of the deferred ordinary shares and/or their conversion;
- I.1.22.4 any gains/losses arising from the shares held by the company in Eqstra;
- I.1.23 “the Hurdles” means the Base Headline Earnings Hurdles and the Hurdle growth rates;
- I.1.24 “Hurdle growth rates” means Hurdle growth rates as defined in Section I of Annexure A;
- I.1.25 “the indefinite conversion period” means the period commencing on 1 July 2018 (or such adjusted date if the company’s financial year-end should be changed) and ending on the date that the cumulative total of the converted shares equals 10.1% of the total issued ordinary shares as at that date (excluding treasury shares but including the converted shares);
- I.1.26 “the initial conversion period” means the period commencing on 26 June 2004 and ending 14 days after the date of approval by the board of the financial statements of the company in respect of the financial period ended 30 June 2011, provided that if the company’s financial year-end should be changed, that period shall be adjusted to expire 14 days after the date of approval by the board of the financial statements in respect of the last completed financial year of the company, which is not earlier than 30 June 2011;
- I.1.27 “JIBAR” means:
- I.1.27.1 the quarter year (91-day) Johannesburg Inter-Bank Agreed Rate as quoted by Safey and published on the first day of the given period for deposits in a comparable amount to that on which interest is to accrue and for a period comparable to the relevant interest period and which appears on the Reuters screen Safey page of First Rand Bank Limited at 11:00 Johannesburg time on that date, expressed as a percentage and converted to a nominal annual compounded annually in arrear rate; and
- I.1.27.2 if the rate in I.1.27.1 is not quoted, the arithmetic mean (rounded upward to the nearest decimal place) of the mid-market rate between deposits and loans in South African Rands for the total number of days in such interest period as quoted on the Reuters page of First Rand Bank Limited at approximately 11:00 Johannesburg time on that date;
- I.1.28 “the Listings Requirements” means the Listings Requirements of the JSE;
- I.1.29 “major company” means any company in which Imperial has any direct or indirect shareholding interest, which, in respect of the last financial period of Imperial prior to any unbundling of that shareholding, contributed to the headline earnings of Imperial not less than 5% of the total headline earnings in respect of that financial period;
- I.1.30 “ordinary shares” means ordinary shares of a par value of 4 cents each in the capital of the company;

1.1.31 “pro rata proportion” means the equation represented by:

$$\frac{D}{365}$$

Where

D = the number of unexpired days in any financial period, reckoned from the effective date of any unbundling as contemplated in 1.14.1.1 or date of payment of any special dividend as contemplated in 1.15.1.1, as the case may be;

1.1.32 “special dividend” means any dividend or capital distribution declared and paid by the company which is of an extraordinary nature and which is recognised by the company as a special dividend or capital distribution, but excluding any capitalisation issue;

1.1.33 “the sponsor” means the sponsor of the company as described in Section 2 of the Listings Requirements;

1.1.34 “subsidiary” means a Subsidiary as defined in Section 1.3 of Annexure A;

1.1.35 “treasury shares” means any ordinary shares which are owned by any subsidiary of the company; and

1.1.36 “unbundling” means any transaction in terms of which the shareholding or part thereof in any company in which Imperial has any direct or indirect shareholding is distributed to the shareholders of Imperial in terms of Section 90, or any other provisions of the Act.

1.2 **Rights, privileges and conditions**

The rights, privileges and conditions which attach to the deferred ordinary shares are set out in 1.3 to 1.23 hereof.

1.3 **Issue price**

Each deferred ordinary share shall be issued at its par value, of 4 cents, on the basis that:

1.3.1 if the issued ordinary shares of a par value of 4 cents each in the capital of the company are consolidated or subdivided, the same shall apply, *mutatis mutandis*, to the deferred ordinary shares;

1.3.2 if any rights issue is implemented by the company in respect of the ordinary shares, the holders of the deferred ordinary shares shall not be entitled to participate in the rights issue;

1.3.3 if the board so determines, and subject to the approval of the holders of the ordinary shares in general meeting and of the JSE, if required, the holders of the deferred ordinary shares may be given the right in respect of any rights issue as contemplated in 1.3.2, to subscribe at a par value of 4 cents each, for that number of additional deferred ordinary shares, which together with the deferred ordinary shares originally allotted and issued, will constitute 10.1% of the total issued share capital of the company after the rights issue (excluding any treasury shares but including the deferred ordinary shares);

1.3.4 if any capitalisation or bonus issue is implemented by the company, the holders of the deferred ordinary shares shall be entitled and confined to a distribution from the company of so many additional deferred ordinary shares, which together with the deferred ordinary shares originally allotted and issued, will constitute 10.1% of the total issued share capital of the company after the capitalisation or bonus issue (excluding any treasury shares but including the additional deferred ordinary shares).

1.4 **No participation in dividends or other distributions**

Save as provided in 1.3.4 and 1.5, the deferred ordinary shares shall not participate in, or receive any dividends or capital distributions distributed by the company and/or any other payments made by the company in terms of Section 90 of the Act.

1.5 **Rights on winding-up**

The deferred ordinary shares shall confer on the holders thereof the right, in a winding-up, to repayment of the par value thereof, *pari passu* with the holders of the ordinary shares, but no further right to participate in the profits or assets of the company.

1.6 **Voting rights**

1.6.1 The deferred ordinary shares shall rank *pari passu* in all respects with the ordinary shares with respect to voting rights.

1.6.2 In accordance with 1.6.1, notwithstanding anything to the contrary which may be contained in the Articles, the holders of the deferred ordinary shares shall not be entitled to veto any resolution that would otherwise have been capable of being passed by the required majority of votes, collectively, of the holders of the ordinary shares and the deferred ordinary shares.

1.7 **Separate class**

The deferred ordinary shares shall constitute a separate class of shares for the purposes of Article 5.1.1 as read with Article 15.1.9 of the articles.

1.8 **Variation of rights**

All or any of the rights attaching to the deferred ordinary shares may only be modified, altered, varied, added to or abrogated, with the prior written consent of the holders of at least 75% of the issued deferred ordinary shares or the sanction of a resolution of the holders of the issued deferred ordinary shares passed at a separate general meeting of such holders and at which members holding in the aggregate not less than 75% of the total votes of all the holders of the deferred ordinary shares entitled to vote at that meeting are present in person or by proxy and the resolution has been passed by not less than 75% of the total votes to which the holders of the deferred ordinary shares present in person or by proxy are entitled.

1.9 **Meetings and quorum**

Subject to 1.8, at every separate meeting of the holders of the deferred ordinary shares the provisions of the articles relating to general meetings of ordinary members shall apply *mutatis mutandis*, except that a quorum at any such general meeting of the holders of the deferred ordinary shares shall be a person or persons holding or representing by proxy at least 75% of the issued deferred ordinary shares, provided that if at any adjournment of such meeting a quorum is not present, then the provisions of the articles relating to adjourned meetings shall, *mutatis mutandis*, apply.

1.10 **Restriction on transfer**

The holders of the deferred ordinary shares shall not, whether directly or indirectly, be entitled to sell, alienate, or in any other manner dispose of, transfer, relinquish any rights to, beneficial or otherwise, pledge, or in any other manner encumber, any of the deferred ordinary shares save to, or in favour of the company. In the event of the holder of any deferred ordinary shares breaching the provisions hereof, then without prejudice to any other rights which the company may have, the deferred ordinary shares which are the subject matter of the breach shall no longer be eligible for conversion in terms of 1.11 and the provisions of 1.13.2.1 to 1.13.2.3 shall be deemed to apply, *mutatis mutandis*, in respect of the said deferred ordinary shares.

1.11 **Conversion**

On the date of conversion, the deferred ordinary shares to which the conversion applies shall automatically be converted into ordinary shares, on a one-for-one basis, and the appropriate amendment shall be made to the custody agreement entered into between each holder of the deferred ordinary shares and its CSDP or broker.

1.12 **Ranking on conversion**

Any ordinary shares so converted from deferred ordinary shares in terms of 1.11 shall rank from the date of conversion, *pari passu* in all respects with the other ordinary shares, and shall accordingly qualify for any dividends or capital distributions declared by the company after the date of conversion.

1.13 **Method of conversion and creation of preference shares**

1.13.1 The conversion of the deferred ordinary shares into ordinary shares shall occur in respect of each financial period in accordance with the formula, within seven days of the date of approval by the board of the financial statements of the company in respect of each of the financial periods, respectively, against delivery to the secretary of the company, of a report from the auditors, which the board shall procure, supporting the calculation of the number of deferred ordinary shares which are to be converted, as determined by the board.

