

Alexander Forbes Group Holdings Limited
(Previously Alexander Forbes Equity Holdings Proprietary Limited)
(Incorporated in the Republic of South Africa on 15 August 2006)
(Registration number 2006/025226/06)
JSE share code: AFH ISIN: ZAE000191516
("Alexander Forbes" or the "Company")

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ABRIDGED PRE-LISTING STATEMENT

Abridged pre-listing statement relating to the listing of Alexander Forbes in the "Financial Services – Asset Managers" sector of the Main Board of the exchange operated by the JSE Limited ("JSE"), with effect from the commencement of business on Thursday, 24 July 2014. The information in this abridged pre-listing statement has been extracted from the full pre-listing statement issued by Alexander Forbes on Monday, 7 July 2014 ("PLS").

This abridged pre-listing statement does not constitute an offer to the public for the sale of or subscription for, or the solicitation of an offer to buy or subscribe for shares in Alexander Forbes, but is issued in compliance with the Listings Requirements of the JSE ("Listings Requirements") for the purpose of providing information to the public with regards to Alexander Forbes.

1. Offer particulars

This abridged pre-listing statement relates to an offer for subscription by Alexander Forbes and a concurrent offer for sale by certain of the Company's existing shareholders (the "Selling Shareholders"), subject to certain conditions (the "Offer"), to institutional investors and, by invitation, to other selected investors who will be subscribing for or purchasing Offer Shares (as defined below) with a minimum acquisition cost of R1,000,000, in South Africa, and to selected institutional investors in other jurisdictions (the "Applicants"), of 431,940,542 Offer Shares in the share capital of the Company (assuming an Offer Price at the mid-point of the Offer Price Range, as defined below) (the "Offer Shares"). The Offer Shares comprise 44,117,647 Shares to be issued by the Company and 387,822,895 Shares to be sold by the Selling Shareholders, comprising in aggregate 33.4 percent of the total issued share capital of the Company at listing. A further 64,791,081 further Shares may be sold by the Selling Shareholders pursuant to a 30-day option which the Selling Shareholders intend to grant to the joint global coordinators and the joint bookrunners for the Offer (the "Joint Bookrunners") for the purpose of covering short positions resulting from overallocments or from sales of Offer Shares at or before the end of the stabilisation period. Offer Shares rank *pari passu* with existing Shares in all respects.

It is currently estimated that the price at which the Offer Shares will be offered for sale or subscription pursuant to the PLS (the "Offer Price") will be between R6.90 and R8.05 per Offer Share (the "Offer Price Range"). However, the Offer Price may be outside the Offer Price Range.

The JSE has granted the Company a listing in respect of up to 1,298,524,384 Shares (the "Listing") in the "Financial Services" sector of the Main Board, under the abbreviated name "AFORBES", share code "AFH" and ISIN ZAE000191516, subject to the fulfilment of certain conditions (including the JSE's spread and free float requirements, as set out in the Listings Requirements, being attained). The Company intends to make an application to the JSE for the listing of Shares to be issued pursuant to the 2014 Exit Transaction Incentive Plan, which Shares are expected to be listed on or around the Listing Date. Following the Listing, all the issued Shares of the Company are expected to be listed on the exchange operated by the JSE.

At the date of Listing (the "Listing Date"), the authorised share capital of the Company will comprise 2,500,000,000 ordinary no par value shares (the "Shares") and 45,000,000 "B" preference shares each having a par value of R0.01 (the "B" Preference Shares"), and the entire issued share capital will comprise of up to 1,304,434,505 Shares and 21,161,113 "B" Preference Shares. All the "B" Preference Shares will be redeemed immediately upon Listing, at a premium of R157,438,681. There will be no other class of shares of the Company authorised or in issue at the Listing Date.

2. Overview of the business of Alexander Forbes

Alexander Forbes is a specialised financial services group headquartered in South Africa and focusing on employee benefits solutions for institutional clients and the financial wellbeing of its individual clients, specifically the employees of institutional clients of Alexander Forbes and its subsidiaries ("Group"). The

main services provided by the Group include retirement funds and asset consulting, actuarial consulting, investment and administration services, employee risk benefits and healthcare consulting, multi-manager investment and platform solutions, individual financial advice and personal lines insurance. The Group's primary clients span both the private and public sector market segments, including employers, retirement funds, investment and other special purpose funds on the institutional side, and individual members and beneficiaries of these retirement funds, as well as the wider individual market, on the retail side. Alexander Forbes' principal geographic focus is South Africa, where it has been operating since 1935 and is a market leader in its core businesses, sub-Saharan Africa, the UK and other selected jurisdictions which have employee benefits legislative frameworks similar to South Africa.