- I.13.2 Once the cumulative total of the converted shares equals 10.1% of the total issued ordinary shares (excluding treasury shares but including the converted shares), the remaining deferred ordinary shares:
- I.13.2.1 shall not be capable of conversion;
 - I.13.2.2 shall confer on each holder of the deferred ordinary shares, one vote for every deferred ordinary share held up to 100 and thereafter, one vote for every ten thousand deferred ordinary shares held;
 - I.13.2.3 shall automatically be converted into an equivalent number of redeemable preference shares of a par value of 4 cents each, carrying the rights and condition set out in I.13.5.
- I.13.3 If by the end of the initial conversion period, there are any deferred ordinary shares which have not been converted into ordinary shares ("the remaining deferred ordinary shares"), the following provisions shall apply:
- I.13.3.1 subject to I.13.3.2, at the end of each financial period during the extended conversion period, that number of the remaining deferred ordinary shares, determined in terms of Section 10 of the formula, shall convert into a corresponding number of ordinary shares; and
 - I.13.3.2 once the total number of converted shares equals 10.1% of the total issued ordinary share capital of the company (excluding any treasury shares but including the converted shares) the provisions of I.13.2 shall, *mutatis mutandis*, apply.
- I.13.4 If by the end of the extended conversion period, there are any deferred ordinary shares which have not been converted into ordinary shares ("the remaining deferred ordinary shares"), the following provisions shall apply:
- I.13.4.1 subject to I.13.4.2, at the end of each financial period during the indefinite conversion period, that number of the remaining deferred ordinary shares, determined in terms of Section 11 of the formula, shall convert into a corresponding number of ordinary shares until all the remaining deferred ordinary shares have been so converted; and
 - I.13.4.2 once the total number of converted shares equals 10.1% of the total issued ordinary share capital of the company (excluding any treasury shares but including the converted shares) the provisions of I.13.2 shall, *mutatis mutandis*, apply.
- I.13.5 Every redeemable preference share referred to in I.13.2.3 shall:
- I.13.5.1 confer on the holder thereof the right, in a winding-up, to repayment of the par value thereof, *pari passu* with the holders of the ordinary shares, but no further right to participate in the profits or assets of the company;
 - I.13.5.2 not confer on the holder the right to vote at meetings of the company except:
 - (a) during any period determined as provided in I.13.6, during which any winding-up dividend or any part of any such dividend on such share or any redemption payment thereon remains in arrear and unpaid; or
 - (b) in regard to any resolution proposed which directly affects any of the rights attached to such preference share or the interests of the holder thereof, including a resolution for the winding-up of the company or for the reduction of its capital;
 - I.13.5.3 subject to Section 98 of the Act, be redeemable at par at the option of the company at any time, on the following terms and conditions:
 - (a) notice of the exercise of such option shall be given by the company to the holder of the preference share in writing, whereupon such preference share shall be regarded as redeemed and cancelled; and
 - (b) upon receipt of such notice, the holder shall deliver the certificate of such preference share to the company at its registered office and the company shall pay to such holder in consideration of the redemption, the par value of the share.
- I.13.6 The period referred to in I.13.5.2(a) shall commence 6 months after the end of the financial year of the company in respect of which such dividend accrued or such redemption payment became due.

1.14 **Unbundling**

- 1.14.1 If at any time, there is any unbundling by the company of any major company, the Hurdles for:
- 1.14.1.1 the financial period in which the unbundling occurs, shall be decreased by the *pro rata* proportion of the headline earnings which the major company will have contributed to Imperial in respect of the immediately prior financial period, escalated by 13%;
 - 1.14.1.2 the immediately succeeding financial period, shall be decreased by the headline earnings which the major company will have contributed to Imperial in respect of the immediately prior financial period referred to in 1.14.1, escalated by 13%²;
 - 1.14.1.3 all future unexpired financial periods, shall be decreased by the same amount referred to in 1.14.1.2 escalated by 13% per annum compounded,
pro rata, if the unbundling comprises less than the total shareholding of Imperial in the major company concerned.
- 1.14.2 The amount of any decrease in terms of 1.14.1 shall be determined in accordance with the provisions of 1.17.1 (excluding 1.17.2) which shall, *mutatis mutandis*, apply.
- 1.14.3 The provisions of 1.14 shall not apply in respect of the Eqstra unbundling, it being recorded that the amendment of the formula in terms of the special resolution passed at the general meeting of the company which approved the Eqstra unbundling, accommodates the Eqstra unbundling.

1.15 **Special dividend**

- 1.15.1 If at any time, a special dividend is paid by the company, the Hurdles for:
- 1.15.1.1 the financial period in which the payment of the special dividend occurs shall be decreased by the *pro rata* proportion of the interest per annum, less notional tax payable thereon, that would have been earned by the company in respect of that financial period on the cash amount of the special dividend, on the assumption that the amount would have been invested by the company at JIBAR plus 50 basis points and would have been taxable at the normal rate of tax applicable to companies, without any deductions or rebates;
 - 1.15.1.2 the immediately succeeding financial period, shall be decreased by the interest per annum, less notional tax payable thereon, that would have been earned by the company for the full financial period concerned on the cash amount of the special dividend, on the assumption that the amount would have been invested by the company at JIBAR (at the rate applicable in the financial period referred to in 1.15.1.1) plus 50 basis points and would have been taxable at the normal rate of tax applicable to companies (at the rate applicable in the financial period referred to in 1.15.1.1), without any deductions or rebates, plus 13%;
 - 1.15.1.3 all future financial periods shall be decreased by the same amount referred to in 1.15.1.2 escalated by 13% per annum compounded.
- 1.15.2 The amount of any decrease in terms of 1.15.1 shall be determined in accordance with the provisions of 1.17.1 (excluding 1.17.2), which shall, *mutatis mutandis*, apply.
- 1.15.3 The provisions of 1.15 shall not apply in respect of the distribution in terms of section 90 of the Act of the shares in Eqstra by Imperial to its shareholders in terms of the Eqstra unbundling, it being recorded that the amendment of the formula in terms of the special resolution passed at the general meeting of the company which approved the Eqstra unbundling accommodates such distribution.

1.16 **Revision of the hurdles**

- 1.16.1 It is recorded that the Hurdles were determined, taking into consideration the following factors ("the economic factors") at their prevailing levels as at December 2003:
- 1.16.1.1 the consumer price inflation (excluding interest rates) as published by Statistics South Africa ("CPIX");
 - 1.16.1.2 interest rates;
 - 1.16.1.3 exchange rates; and
 - 1.16.1.4 economic growth rates.

- 1.16.2 Subject to 1.16.3 and 1.16.4, in the event that, during the initial conversion period and/or the extended conversion period, any material change occurs in respect of the CPIX subsequent to December 2003, which does, or is likely to impact materially on the Hurdles in respect of any financial period, the company and the holders of the deferred shares shall agree on the necessary revision of the Hurdles based on a comparison of the economic factors at December 2003 and their prevailing and anticipated future levels at the date of the revision. In the absence of such agreement, the matter shall be referred for determination to the expert, who shall be entitled to revise the Hurdles in such manner as he may determine necessary to accommodate the change, taking into consideration the same factors.
- 1.16.3 A material change in the CPIX as contemplated in 1.16.2 shall be deemed only to have occurred if the average of the annualised median quarterly expectations of CPIX (for the quarters comprising the relevant financial periods in respect of which the amendment is sought), as published by Reuters Information Services' consensus forecast on screen "ZACPIX1", is outside the range of 2% to 9% for that financial period.
- 1.16.4 No revision of the Hurdles in respect of any financial period shall occur in terms of 1.16.2 unless:
- 1.16.4.1 the amendment will lead to more than a 10% change in the Hurdles concerned;
 - 1.16.4.2 a request for a revision, either by the company or the holders of the deferred ordinary shares, is made in writing delivered to the other party not less than 3 months prior to the commencement of the financial period in respect of which the revision is sought.

1.17 **Variation of the formula**

- 1.17.1 In the event that the application of the formula or any component thereof, including, without limiting the generality, the definition of headline earnings consequent upon any change in the applicable accounting statement, or any calculation required to be made in terms of the formula, including the escalation factors in 1.14.1.2, 1.15.1.2 and 1.15.1.3, proves to be incorrect, unworkable, deficient in any respect or incapable of achieving the underlying objective of the formula, or results in a consequence not reasonably intended or contemplated as at the date referred to in 1.16.1, or if the financial year-end of the company is changed (each of the foregoing being referred to as "the deficiency"), the formula shall be amended by agreement of the board and the holders of the deferred ordinary shares at the relevant time, in any respect which may be considered necessary to cure the deficiency. In the absence of such agreement, the matter shall be referred for determination to the expert. The determination of the expert shall be final and binding on the company and the holders of the deferred ordinary shares and may include any variation to, amendment or revision of the formula.
- 1.17.2 No amendment of the formula in terms of 1.17.1 shall be made unless the request for an amendment, either by the company or the holders of the deferred ordinary shares, is made in writing, delivered to the other party not less than 3 months prior to the commencement of the financial period in respect of which the amendment is sought and any amendment made shall only apply in respect of future financial periods which have not commenced as at the date of the request.

1.18 **Absence of limitations or restrictions**

Nothing in this Article 55, or arising out of the issue of the deferred ordinary shares, shall, or be construed to prevent or preclude the Group, subject to any normal shareholder approvals which may at any time be required (but without derogating from 1.6), from being able to carry on and conduct its business as it deems fit, or restrict or limit the conduct of its business in any manner whatsoever; nor to restrict or limit the Group, *inter alia*, in respect of any sales or other disposals of any assets, material or otherwise, mergers, takeovers and acquisitions.

1.19 **Capacity of auditors and expert**

Any report by the auditors or determination by the expert in terms of this Article 55, as read with Annexure A, shall, whether or not the provision in question so provides, be deemed to be made, respectively, as an expert and not as an arbitrator and shall, in the absence of any manifest error, be final and binding on the company and its shareholders, including the holders of the deferred ordinary shares.

1.20 **Arbitration**

Save as expressly otherwise provided in this Article 55, any dispute between any of the holders of the deferred ordinary shares and the company shall be finally resolved in accordance with the Rules ("the Rules") of The Arbitration Foundation of South Africa ("AFSA") and in accordance with the following:

- 1.20.1 there shall be one arbitrator who shall be a judge, former judge or retired judge of the High Court or the Supreme Court of Appeal of the High Court of the Republic of South Africa or a senior counsel of at least ten years' standing as such at the Johannesburg Bar;
- 1.20.2 the appointment of the arbitrator shall be agreed upon between the parties, but failing agreement between them within a period of 14 days after the arbitration has been demanded, either of the parties shall be entitled to request the chairman at the relevant time of AFSA (or if AFSA shall not be in existence at the time, by the Chairman of the Johannesburg Bar Council) or his representative to make the appointment and, in making his appointment, to have regard to the nature of the dispute;
- 1.20.3 the arbitration shall be held at a venue agreed upon in writing by the parties or, failing such agreement, at a venue in Sandton;
- 1.20.4 the decision of the arbitrator shall be subject to a right of appeal by either party in terms of Article 22 of the Rules to an Arbitration Tribunal consisting of 3 arbitrators who shall:
 - 1.20.4.1 be persons who hold the same qualifications and who have the same status as the persons referred to in 1.20.1; and
 - 1.20.4.2 be appointed in the manner referred to in 1.20.1 and 1.20.2;
- 1.20.5 the decision of the arbitrator or the Arbitration Tribunal, as the case may be, shall be final and binding on the parties in the absence of a manifest error in calculation and shall be carried into effect and may be made an order of competent jurisdiction. For this purpose, each of the parties shall be deemed to have submitted itself to the jurisdiction of the Witwatersrand Local Division of the High Court of the Republic of South Africa and all appeal courts therefrom should either party wish to make the arbitrator's decision an order of that court;
- 1.20.6 the provisions of this Article 1.20:
 - 1.20.6.1 constitute an irrevocable consent by the parties to the procedure envisaged in this Article 1.20 and neither party shall be entitled to withdraw therefrom or claim at any stage of the proceedings that it is not bound by such proceedings;
 - 1.20.6.2 are severable from the rest of these articles and shall remain in effect despite the termination of or invalidity or alleged invalidity for any reason of any part of these articles; and
 - 1.20.6.3 shall not preclude any party from instituting any injunctive proceedings in any appropriate court of competent jurisdiction.

1.21 **JSE Listings Requirements**

The deferred ordinary shares are entirely subject to the provisions of the JSE Listings Requirements.

1.22 **The formula**

The formula is set out in Annexure A hereto and makes provision for the number of deferred ordinary shares that will convert into ordinary shares during the initial conversion period, the extended conversion period and the indefinite conversion period.

1.23 **Restriction on issue of deferred ordinary shares**

Subject to 1.3.3 and 1.3.4, after the allotment and issue of the deferred ordinary shares to Ukhamba Holdings (Proprietary) Limited in terms of Ordinary Resolution Number 1, which forms part of the Notice of General Meeting at which the articles are to be amended by the insertion of this Article 55, the company shall not allot and issue any further deferred ordinary shares, except with the approval of shareholders in general meeting and the JSE.

ANNEXURE A

I. INTERPRETATION

For the purposes of this Annexure A, in addition to the terms defined in section 55.1 having the same meaning, the following terms shall have the meanings assigned to them hereunder:

- I.1 "AC 104" means "AC 104: Earnings per share", being the accounting statement of Generally Accepted Accounting Practice as issued by The South African Institute of Chartered Accountants to prescribe principles for the determination and presentation of earnings per share as applicable at the relevant time, or any accounting standard which may be substituted in place thereof;
- I.2 "AC 132" means "AC 132: Consolidated financial statements and accounting for investments in subsidiaries", being the accounting statement of Generally Accepted Accounting Practice as issued by The South African Institute of Chartered Accountants to prescribe principles for the determination and presentation of consolidated financial statements and accounting for investments in subsidiaries as applicable at the relevant time, or any accounting standard which may be substituted in place thereof;
- I.3 "Eqstra auditors" means the auditors of Eqstra;
- I.4 "Eqstra effective date" means the end of the day on 30 April 2008 being the date on which Eqstra will commence trading consequent upon the implementation of the various transactions which will be concluded between Imperial and Eqstra as a prelude to the Eqstra unbundling;
- I.5 "Hurdle growth rates" means the headline earnings per share growth rates of 10%, 11%, 12% and 13%, or as subsequently amended, as implied in the determination of Total N_{Nth Conversion Date} in section 10 of this Annexure A.
- I.6 "Issue Date" means the date of issue of the deferred ordinary shares to Ukhamba in terms of ordinary resolution number I, forming part of the Notice of General Meeting at which the articles will be amended by the insertion of Article 55;
- I.7 "Specified Period" means the period from the Eqstra effective date to 30 June 2008, being the end of the 2008 financial year of Eqstra;
- I.8 "Subsidiary" means a subsidiary as defined in AC 132;
- I.9 "Ukhamba" means Ukhamba Holdings Proprietary Limited;

Periods:

- I.10 "FY2004" means the financial year of the Company beginning on 26 June 2003 and ending 25 June 2004.
- I.11 "1st Period" means the financial year of the Company beginning on 26 June 2004 and ending 25 June 2005.
- I.12 "2nd Period" means the financial year of the Company beginning on 26 June 2005 and ending 25 June 2006.
- I.13 "3rd Period" means the financial year of the Company beginning on 26 June 2006 and ending 25 June 2007.
- I.14 "4th Period" means the financial year of the Company beginning on 26 June 2007 and ending 30 June 2008.
- I.15 "5th Period" means the financial year of the Company beginning on 1 July 2008 and ending 30 June 2009.
- I.16 "6th Period" means the financial year of the Company beginning on 1 July 2009 and ending 30 June 2010.
- I.17 "7th Period" means the financial year of the Company beginning on 1 July 2010 and ending 30 June 2011.
- I.18 "Nth Period" means the financial year of the Company beginning on 1 July of the Nth year immediately following 2003 and ending 30 June of the Nth year immediately following 2004, for N = 8, 9, 10, 11, and so on.

Conversion Dates:

- I.19 "1st Conversion Date" means 26 June 2005.
- I.20 "2nd Conversion Date" means 26 June 2006.
- I.21 "3rd Conversion Date" means 26 June 2007.
- I.22 "4th Conversion Date" means 1 July 2008.

- I.23 "5th Conversion Date" means 1 July 2009.
- I.24 "6th Conversion Date" means 1 July 2010.
- I.25 "7th Conversion Date" means 1 July 2011.
- I.26 "Nth Conversion Date" means 1 July of the Nth year immediately following 2004, for N = 8, 9, 10, 11, and so on.

Actual Headline Earnings:

- I.27 "Actual HE _{FY2004}" means the headline earnings achieved by the Company for the FY2004, as determined by the Company and supported by a report thereon by the auditors.
- I.28 "Actual HE _{1st Period}" means the headline earnings achieved by the Company for the 1st Period, as determined by the Company and supported by a report thereon by the auditors.
- I.29 "Actual HE _{2nd Period}" means the headline earnings achieved by the Company for the 2nd Period, as determined by the Company and supported by a report thereon by the auditors.
- I.30 "Actual HE _{3rd Period}" means the headline earnings achieved by the Company for the 3rd Period, as determined by the Company and supported by a report thereon by the auditors.
- I.31 "Actual HE _{4th Period}" means the aggregate of the headline earnings achieved by:
 - I.31.1 the Company for the 4th Period, as determined by the Company and supported by a report thereon by the auditors; and
 - I.31.2 Eqstra for the specified period, as determined by Eqstra and supported by a report thereon by the Eqstra auditors.
- I.32 "Actual HE _{5th Period}" means the headline earnings achieved by the Company for the 5th Period, as determined by the Company and supported by a report thereon by the auditors.
- I.33 "Actual HE _{6th Period}" means the headline earnings achieved by the Company for the 6th Period, as determined by the Company and supported by a report thereon by the auditors.
- I.34 "Actual HE _{7th Period}" means the headline earnings achieved by the Company for the 7th Period, as determined by the Company and supported by a report thereon by the auditors.
- I.35 "Actual HE Nth Period" means the headline earnings achieved by the Company for the Nth Period, as determined by the Company and supported by a report thereon by the auditors.

Base Headline Earnings Hurdles:

- I.36 "Base HE _{FY2004}" means R1 633 950 844.
- I.37 "Base HE Hurdle _{1st Period}" means Base HE _{FY2004} multiplied by I.13, subject to sections 55.14 to 55.16 of this article.
- I.38 "Base HE Hurdle _{2nd Period}" means Base HE _{FY2004} multiplied by (I.13)², subject to sections 55.14 to 55.16 of this article.
- I.39 "Base HE Hurdle _{3rd Period}" means Base HE _{FY2004} multiplied by (I.13)³, subject to sections 55.14 to 55.16 of this article.
- I.40 "4th _{Period}" means R2 664 113 731 in total allocated as to R2 178 172 318 to Imperial ("Imperial Base HE Hurdle _{4th Period}") and R485 941 413 to Eqstra ("Eqstra Base HE Hurdle _{4th Period}").
- I.41 "Base HE Hurdle _{5th Period}" means R2 178 172 318 multiplied by (I.13), subject to sections 55.14 to 55.16 of this article.
- I.42 "Base HE Hurdle _{6th Period}" means Base HE Hurdle 5th Period multiplied by (I.13), subject to sections 55.14 to 55.16 of this article.
- I.43 "Base HE Hurdle _{7th Period}" means Base HE Hurdle 5th Period multiplied by (I.13)², subject to sections 55.14 to 55.16 of this article.