As at 31 March 2014, the Group employed approximately 3,900 people, including insurance specialists, investment professionals and over 200 qualified actuaries.

In financial year 2014, the Group generated net revenue of R4.4 billion and trading profit of R1.0 billion as compared with R3.7 billion and R0.9 billion, respectively, for financial year 2013. In financial year 2014, 64.2% of the Group's net revenue and 80.3% of trading profit was derived from the South African operations, 5.7% of net revenue and 4.6% of trading profit was derived from the sub-Saharan African (excluding South Africa) operations, and 30.1% of net revenue and 19.6% of trading profit was derived from the non-African (primarily UK) business.

Business Units

The Group's businesses are split across five business units: Alexander Forbes Financial Services ("AFFS") and Investment Solutions, which are its core businesses, AfriNet and Alexander Forbes International ("AF International"), which provide for geographic diversification and Alexander Forbes Insurance ("AFI"), which, together with Alexander Forbes Life (a subsidiary of AFFS), provides complementary product capabilities to the products and services offered by the core businesses.

AFFS

AFFS is a leading employee benefits consulting, actuarial, investment and administration services provider, health and risk consulting and individual financial advisory business in South Africa. With approximately 997,000 active member records under administration and approximately R323 billion in assets under administration as at 31 March 2014, AFFS is one of the largest private retirement fund administrators in South Africa.

Investment Solutions

Investment Solutions is South Africa's largest multi-manager with assets under administration and management of R285 billion as at 31 March 2014, of which assets under management comprise R256 billion. Investment Solutions constructs portfolios by blending suitably selected asset managers. It monitors and reports on manager performance, and develops risk-profiled investable portfolios for institutional investors, particularly pension funds, and individual investors which are tailored to meet the specific needs of clients. Investment Solutions also provides investment administration services to large institutional clients and intermediaries who develop their own investment solutions for their own clients using the Investment Solutions platform.

Alexander Forbes Insurance

AFI is a personal lines and commercial direct insurer operating in South Africa and Namibia, focusing on providing motor, household, homeowners, and business insurance to retail and small to medium-sized business customers. AFI also writes personal accident, dread disease, hospital cash plan, scratch and dent policies and brokers funeral insurance, underwritten by a third party through Alexander Forbes Direct. In addition, AFI provides insurance administration services to corporates in a cell captive structure.

AfriNet

AfriNet provides dedicated strategic focus in the African continent outside of South Africa, leveraging the strong South African financial services platform and replicating the Group's business model in other countries. AfriNet's current key focus countries include Namibia, Botswana and Kenya, where it has market-leading presences, as well as Nigeria, Zambia and Uganda. AfriNet's service offerings include employee benefits, actuarial and investment consulting and retirement administration services for corporate and institutional clients and the public sector. In addition, AfriNet operates the Investment Solutions and AFI businesses in Namibia.

AF International

AF International includes the businesses of the UK-based consulting actuarial partnership, Lane Clark & Peacock LLP (“LCP”), in which the Group has a 60% ownership interest. LCP provides actuarial and consulting services across pensions and administration, employee benefits, investment consulting, general insurance and business analytics in the UK and, through affiliates, in Abu Dhabi, Belgium, Ireland and the Netherlands.

3. Key Strengths

Alexander Forbes believes that the following competitive strengths contribute to its success and distinguish it from its competitors:

- Market leader in institutional employee benefits and multi-manager investments in its home market in South Africa and in other sub-Saharan African countries;
- Institutional integrity with a high performance culture;
- Well-positioned to respond to changing industry and regulatory dynamics;
- Successful track record of organically developing new businesses and creating shareholder value;
- Holistic offering across the value chain;
- Deep understanding of the retail (individual) member base to support the Retail growth initiative;
- Leading and scalable multi-management platform;
- Well-positioned to capture the sub-Saharan African growth opportunity;
- Long-standing institutional client relationships with high market shares and high customer retention rates;
- Predictable revenue base and cash generative model;
- Capital efficient business model;
- Continuous investment into systems and core infrastructure; and
- Stable and experienced management team.