2. CALCULATIONS

All calculations in this Annexure A will be determined based on generally accepted financial and mathematical conventions. Where calculations are to be made with reference to Eqstra, unless otherwise expressly defined or described in this Annexure A, the terms shall be deemed to be a reference to the applicable definitions or descriptions in Annexure A to Article 56 of the articles of association of Eqstra.

3. DETERMINING THE NUMBER OF DEFERRED ORDINARY SHARES THAT CONVERT INTO ORDINARY SHARES IN RESPECT OF THE FINANCIAL PERIOD ENDING ON THE DAY IMMEDIATELY PRIOR TO THE 1ST CONVERSION DATE

Adjustment of Base HE Hurdle for share issues/buybacks:

$$\text{Adjusted Base HE Hurdle}_{1\text{st Period}} = \text{Base HE Hurdle}_{1\text{st Period}} \times \frac{\text{Weighted average number of shares in issue}_{1\text{st Period}}}{\text{Reference number of shares in issue}_{1\text{st Period}}}$$

Inputs:

“Weighted average number of shares in issue_{1st Period}” is the weighted average number of ordinary shares in issue for the 1st Period as determined by the Company in accordance with AC 104 and confirmed by the auditors in writing.

“Reference number of shares in issue_{1st Period}” is Shares in Issue_{Issue Date}, increased only for:

- share splits;
- capitalisation issues;
- bonus element of rights issues; and
- bonus elements of any other issues, excluding the impact, if any, of deferred ordinary shares that have converted into ordinary shares in terms of this article,

that have occurred up until the end of the 1st Period, and decreased only for share consolidations that have occurred up until the end of the 1st Period, which number will be determined by the Company in accordance with AC 104 and supported by a report thereon by the auditors.

“Shares in Issue_{Issue Date}” is the total number of ordinary shares of the Company in issue, less that number of ordinary shares held by the Group as treasury shares, at the end of the day immediately preceding the Issue Date.

Calculation of headline earnings performance thresholds:

$$\text{1st HE Hurdle Threshold}_{1\text{st Period}} = \text{Adjusted Base HE Hurdle}_{1\text{st Period}} \times \frac{1.15}{1.13}$$

$$\text{2nd HE Hurdle Threshold}_{1\text{st Period}} = \text{Adjusted Base HE Hurdle}_{1\text{st Period}} \times \frac{1.17}{1.13}$$

Calculation of value attributed to Ukhamba:

$$\begin{aligned} \text{Value Attributed to Ukhamba}_{1\text{st Period}} = & 25\% \times \text{Actual HE above 1st Band}_{1\text{st Period}} \\ & + 25\% \times \text{Actual HE above 2nd Band}_{1\text{st Period}} \\ & + 25\% \times \text{Actual HE above 3rd Band}_{1\text{st Period}} \end{aligned}$$

Inputs:

“Actual HE above 1st Band_{1st Period}” is the amount that Actual HE_{1st Period} exceeds Adjusted Base HE Hurdle_{1st Period}

“Actual HE above 2nd Band_{1st Period}” is the amount that Actual HE_{1st Period} exceeds

1st HE Hurdle Threshold_{1st Period}

“Actual HE above 3rd Band_{1st Period}” is the amount that Actual HE_{1st Period} exceeds 2nd HE Hurdle Threshold_{1st Period}

Calculation of share price to be used to translate value attributed to Ukhamba into a number of shares:

$$\text{Share Price}_{1\text{st Period}} = \text{Maximum of (VWAP}_{1\text{st Period}}) \text{ and (NAV}_{1\text{st Period}})$$

Inputs:

“VWAP_{Ist Period}” is the volume weighted average price of one ordinary share of the company, as listed on the JSE, from 1 March in the 1st Period to 31 July (both dates inclusive) in the 2nd Period, as determined and certified by the sponsors, acting as experts.

“NAV_{Ist Period}” is the NAV of an ordinary share at the end of the 1st Period as confirmed by the auditors in writing.

Calculation of maximum and minimum number of deferred ordinary shares that will convert into ordinary shares:

$$\text{Maximum N}_{\text{Ist Conversion Date}} = 2.5\% \times \text{Weighted average number of shares in issue}_{\text{Ist Period}}$$

$$\text{Minimum N}_{\text{Ist Conversion Date}} = 1\,000\,000 \times \frac{\text{Weighted average number of shares in issue}_{\text{Ist Period}}}{\text{Shares in issue}_{\text{Issue Date}}}$$

or zero if $\text{HEPS}_{\text{Ist Period}} < \text{HEPS}_{\text{FY2004}} \times 1.1$.

Inputs:

“HEPS_{Ist Period}” is Actual HE_{Ist Period} divided by the weighted average number of shares in issue for the 1st Period as determined by the Company in accordance with AC 104, and supported by a report thereon by the auditors.

“HEPS_{FY2004}” is Restated Actual HE_{FY2004} divided by the weighted average number of shares in issue for the FY2004 as determined by the Company in accordance with AC 104 as at the end of the 1st Period, and supported by a report thereon by the auditors.

“Restated Actual HE_{FY2004}” is the headline earnings achieved by the Company for the FY2004, restated for:

- the impact on headline earnings, if any, of the adoption of new accounting standards in the 1st Period causing a restatement of headline earnings for the FY2004;
- the *pro forma* impact of any unbundling that has occurred in the 1st Period, which calculation shall assume that such unbundling took place 12 months immediately prior to the actual effective date of the unbundling and which calculation will be determined in accordance with the principles outlined in section 55.14 of this article; and
- the *pro forma* impact of any special dividend that has occurred in the 1st Period, which calculation shall assume that such special dividend took place 12 months immediately prior to the actual effective date of the special dividend, and which calculation which will be determined in accordance with the principles outlined in section 55.15 of this article,

as determined by the Company and supported by a report thereon by the auditors.

Calculation of the number of deferred ordinary shares that will convert into ordinary shares:

$$\text{Formula N}_{\text{Ist Conversion Date}} = \frac{\text{Value Attributed to Ukhamba}_{\text{Ist Period}}}{\text{Share Price}_{\text{Ist Period}}}$$

The number of deferred ordinary shares that will convert into ordinary shares on the 1st Conversion Date (“Actual N_{Ist Conversion Date}”) will be determined as follows:

$$\text{Actual N}_{\text{Ist Conversion Date}} = \begin{cases} \text{Minimum N}_{\text{Ist Conversion Date}}, & \text{if } \text{Formula N}_{\text{Ist Conversion Date}} < \text{Minimum N}_{\text{Ist Conversion Date}} \\ \text{Formula N}_{\text{Ist Conversion Date}}, & \text{if } \text{Minimum N}_{\text{Ist Conversion Date}} < \text{Formula N}_{\text{Ist Conversion Date}} < \text{Maximum N}_{\text{Ist Conversion Date}} \\ \text{Maximum N}_{\text{Ist Conversion Date}}, & \text{if } \text{Formula N}_{\text{Ist Conversion Date}} > \text{Maximum N}_{\text{Ist Conversion Date}} \end{cases}$$

subject to Actual N_{Ist Conversion Date} being limited to that number of shares such that Actual N_{Ist Conversion Date} equals 10.1% of the sum of Shares in Issue_{Ist Conversion Date} and Actual N_{Ist Conversion Date}.

Inputs:

“Shares in Issue_{Ist Conversion Date}” is the total number of ordinary shares of the Company in issue less that number of ordinary shares held by the Group as treasury shares at the end of the last day of the 1st Period, as confirmed by the auditors in writing.

Calculation of the deficit/surplus number of deferred ordinary shares that will carry forward:

If Formula N_{1st Conversion Date} < Minimum N_{1st Conversion Date} :

Deficit N_{1st Conversion Date} = Minimum N_{1st Conversion Date} - Formula N_{1st Conversion Date}

If Formula N_{1st Conversion Date} > Maximum N_{1st Conversion Date} :

Surplus N_{1st Conversion Date} = Formula N_{1st Conversion Date} - Maximum N_{1st Conversion Date}

4. DETERMINING THE NUMBER OF DEFERRED ORDINARY SHARES THAT CONVERT INTO ORDINARY SHARES IN RESPECT OF THE FINANCIAL PERIOD ENDING ON THE DAY IMMEDIATELY PRIOR TO THE 2ND CONVERSION DATE

Adjustment of Base HE Hurdle for share issues/buybacks and deficits:

$$\text{Adjusted Base HE Hurdle}_{2\text{nd Period}} = \text{Base HE Hurdle}_{2\text{nd Period}} \times \frac{\text{Weighted average number of shares in issue}_{2\text{nd Period}}}{\text{Reference number of shares in issue}_{2\text{nd Period}}} + \text{Deficit HE}_{1\text{st Period}}$$

Inputs:

“Weighted average number of shares in issue_{2nd Period}” is the weighted average number of ordinary shares in issue for the 2nd Period as determined by the Company in accordance with AC 104, but deducting the reference number of converted shares in issue_{2nd Period}, and supported by a report thereon by the auditors.

“Reference number of converted shares in issue_{2nd Period}” is the cumulative number of ordinary shares that have converted from deferred ordinary shares up until and including the 1st Conversion Date in terms of this article, increased only for:

- share splits;
- capitalisation issues;
- bonus element of rights issues; and
- bonus elements of any other issues, excluding the impact, if any, of deferred ordinary shares that have converted into ordinary shares in terms of this article,

that have occurred up until the end of the 2nd Period, and decreased only for share consolidations that have occurred up until the end of the 2nd Period, which number will be determined by the Company in accordance with AC 104 and supported by a report thereon by the auditors.

“Reference number of shares in issue_{2nd Period}” is Shares in Issue_{Issue Date}, increased only for:

- share splits;
- capitalisation issues;
- bonus element of rights issues; and
- bonus elements of any other issues, excluding the impact, if any, of deferred ordinary shares that have converted into ordinary shares in terms of this article,

that have occurred up until the end of the 2nd Period, and decreased only for share consolidations that have occurred up until the end of the 2nd Period, which number will be determined by the company in accordance with AC 104 and supported by a report thereon by the auditors.

“Deficit HE_{1st Period}” is the amount, if any, that Adjusted Base HE Hurdle_{1st Period} exceeded Actual HE_{1st Period}.

Calculation of headline earnings performance thresholds:

$$\text{1st HE Hurdle Threshold}_{2\text{nd Period}} = \frac{1.15}{1.13} \times (\text{Adjusted Base HE Hurdle}_{2\text{nd Period}} - \text{Deficit HE}_{1\text{st Period}}) + \text{Deficit HE}_{1\text{st Period}}$$

$$\text{2nd HE Hurdle Threshold}_{2\text{nd Period}} = \frac{1.17}{1.13} \times (\text{Adjusted Base HE Hurdle}_{2\text{nd Period}} - \text{Deficit HE}_{1\text{st Period}}) + \text{Deficit HE}_{1\text{st Period}}$$

Calculation of value attributed to Ukhamba:

Same as section 3, save that "1st Period" means "2nd Period".

Calculation of share price to be used to translate value attributed to Ukhamba into a number of shares:

Same as section 3, save that:

- "1st Period" means "2nd Period"; and
- "2nd Period" means "3rd Period".

Calculation of maximum and minimum number of deferred ordinary shares that will convert into ordinary shares:

$$\text{Maximum } N_{2^{\text{nd}} \text{ Conversion Date}} = 2.5\% \times \frac{\text{Weighted average number of shares in issue}_{2^{\text{nd}} \text{ Period}}}{\text{Shares in Issue}_{\text{Issue Date}}}$$

$$\text{Minimum } N_{2^{\text{nd}} \text{ Conversion Date}} = 1\,000\,000 \times \frac{\text{Weighted average number of shares in issue}_{2^{\text{nd}} \text{ Period}}}{\text{Shares in Issue}_{\text{Issue Date}}}$$

or zero if $\text{HEPS}_{2^{\text{nd}} \text{ Period}} < \text{HEPS}_{1^{\text{st}} \text{ Period}} \times 1.1$.

Inputs:

" $\text{HEPS}_{2^{\text{nd}} \text{ Period}}$ " is Actual HE $_{2^{\text{nd}} \text{ Period}}$ divided by the weighted average number of shares in issue for the 2nd Period as determined by the Company in accordance with AC 104 as at the end of the 2nd Period (which is not to be confused with the meaning of Weighted average number of shares in issue $_{2^{\text{nd}} \text{ Period}}$ in this article), which number will take into account the impact of those deferred ordinary shares that have converted into ordinary shares up until and including the 1st Conversion Date in terms of this article, and supported by a report thereon by the auditors.

" $\text{HEPS}_{1^{\text{st}} \text{ Period}}$ " is Restated Actual HE $_{1^{\text{st}} \text{ Period}}$ divided by the weighted average number of shares in issue for the 1st Period as determined by the Company in accordance with AC 104 (which is not to be confused with the meaning of weighted average number of shares in issue $_{1^{\text{st}} \text{ Period}}$ in this article) and supported by a report thereon by the auditors.

"Restated Actual HE $_{1^{\text{st}} \text{ Period}}$ " is the headline earnings achieved by the Company for the 1st Period, restated for:

- the impact on headline earnings, if any, of the adoption of new accounting standards in the 2nd Period causing a restatement of headline earnings for the 1st Period;
- the *pro forma* impact of any unbundling that has occurred in the 2nd Period, which calculation shall assume that such unbundling took place 12 months immediately prior to the actual effective date of the unbundling, and which calculation will be determined in accordance with the principles outlined in section 55.14 of this article; and

the *pro forma* impact of any special dividend that has occurred in the 2nd Period, which calculation shall assume that such special dividend took place 12 months immediately prior to the actual effective date of the special dividend and which calculation will be determined in accordance with the principles outlined in Section 55.15 of this article,

as determined by the Company and supported by a report thereon by the auditors.

Calculation of the number of deferred ordinary shares that will convert into ordinary shares:

$$\text{Formula } N_{2^{\text{nd}} \text{ Conversion Date}} = \frac{\text{Value Attributed to Ukhamba}_{2^{\text{nd}} \text{ Period}}}{\text{Share Price}_{2^{\text{nd}} \text{ Period}} + \text{Surplus } N_{1^{\text{st}} \text{ Conversion Date}} - \text{Deficit } N_{1^{\text{st}} \text{ Conversion Date}}}$$

The number of deferred ordinary shares that will convert into ordinary shares on the 2nd Conversion Date ("Actual $N_{2^{\text{nd}} \text{ Conversion Date}}$ ") will be determined as follows:

$$\text{Actual } N_{2^{\text{nd}} \text{ Conversion Date}} = \begin{cases} \text{Minimum } N_{2^{\text{nd}} \text{ Conversion Date}}, & \text{if } \text{Formula } N_{2^{\text{nd}} \text{ Conversion Date}} < \text{Minimum } N_{2^{\text{nd}} \text{ Conversion Date}} \\ \text{Formula } N_{2^{\text{nd}} \text{ Conversion Date}}, & \text{if } \text{Minimum } N_{2^{\text{nd}} \text{ Conversion Date}} < \text{Formula } N_{2^{\text{nd}} \text{ Conversion Date}} < \text{Maximum } N_{2^{\text{nd}} \text{ Conversion Date}} \\ \text{Maximum } N_{2^{\text{nd}} \text{ Conversion Date}}, & \text{if } \text{Formula } N_{2^{\text{nd}} \text{ Conversion Date}} > \text{Maximum } N_{2^{\text{nd}} \text{ Conversion Date}} \end{cases}$$

subject to Actual N_{2nd Conversion Date} being limited to that number of shares such that the sum of the reference number of converted shares in issue_{2nd Period} and Actual N_{2nd Conversion Date} equals 10.1% of the sum of Shares in Issue_{2nd Conversion Date} and Actual N_{2nd Conversion Date}.

Inputs:

“Shares in Issue_{2nd Conversion Date}” is the total number of ordinary shares of the Company in issue less that number of ordinary shares held by the Group as treasury shares, at the end of the last day of the 2nd Period, as confirmed by the auditors in writing.

Calculation of the deficit/surplus number of deferred ordinary shares that will carry forward:

Same as section 3, save that “1st Conversion Date” means “2nd Conversion Date”.

5. DETERMINING THE NUMBER OF DEFERRED ORDINARY SHARES THAT CONVERT INTO ORDINARY SHARES IN RESPECT OF THE FINANCIAL PERIOD ENDING ON THE DAY IMMEDIATELY PRIOR TO THE 3RD CONVERSION DATE

Same as section 4, save that:

- “1st Period” means “2nd Period”;
- “2nd Period” means “3rd Period”;
- “3rd Period” means “4th Period”;
- “1st Conversion Date” means “2nd Conversion Date”; and
- “2nd Conversion Date” means “3rd Conversion Date”.

6. DETERMINING THE NUMBER OF DEFERRED ORDINARY SHARES THAT CONVERT INTO ORDINARY SHARES IN RESPECT OF THE FINANCIAL PERIOD ENDING ON THE DAY IMMEDIATELY PRIOR TO THE 4TH CONVERSION DATE

Adjustment of Base HE Hurdle for share issues/buybacks and deficits:

The Adjusted Base HE Hurdle_{4th Period} is the aggregate of Imperial's and Eqstra's Adjusted Base HE Hurdle_{4th Period} calculated as follows:

Imperial

$$\text{Imperial Adjusted Base HE Hurdle}_{4th\ Period} = \text{Imperial Base HE Hurdle}_{4th\ Period} \times \frac{\text{Weighted average number of shares in issue}_{4th\ Period}}{\text{Reference number of shares in issue}_{4th\ Period}} + \text{Deficit HE}_{3rd\ Period}$$

Inputs:

“Weighted average number of shares in issue_{4th Period}” is the weighted average number of ordinary shares in issue for the 4th Period as determined by the Company in accordance with AC 104, but deducting the reference number of converted shares in issue_{4th Period}, and supported by a report thereon by the auditors.

“Reference number of converted shares in issue_{4th Period}” is the cumulative number of ordinary shares that have converted from deferred ordinary shares up until and including the 3rd Conversion Date in terms of this article, increased only for:

- share splits;
- capitalisation issues;
- bonus element of rights issues; and
- bonus elements of any other issues, excluding the impact, if any, of deferred ordinary shares that have converted into ordinary shares in terms of this article,

that have occurred up until the end of the 4th Period, and decreased only for share consolidations that have occurred up until the end of the 4th Period, which number will be determined by the Company in accordance with AC 104 and supported by a report thereon by the auditors.

“Reference number of shares in issue_{4th Period}” is Shares in Issue_{Issue Date}, increased only for:

- share splits;
- capitalisation issues;
- bonus element of rights issues; and
- bonus elements of any other issues, excluding the impact, if any, of deferred ordinary shares that have converted into ordinary shares in terms of this article,

that have occurred up until the end of the 4th Period, and decreased only for share consolidations that have occurred up until the end of the 4th Period, which number will be determined by the Company in accordance with AC 104 and supported by a report thereon by the auditors.