4. Strategic Investor

On 20 June 2014, the Selling Shareholders entered into a Sale of Shares Agreement with Mercer Africa Limited (“Mercer”) which was amended on 4 July 2014 (the “Sale of Shares Agreement” or the “Mercer Investment”), pursuant to which Mercer has agreed to purchase from the Selling Shareholders (i) 14.9% of the Shares of the Company on the Listing Date or such later date as may be agreed between the parties (the “First Closing Date”) and (ii) an additional 19.1% of the Shares of the Company on the later of the 5th business day after the fulfilment of certain conditions precedent (including regulatory approvals) and 30 September 2014 (the “Second Closing Date”). Mercer’s obligations to purchase the Shares on the First Closing Date and the Second Closing Date are subject to obtaining requisite regulatory approvals and the fulfilment of certain other conditions. The First Closing Date is expected to coincide with the Listing Date, but may be delayed if the relevant regulatory approvals are not obtained by the Listing Date.

Mercer is a wholly owned subsidiary of Mercer Consulting Group Inc. (“Mercer Consulting”) and part of the Marsh & McLennan Companies, Inc. (“MMC”) which is a global professional services firm providing advice and solutions in the areas of risk, strategy and human capital. MMC is listed on the New York Stock Exchange and, as of the Last Practicable Date, had market capitalisation of approximately US\$28 billion. MMC is the parent company of a number of the world’s leading risk experts and specialty consultants, including Marsh (insurance broker, intermediary and risk adviser), which already has a strong presence in South Africa through Alexander Forbes’ Risk and Insurance Services business which it acquired in 2012 and 2013, Mercer Consulting (health, retirement, talent and investments services), Oliver Wyman Group (management, economic and brand consulting services) and Guy Carpenter (risk and reinsurance specialist).

Mercer Consulting is a global consulting leader in health, retirement, talent and investment services. Mercer Consulting operates in more than 130 countries and as of 31 March 2014 had more than 20,000 employees. As a result of its investment in the Group, Mercer Consulting expects to gain exposure to growth prospects in South Africa and broader sub-Saharan Africa to support its own global clients who expand into Africa. In addition, it will also be able to support Alexander Forbes’ clients currently operating outside of Africa and those planning to expand beyond Africa, as well as contribute its strategic expertise and global perspective to the Group’s operations.

On the same date as the Sale of Shares Agreement, the Company also entered into a Relationship Agreement with Mercer (the "Relationship Agreement"), which will become effective on the First Closing Date and will govern certain aspects of the relationship between the parties.

Mercer has agreed to pay the Selling Shareholders a purchase price per Share, which will be based on the Offer Price, as follows:

- if the Offer Price is within the Offer Price Range and equal to or higher than R7.21, Mercer will pay a purchase price per Share equal to the Offer Price; and
- if the Offer Price is within the Offer Price Range and lower than R7.21, Mercer will pay a purchase price per Share equal to the average of R7.21 and the Offer Price.

5. Business Strategy and Prospects

Alexander Forbes intends to capitalise on its unique market positioning and improve the performance of its operations by continuing to grow its core institutional businesses and pursuing the Retail, public sector and sub-Saharan Africa growth strategies. These growth strategies are Group-wide initiatives focused on leveraging the core institutional client base and the Group's market positioning in its core businesses.