“Deficit HE_{3rd Period}” is the amount, if any, that Adjusted Base HE Hurdle_{3rd Period} exceeded Actual HE_{3rd Period}

Eqstra

$$\text{Eqstra Adjusted Base HE Hurdle}_{4\text{th Period}} = \text{Eqstra Base HE Hurdle}_{4\text{th Period}} \times \frac{\text{Eqstra Weighted average number of shares in issue}_{4\text{th Period}}}{\text{Eqstra Reference number of shares in issue}_{4\text{th Period}}}$$

Inputs:

“Eqstra Weighted average number of shares in issue_{4th Period}” is the weighted average number of ordinary shares in issue for Eqstra for the 4th Period calculated as the sum of the following:

- Eqstra Reference number of shares in issue_{4th Period} weighted for the ratio of number of days from 26th June 2007 to the Eqstra effective date (both dates inclusive) over the total number of days in the 4th period; and
- Actual number of shares in issue weighted for the ratio of number of days from the day immediately after the Eqstra effective date to 30 June 2008 over the total number of days in the 4th period

but deducting the reference number of converted shares in issue_{4th Period}, and supported by a report thereon by the auditors.

“Eqstra reference number of converted shares in issue_{4th Period}” is 5 973 421

“Eqstra reference number of shares in issue_{4th Period}” is 212 129 870

Calculation of headline earnings performance thresholds:

$$\begin{aligned} \text{1st HE Hurdle Threshold}_{4\text{th Period}} &= \frac{1.15}{1.13} \times (\text{Adjusted Base HE Hurdle}_{4\text{th Period}} - \text{Deficit HE}_{3\text{rd Period}}) \\ &+ \text{Deficit HE}_{3\text{rd Period}} \\ \text{2nd HE Hurdle Threshold}_{2\text{nd Period}} &= \frac{1.17}{1.13} \times (\text{Adjusted Base HE Hurdle}_{4\text{th Period}} - \text{Deficit HE}_{3\text{rd Period}}) \\ &+ \text{Deficit HE}_{3\text{rd Period}} \end{aligned}$$

Calculation of value attributed to Ukhamba:

Same as section 3, save that “1st Period” means “4th Period”.

Calculation of share price to be used to translate value attributed to Ukhamba into a number of shares:

$$\text{Share Price}_{4\text{th Period}} = \text{Maximum of (Closing price}_{4\text{th Period}}) \text{ and (NAV}_{4\text{th Period}})$$

Inputs:

“Closing price_{4th Period}” is the aggregate of average closing price of one ordinary share of the Company, as listed on the JSE, from 1 March in the 4th Period to 31 July in the 5th Period (both dates inclusive) and the average closing price of one ordinary share of Eqstra, as listed on the JSE, from the date of listing to 31 July 2008 (both dates inclusive), as determined and certified by the sponsors, acting as experts.

“NAV_{4th Period}” is the aggregate of the NAV of an ordinary share in the Company and an ordinary share in Eqstra at the end of the 4th Period as confirmed by the auditors in writing.

Calculation of maximum and minimum number of deferred ordinary shares that will convert into ordinary shares:

$$\begin{aligned} \text{Maximum N}_{4^{\text{th}} \text{ Conversion Date}} &= 2.5\% \times \text{Weighted average number of shares in issue}_{4^{\text{th}} \text{ Period}} \\ &= \frac{\text{Weighted average number of shares in issue}_{4^{\text{th}} \text{ Period}}}{\text{Shares in Issue}_{\text{Issue Date}}} \\ \text{Minimum N}_{4^{\text{th}} \text{ Conversion Date}} &= 1\,000\,000 \times \frac{\text{Weighted average number of shares in issue}_{4^{\text{th}} \text{ Period}}}{\text{Shares in Issue}_{\text{Issue Date}}} \\ \text{or zero if HEPS}_{4^{\text{th}} \text{ Period}} &< \text{HEPS}_{3^{\text{rd}} \text{ Period}} \times 1.1. \end{aligned}$$

Inputs:

“HEPS_{4th Period}” is Actual HE_{4th Period} (for the sake of clarity, as defined in paragraph 1.31), but excluding the headline earnings of the Company for the specified period which, but for the MCC minority transaction (as defined in the Circular relating to the Eqstra unbundling which is to be approved at the General Meeting at which this Article 55 will be amended), would have been attributable to the MCC minorities (as defined in the aforementioned Circular) divided by the weighted average number of shares in issue for the 4th Period as determined by the company in accordance with AC 104 as at the end of the 4th Period (which is not to be confused with the meaning of Weighted average number of shares in issue_{4th Period} in this article), which number will take into account the impact of those deferred ordinary shares that have converted into ordinary shares up until and including the 3rd Conversion Date in terms of this article, and supported by a report thereon by the auditors.

“HEPS_{3rd Period}” is Restated Actual HE_{3rd Period} divided by the weighted average number of shares in issue for the 3rd Period as determined by the Company in accordance with AC 104 (which is not to be confused with the meaning of weighted average number of shares in issue_{3rd Period} in this article) and supported by a report thereon by the auditors.

“Restated Actual HE 3rd_{Period}” is the headline earnings achieved by the Company for the 3rd Period, restated for:

- the impact on headline earnings, if any, of the adoption of new accounting standards in the 4th Period causing a restatement of headline earnings for the 4th Period;
- the *pro forma* impact of any unbundling that has occurred in the 4th Period, which calculation shall assume that such unbundling took place 12 months immediately prior to the actual effective date of the unbundling, and which calculation will be determined in accordance with the principles outlined in 55.14 of this article; and
- the *pro forma* impact of any special dividend paid by the Company in the 4th Period, which calculation shall assume that such special dividend took place 12 months immediately prior to the actual effective date of the special dividend and which calculation will be determined in accordance with the principles outlined in section 55.15 of this article,

as determined by the Company and supported by a report thereon by the auditors.

- there shall be no restatement of the “Restated Actual HE 3rd_{Period}” in consequence of the Eqstra unbundling

Calculation of the number of deferred ordinary shares that will convert into ordinary shares:

$$\text{Formula N}_{4^{\text{th}} \text{ Conversion Date}} = \frac{\text{Value Attributed to Ukhamba}_{4^{\text{th}} \text{ Period}}}{\begin{aligned} &\text{Share Price}_{4^{\text{th}} \text{ Period}} \\ &+ \text{Surplus N}_{3^{\text{rd}} \text{ Conversion Date}} \\ &- \text{Deficit N}_{3^{\text{rd}} \text{ Conversion Date}} \end{aligned}}$$

The number of deferred ordinary shares that will convert into ordinary shares on the 4th Conversion Date (“Actual N_{4th Conversion Date}”) will be determined as follows:

$$\begin{aligned} \text{Actual N}_{4^{\text{th}} \text{ Conversion Date}} &= \begin{cases} \text{Minimum N}_{4^{\text{th}} \text{ Conversion Date}}, & \text{if } \text{Formula N}_{4^{\text{th}} \text{ Conversion Date}} < \text{Minimum N}_{4^{\text{th}} \text{ Conversion Date}} \\ \text{Formula N}_{4^{\text{th}} \text{ Conversion Date}}, & \text{if } \text{Minimum N}_{4^{\text{th}} \text{ Conversion Date}} < \text{Formula N}_{4^{\text{th}} \text{ Conversion Date}} < \text{Maximum N}_{4^{\text{th}} \text{ Conversion Date}} \\ \text{Maximum N}_{4^{\text{th}} \text{ Conversion Date}}, & \text{if } \text{Formula N}_{4^{\text{th}} \text{ Conversion Date}} > \text{Maximum N}_{4^{\text{th}} \text{ Conversion Date}} \end{cases} \end{aligned}$$

subject to Actual N_{4th Conversion Date} being limited to that number of shares such that the sum of the reference number of converted shares in issue_{4th Period} and Actual N_{4th Conversion Date} equals 10.1% of the sum of Shares in Issue_{4th Conversion Date} and Actual N_{4th Conversion Date}.

Inputs:

“Shares in Issue_{4th Conversion Date}” is the total number of ordinary shares of the Company in issue less that number of ordinary shares held by the Group as treasury shares, at the end of the last day of the 4th Period, as confirmed by the auditors in writing.

Calculation of the deficit/surplus number of deferred ordinary shares that will carry forward:

$$\begin{aligned} \text{If Formula N}_{4\text{th Conversion Date}} &< \text{Minimum N}_{4\text{th Conversion Date}} : \\ \text{Deficit N}_{4\text{th Conversion Date}} &= \text{Minimum N}_{4\text{th Conversion Date}} - \text{Formula N}_{4\text{th Conversion Date}} \\ \text{If Formula N}_{4\text{th Conversion Date}} &> \text{Maximum N}_{4\text{th Conversion Date}} : \\ \text{Surplus N}_{4\text{th Conversion Date}} &= \text{Formula N}_{4\text{th Conversion Date}} - \text{Maximum N}_{4\text{th Conversion Date}} \end{aligned}$$

7. **DETERMINING THE NUMBER OF DEFERRED ORDINARY SHARES THAT CONVERT INTO ORDINARY SHARES IN RESPECT OF THE FINANCIAL PERIOD ENDING ON THE DAY IMMEDIATELY PRIOR TO THE 5TH CONVERSION DATE**

Same as section 4 save that:

- “1st Period” means “4th Period”;
- “2nd Period” means “5th Period”;
- “3rd Period” means “6th Period”;
- “1st Conversion Date” means “4th Conversion Date”; and
- “2nd Conversion Date” means “5th Conversion Date”.

8. **DETERMINING THE NUMBER OF DEFERRED ORDINARY SHARES THAT CONVERT INTO ORDINARY SHARES IN RESPECT OF THE FINANCIAL PERIOD ENDING ON THE DAY IMMEDIATELY PRIOR TO THE 6TH CONVERSION DATE**

Same as section 4 save that:

- “1st Period” means “5th Period”;
- “2nd Period” means “6th Period”;
- “3rd Period” means “7th Period”;
- “1st Conversion Date” means “5th Conversion Date”; and
- “2nd Conversion Date” means “6th Conversion Date”.

9. **DETERMINING THE NUMBER OF DEFERRED ORDINARY SHARES THAT CONVERT INTO ORDINARY SHARES IN RESPECT OF THE FINANCIAL PERIOD ENDING ON THE DAY IMMEDIATELY PRIOR TO THE 7TH CONVERSION DATE**

Adjustment of Base HE Hurdle for share issues/buybacks and deficits:

Same as section 4, save that:

- “1st Period” means “6th Period”;
- “2nd Period” means “7th Period”; and
- “1st Conversion Date” means “6th Conversion Date”.

Calculation of headline earnings performance thresholds:

Same as section 4, save that “2nd Period” means “7th Period”.

Calculation of value attributed to Ukhamba:

Same as section 4, save that “2nd Period” means “7th Period”.

Calculation of share price to be used to translate value attributed to Ukhamba into a number of shares:

Same as section 4, save that:

- “2nd Period” means “7th Period”; and
- “3rd Period” means “8th Period”.

Calculation of maximum and minimum number of deferred ordinary shares that will convert into ordinary shares:

Same as section 4 save that:

- “1st Period” means “6th Period”;
- “2nd Period” means “7th Period”; and
- “2nd Conversion Date” means “7th Conversion Date”.

Calculation of the number of deferred ordinary shares that will convert into ordinary shares:

Same as section 4, save that:

- “2nd Period” means “7th Period”;
- “1st Conversion Date” means “6th Conversion Date”; and
- the number of deferred ordinary shares that will convert into ordinary shares on the 7th Conversion Date (“Actual N_{7th Conversion Date}”) will be determined as follows:

$$\text{Actual N}_{7\text{th Conversion Date}} = \begin{cases} \text{Minimum N}_{7\text{th Conversion Date}}, & \text{if Formula N}_{7\text{th Conversion Date}} < \\ \text{Formula N}_{1\text{st Conversion Date}}, & \text{otherwise,} \end{cases} \text{Minimum N}_{7\text{th Conversion Date}}$$

subject to Actual N_{7th Conversion Date} being limited to that number of shares such that the sum of the Reference number of converted shares in issue_{7th Period} and Actual N_{7th Conversion Date} equals 10.1% of the sum of Shares in Issue_{7th Conversion Date} and Actual N_{7th Conversion Date}.

Inputs:

“Shares in Issue_{7th Conversion Date}” is the total number of ordinary shares of the Company in issue less that number of ordinary shares held by the Group as treasury shares, at the end of the last day of the 7th Period, as confirmed by the auditors in writing.

10. DETERMINING THE NUMBER OF DEFERRED ORDINARY SHARES THAT CONVERT INTO ORDINARY SHARES IN RESPECT OF THE FINANCIAL PERIOD ENDING ON THE DAY IMMEDIATELY PRIOR TO THE NTH CONVERSION DATE, FOR N = 8, 9, 10, 11 AND SO ON UP UNTIL N = 14

$$\text{Total N}_{N\text{th Conversion Date}} = \begin{cases} 1\,250\,000, & \text{if HEPS}_{N\text{th Period}} \text{ is greater than or equal to HEPS}_{(N-1)\text{th Period}} \times 1.13, \\ 1\,000\,000, & \text{if HEPS}_{N\text{th Period}} \text{ is greater than or equal to HEPS}_{(N-1)\text{th Period}} \times 1.12, \\ 750\,000, & \text{if HEPS}_{N\text{th Period}} \text{ is greater than or equal to HEPS}_{(N-1)\text{th Period}} \times 1.11, \\ 500\,000, & \text{if HEPS}_{N\text{th Period}} \text{ is greater than or equal to HEPS}_{(N-1)\text{th Period}} \times 1.10, \end{cases}$$

subject to Section 55.16 of this article.
but less than HEPS_{(N-1)th Period} × 1.13, subject to Section 55.16 of this article.
but less than HEPS_{(N-1)th Period} × 1.12, subject to Section 55.16 of this article.
but less than HEPS_{(N-1)th Period} × 1.11, subject to section 55.16 of this article.

For N = 8, 9, 10, 11, and so on up until and including N = 14, the number of deferred ordinary shares that will convert into ordinary shares on the Nth Conversion Date (“Actual N_{Nth Conversion Date}”) will be determined as follows:

$$\text{Actual N}_{N\text{th Conversion Date}} = \text{Total N}_{N\text{th Conversion Date}} \times \frac{\text{Weighted average number of shares in issue}_{N\text{th Period}}}{\text{Shares in Issue}_{\text{Issue Date}}}$$

subject to Actual N_{Nth Conversion Date} being limited to that number of shares such that the sum of the reference number of converted shares in issue_{Nth Period} and Actual N_{Nth Conversion Date} equals 10.1% of the sum of Shares in Issue_{Nth Conversion Date} and Actual N_{Nth Conversion Date}.

Inputs:

“HEPS_{Nth Period}” is Actual HE_{Nth Period} divided by the weighted average number of shares in issue for the Nth Period as determined by the Company in accordance with AC 104 (which is not to be confused with the meaning of weighted average number of shares in issue_{Nth Period} in this article), which number will take into account the impact of those deferred ordinary shares that have converted into ordinary shares up until and including the (N-1)th Conversion Date in terms of this article, and supported by a report thereon by the auditors.

“HEPS_{(N-1)th Period}” is Restated Actual HE_{(N-1)th Period} divided by the weighted average number of shares in issue for the (N-1)th Period as determined by the company in accordance with AC 104 as at the end of the Nth Period (which is not to be confused with the meaning of Weighted average number of shares in issue_{(n-1)th Period} in this article), and supported by a report thereon by the auditors.

“Restated Actual HE_{(N-1)th Period}” is the headline earnings achieved by the Company for the (N-1)th Period, restated for:

- the impact on headline earnings, if any, of the adoption of new accounting standards in the Nth Period causing a restatement of headline earnings for the (N-1)th Period;
- the *pro forma* impact of any unbundling that has occurred in the Nth Period, which calculation shall assume that such unbundling took place 12 months immediately prior to the actual effective date of the unbundling, and which calculation will be determined in accordance with the principles outlined in section 55.14 of this article; and
- the *pro forma* impact of any special dividend that has occurred in the Nth Period, which calculation shall assume that such special dividend took place 12 months immediately prior to the actual effective date of the special dividend and which calculation will be determined in accordance with the principles outlined in section 55.15 of this article,

as determined by the Company and supported by a report thereon by the auditors.

“Weighted average number of shares in issue_{Nth Period}” is the weighted average number of ordinary shares in issue for the Nth Period as determined by the Company in accordance with AC 104, but deducting the reference number of converted shares in issue_{Nth Period} and supported by a report thereon by the auditors.

“Reference number of converted shares in issue_{Nth Period}” is the cumulative number of ordinary shares that have converted from deferred ordinary shares up until and including the (N-1)th Conversion Date in terms of this article, increased only for:

- share splits;
- capitalisation issues;
- bonus element of rights issues; and
- bonus elements of any other issues, excluding the impact, if any, of deferred ordinary shares that have converted into ordinary shares in terms of this article,

that have occurred up until the end of the Nth Period, and decreased only for share consolidations that have occurred up until the end of the Nth Period, which number will be determined by the Company in accordance with AC 104 and supported by a report thereon by the auditors.

“Shares in Issue_{Nth Conversion Date}” is the total number of ordinary shares of the Company in issue less that number of ordinary shares held by the Group as treasury shares, at the end of the last day of the Nth Period, as confirmed by the auditors in writing.

II. DETERMINING THE NUMBER OF DEFERRED ORDINARY SHARES THAT CONVERT INTO ORDINARY SHARES IN RESPECT OF THE FINANCIAL PERIOD ENDING ON THE DAY IMMEDIATELY PRIOR TO THE NTH CONVERSION DATE, FOR N = 15, 16, 17, 18 AND SO ON.

For N = 15, 16, 17, 18, and so on indefinitely, the number of deferred ordinary shares that will convert into ordinary shares on the Nth Conversion Date (“Actual N_{Nth Conversion Date}”) will be determined as follows:

$$\text{Actual N}_{\text{Nth Conversion Date}} = 500\,000 \times \frac{\text{Weighted average number of shares in issue}_{\text{Nth Period}}}{\text{Shares in Issue}_{\text{Issue Date}}}$$

subject to Actual N_{Nth Conversion Date} being limited to that number of shares such that the sum of the reference number of converted shares in issue_{Nth Period} and Actual N_{Nth Conversion Date} equals 10.1% of the sum of Shares in Issue_{Nth Conversion Date} and Actual N_{Nth Conversion Date}.

Inputs:

“Weighted average number of Shares in Issue_{Nth Period}” is the weighted average number of ordinary shares in issue for the Nth Period as determined by the Company in accordance with AC 104, but deducting the reference number of converted shares in issue_{Nth Period} and supported by a report thereon by the auditors.

“Reference number of converted shares in issue_{Nth Period}” is the cumulative number of ordinary shares that have converted from deferred ordinary shares up until and including the (N-1)th Conversion Date in terms of this article, increased only for:

- share splits;
- capitalisation issues;
- bonus element of rights issues; and
- bonus elements of any other issues, excluding the impact, if any, of deferred ordinary shares that have converted into ordinary shares in terms of this article,

that have occurred up until the end of the Nth Period, and decreased only for share consolidations that have occurred up until the end of the Nth Period, which number will be determined by the Company in accordance with AC 104 and supported by a report thereon by the auditors.

“Shares in Issue ^{Nth Conversion Date}” is the total number of ordinary shares of the Company in issue less that number of ordinary shares held by the Group as treasury shares, at the end of the last day of the Nth Period, as confirmed by the auditors in writing.

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IMPERIALTM

Imperial Holdings Limited

(Incorporated in the Republic of South Africa)

Registration number: 1946/021048/06

Share code: IPL ISIN: ZAE000003620

NOTICE OF GENERAL MEETING OF IMPERIAL SHAREHOLDERS

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

Notice is hereby given to Imperial Shareholders that the General Meeting will be held in the Boardroom at Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, 2007, on Monday, 21 October 2013 at 10:00, to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder.

The record date for determining which Imperial Shareholders must be registered in the Register in order to receive the Circular is Friday, 13 September 2013.

The record date for determining which Imperial Shareholders are entitled to participate in and vote at the General Meeting is Friday, 11 October 2013. Accordingly, the last day to trade in order to be eligible to participate and vote at the General Meeting will be on Friday, 4 October 2013.

Please note that Imperial intends to provide for participation at the General Meeting by way of electronic communication. In this regard, please read the notes at the end of this notice.

SPECIAL RESOLUTION NUMBER 1: APPROVAL OF AMENDMENT TO MOI

“Resolved as a special resolution that the MOI of Imperial be, and is hereby amended by the deletion of the existing Annexure A of the MOI (which is set out in Annexure 2 to this Circular) which shall be replaced with the terms set out in Annexure 1 to this Circular.”

It is recorded that the holders of the Deferred Ordinary Shares have, in terms of Article 55.8 set out in Annexure A of the MOI, given their written consent to the amendment of the terms and conditions of the Deferred Ordinary Shares.

Reason for and effect of special resolution number 1:

The reason for and the effect of special resolution number 1 is to amend the MOI to change the conversion profile of the Deferred Ordinary Shares from the Existing Conversion Profile to the Proposed Conversion Profile.

This resolution will be adopted with the support of at least 75% of the voting rights exercised on this resolution.

ORDINARY RESOLUTION 1: DIRECTORS AUTHORITY TO GIVE EFFECT TO THE ABOVE RESOLUTION

“Resolved as an ordinary resolution that, any Director of the Company or the Company Secretary be and is hereby authorised, on behalf of the Company, to do or cause to be done all such things and to sign all such documents as may be reasonable or necessary to give effect to the above resolution. Any actions which have been taken by any Director in relation to giving effect to the above resolution are hereby retrospectively approved and ratified in their entirety.”

In terms of section 65(7) of the Companies Act and the Company's MOI, this resolution will be adopted with the support of more than 50% of the voting rights exercised on this resolution.”

Entitlement to attend and vote at the General Meeting and appointment of proxies

Imperial Shareholders who wish to participate in the General Meeting should note that in terms of section 63 of the Companies Act, they are required to provide reasonable satisfactory identification before being entitled to attend or participate in a shareholders' meeting.

Certificated Imperial Shareholders or Own-name Dematerialised Imperial Shareholders may attend and vote at the General Meeting, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolution(s), vote in their stead by completing the attached form of proxy (*blue*) and returning it to the Transfer Secretaries at the address given in the Circular by no later than 10:00 on Thursday, 17 October 2013 for administrative purposes or thereafter delivered by hand to the Company by no later than 10:00 on Monday, 21 October 2013.

Dematerialised Imperial Shareholders other than Own-name Dematerialised Imperial Shareholders, must contact their CSDP or Broker, as the case may be, and obtain the relevant letter of representation from it if they wish to attend the General Meeting. If Imperial Shareholders are unable to attend the General Meeting but wish to be represented thereat, they must furnish their CSDP or Broker, as the case may be, with their instructions for voting at the General Meeting.

The completion of a form of proxy will not preclude an Imperial Shareholder from attending the General Meeting.

Participation in the General Meeting by electronic communication

Imperial Shareholders wishing to participate electronically in the General Meeting are required by no later than 10:00 on Thursday, 17 October 2013, to deliver written notice to Imperial at Imperial's offices, Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, 2007, (marked for the attention of the Imperial Company Secretary) that they wish to participate via electronic communication at the General Meeting ("Electronic Notice").

In order for the Electronic Notice to be valid it must contain: (a) if the Imperial Shareholder is an individual, a certified copy of his/her identity document and/ or passport; (b) if the Imperial Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the General Meeting via electronic communication; (c) a valid email address and/or facsimile number ("Contact Address/Number"); and (d) confirmation of whether the Imperial Shareholder wishes to vote via electronic communication. By no later than 24 (twenty four) hours before the General Meeting Imperial shall use its reasonable endeavours to notify a shareholder at its Contact Address/Number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic communication.

Should you wish to participate in the General Meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial-in to the dial-in facility on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, from the time of commencement of, and for the duration of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the General Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

By order of the Board

18 September 2013

Registered office

Jeppe Quondam
79 Boeing Road East
Bedfordview
2007

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IMPERIALTM

Imperial Holdings Limited

(Incorporated in the Republic of South Africa)

Registration number: 1946/021048/06

Share code: IPL ISIN: ZAE000003620

FORM OF PROXY: GENERAL MEETING

All terms defined in the Circular, to which this form of proxy is attached, shall bear the same meanings when used in this form of proxy.

For use by Certificated Imperial Shareholders or Own-name Dematerialised Imperial Shareholders at the General Meeting to be held at 10:00 on Monday, 21 October 2013 in the Boardroom at Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, 2007.

Dematerialised Imperial Shareholders, other than Own-name Dematerialised Imperial Shareholders, must not complete this form of proxy.

Full name: I/We (BLOCK LETTERS)

Of (address):

Telephone: (Work)

Telephone: (Home)

Fax:

Cell number:

being the holder(s) of Imperial Shares

hereby appoint:

1. _____ or failing him/her;

2. _____ or failing him/her;

3. the Chairman of the General Meeting,

as my/our proxy to vote for me/us on my/our behalf at the General Meeting to be held at 10:00 on Monday, 21 October 2013 or any adjournment thereof as follows:

Resolution	For	Against	Abstain
Special resolution number 1 Amend the MOI to revise the conversion profile of the Deferred Ordinary Shares			
Ordinary resolution number 1 Authorise Directors or the Company Secretary to give effect to the above resolution			

Signed at _____ this _____ day of _____ 2013

Signature _____

Assisted by me (if applicable) _____

Signature _____

Assisted by me (if applicable) _____

Please read the notes on the reverse side hereof.

An Imperial Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as his/her proxy to attend, speak or vote in his/her stead at the General Meeting. A proxy need not be an Imperial Shareholder.

On a show of hands, every Imperial Shareholder or his proxy shall have one vote (irrespective of the number of Imperial Shares held).

Notes:

1. An Imperial Shareholder may insert the name of a proxy or the names of two alternative proxies of his choice in the spaces provided with or without deleting "the Chairperson of the General Meeting", but any such deletion must be initialled by the Imperial Shareholder. The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please indicate in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Imperial Shares exercisable by you, insert the number of Imperial Shares held in respect of which you wish to vote. Failure to provide an indication as to the manner in which you wish your votes to be cast will be deemed to authorise and compel the Chairperson, if the Chairperson is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he deems fit, in respect of all your votes exercisable thereat. An Imperial Shareholder or his proxy is not obliged to use all the votes exercisable by the Imperial Shareholder or its proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Imperial Shareholder or his proxy.
3. Forms of proxy must be lodged with the Transfer Secretaries, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Thursday, 17 October 2013 for administrative purposes or thereafter delivered by hand to the Company by 10:00 on Monday, 21 October 2013.
4. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the Chairperson of the General Meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant Imperial Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Imperial Shareholder wish to do so.
7. The Chairperson of the General Meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairperson is satisfied as to the manner in which the Imperial Shareholder wishes to vote.
8. This form of proxy shall not be valid after the expiration of the General Meeting or any adjournment thereof.
9. Joint holders: any such persons may vote at the General Meeting in respect of such joint Imperial Shares as if he were solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, that one of the said persons whose name stands first in the register in respect of such Imperial Shares or his proxy, as the case may be, is alone entitled to vote in respect thereof.
10. Own-name Dematerialised Imperial Shareholders will be entitled to attend the General Meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return this form of proxy to the Transfer Secretaries in accordance with the time specified in 3 above.

Summary of the rights established in terms of section 58 of the Companies Act:

For purposes of this summary, "shareholder" shall have the meaning ascribed thereto in the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that Company, as a proxy, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
 - 3.1 a shareholder of the relevant Company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
 - 3.2 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - 3.3 a copy of the instrument appointing a proxy must be delivered to the relevant Company, or to any other person on behalf of the relevant Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the Company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant Company as required in section 58(4)(c)(ii) of the Companies Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's Memorandum of Incorporation to be delivered by such Company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the Company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
 - 9.1 such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
 - 9.2 the invitation, or form of instrument supplied by the relevant Company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
 - 9.3 the Company must not require that the proxy appointment be made irrevocable; and
 - 9.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.