- *Retail growth strategy.* Historically, the Group's various retail businesses have functioned independently. In the last few years, as part of the Group's strategic intent, a conscious decision was taken to drive the Retail growth strategy with greater focus, including establishing a dedicated retail cluster (the "Retail Cluster") under a single business leader. While retaining the specialised focus in each of the respective business lines, the Retail Cluster seeks to use the Group's trusted adviser status with its clients and provide them with a common, holistic client experience to help secure their financial wellbeing, and at the same time better leveraging the client base to deepen vertical sales integration. The cornerstone of the Retail growth strategy is to leverage off the Group's strong relationships with the institutional clients of the pension funds it administers, and build earlier and deeper relationships with the individual clients within the respective funds.
- *Public sector growth strategy.* Alexander Forbes already has significant public sector business and, based on recent public sector market research, believes that there is further potential to grow its position by mapping its current integrated value offerings and providing innovative consulting and administration services and solutions in response to identified needs in both the institutional and retail segments. Alexander Forbes established a dedicated team, the Public Sector Division, in order to focus resources on growing its public sector client base. This team's focus is on setting the overarching public sector strategy and supporting the implementation thereof through effective engagement strategies in order to build lasting relationships with public sector clients and stakeholders and communicate Alexander Forbes' holistic value proposition to both new and existing clients. After identifying opportunities and building the new business pipeline, this team also assists the various Alexander Forbes businesses in tendering for new business and retaining existing public sector clients.
- *Sub-Saharan Africa growth strategy.* Many countries in sub-Saharan Africa are expected to experience medium to high economic growth rates over the medium term. Financial services markets in a number of these countries are still at an early stage of development, which represents an opportunity for Alexander Forbes to grow into the relatively underdeveloped and underpenetrated markets, building on AfriNet's success in Namibia, Botswana, Kenya and experience in developing businesses in Nigeria, Uganda and Zambia. Pension and social security reforms are among the key criteria taken into account in connection with the Group's expansion in sub-Saharan Africa. The Group aims to take advantage of favourable legislative changes to expand its operations in the region in the short to medium term. In addition, the continued expansion of South African companies into other parts of the African continent in search of incremental growth presents further opportunities for Alexander Forbes to follow its corporate clients as they expand. In expanding into new territories, AfriNet plans to continue to leverage off its institutional experience and expertise, replicating the successful South African business model, while adapting to the specific domestic commercial and regulatory environment in each country.

6. Directors

The names, ages and business addresses of the directors of Alexander Forbes on the Listing Date are set out below:

Name	Business Address
Non-executive directors	
Mark Derrick Collier (60) (British)	Puckden Poundsbridge, Penshurst, Kent TN11 8AR, United Kingdom
Deenadayalen Konar (60) (South African)	42 Wierda Road West, Wierda Valley, Sandton 2196, South Africa
Hilgard Pieter Meyer (55) (South African)	32 Fricker Road, Illovo 2196, South Africa
Barend Petersen (54) (South African)	Chambers, 33 Church Street, Cape Town 7001, South Africa
Lori Hall-Kimm (37) (Canadian)	Leconfield House, Curzon Street, London W1J 5JA, United Kingdom
Natalie Catherine Kolbe (38) (South African)	Cradock Heights, 21 Cradock Avenue, Rosebank 2132, South Africa
Dave D Govender (46) (South African)	18 Acacia Road, Chislehurst, Sandton 2196, South Africa
David Ngobeni (37) (South African)	18 Acacia Road, Chislehurst, Sandton 2196, South Africa
André Roux (65) (South African)	35 Fricker Road, Illovo, Sandton 2196, South Africa
John Adrian van Wyk (49) (South African)	2 More London, Riverside, London SE1 2JT, United Kingdom
Matthews Sello Moloko (48) (South African)	115 West Street, Sandton 2196, Johannesburg, South Africa

Edward Christian Kieswetter (55) (South African)	115 West Street, Sandton 2196, Johannesburg, South Africa
Deon Marius Viljoen (49) (South African)	115 West Street, Sandton 2196, Johannesburg, South Africa
Anthonie Christoffel de Beer (41) (South African)	35 Fricker Road, Illovo, Sandton 2196 South Africa
Jean-Charles Emmanuel Douin (36) (French)	Leconfield House, Curzon Street, London W1J 5JA, United Kingdom
Robert Ngetha Waithaka (34) (Kenyan)	Cradock Heights, 21 Cradock Avenue, Rosebank 2132, South Africa
Jabulani Steven Masondo (38) (South African)	18 Acacia Road, Chislehurst, Sandton 2196, South Africa

7. Salient dates and times

	2014
Opening date of the Offer:	09:00 on Monday, 7 July
Expected last date for indication of interest for the purposes of the bookbuild:	12:00 on Thursday, 17 July
Publication date of the final Offer Price and final number of Offer Shares:	Friday, 18 July
Successful applicants advised of allocations:	Friday, 18 July
Expected Listing Date:	09:00 on Thursday, 24 July

8. Copies of the PLS

The PLS is only available in English and copies thereof may be obtained on the Company's website or (by persons invited to participate in the Offer) during normal business hours from Monday, 7 July 2014 until Thursday, 17 July 2014 from Alexander Forbes, Rand Merchant Bank, a division of FirstRand Bank Limited and Computershare Investor Services (Proprietary) Limited, at their respective physical addresses which appear below:

The registered office of Alexander Forbes:
115 West Street
Sandton 2196
Johannesburg
South Africa

The office of Rand Merchant Bank:
1 Merchant Place
Cnr Rivonia Road and Fredman Drive
Sandton 2196
Johannesburg
South Africa

**The office of Computershare Investor Services
(Proprietary) Limited**
Ground Floor
70 Marshall Street
Marshalltown, 2107
Johannesburg
South Africa

Johannesburg
7 July 2014

Joint bookrunners and global coordinators

Deutsche Bank AG, London Branch
Morgan Stanley & Co. International plc
Rand Merchant Bank, a division of FirstRand Bank Limited

Joint financial adviser on the Mercer Investment

Deutsche Bank AG, London Branch
Rand Merchant Bank, a division of FirstRand Bank Limited

Lead transaction sponsor and stabilisation manager

Rand Merchant Bank, a division of FirstRand Bank Limited

Joint transaction sponsor

Deutsche Securities (SA) Proprietary Limited

Attorneys

Bowman Gilfillan Inc., South African legal advisor to the Company
Davis Polk & Wardwell London LLP, U.S. counsel & English legal advisor to the Company
Edward Nathan Sonnenbergs Inc., South African legal advisor to the Joint Bookrunners
Freshfields Bruckhaus Deringer LLP, U.S. counsel & English legal advisor to the Joint Bookrunners

Reporting accountants and auditors

PricewaterhouseCoopers Inc.

DISCLAIMER:

This abridged pre-listing statement does not constitute an offer of securities for sale in the United States or any other jurisdiction. The securities have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act") or under the securities legislation of any state or territory or jurisdiction of the United States or any other jurisdiction and may not be offered, sold, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any states or other jurisdiction of the United States. There will be no public offering in the United States. Alexander Forbes is not registered and will not be registered under the US Investment Company Act of 1940, as amended, and related rules. This document does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefore. Any proposed listing and distribution of this document and other information in connection with a potential listing may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This abridged pre-listing statement does not constitute an offer of securities to the public in the United Kingdom. This communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net worth entities falling within Article 49(2) of the Order and (iv) other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged with, relevant

persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Any offer of securities to the public that may be deemed to be made pursuant to this communication in any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive") is only addressed to qualified investors in that Member State within the meaning of the Prospectus Directive.

Copies of this abridged pre-listing statement are not being made and may not be distributed or sent into the United States, Canada, Australia or Japan.

This abridged pre-listing statement is not a prospectus and the Offer referred to herein will not be open to the public. This abridged pre-listing statement does not constitute an offer to the public for the sale of or subscription for, or the solicitation of an offer to buy or subscribe for, shares as defined in the Companies Act No. 71 of 2008 (the "Act") or otherwise, and will not be distributed to any person in South Africa in any manner which could be construed as an offer to the public in terms of the Act.

This abridged pre-listing statement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements speak only as of the date they are made.

Each of the Company, Deutsche Bank AG, London Branch ("Deutsche Bank"), Deutsche Securities (SA) Proprietary Limited ("Deutsche Securities"), Morgan Stanley & Co. International plc ("Morgan Stanley"), Rand Merchant Bank, a division of FirstRand Bank Limited ("RMB") and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward looking statement contained in this abridged pre-listing statement whether as a result of new information, future developments or otherwise.

None of Deutsche Bank, Deutsche Securities, Morgan Stanley, RMB or any of their respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for/or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this abridged pre-listing statement (or whether any information has been omitted from the abridged pre-listing statement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of the abridged pre-listing statement or its contents or otherwise arising in connection therewith.

Each of Deutsche Bank, Deutsche Securities, Morgan Stanley and RMB is acting exclusively for Alexander Forbes and no-one else in connection with the Offer. They will not regard any other person as their respective clients in relation to the Offer and will not be responsible to anyone other than Alexander Forbes for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offer, the contents of this abridged pre-listing statement or any transaction, arrangement or other matter referred to herein.

In connection with the Offer, each of Deutsche Bank, Deutsche Securities, Morgan Stanley and RMB and any of their respective affiliates, acting as investors for their own accounts, may subscribe for or purchase shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such shares and other securities of Alexander Forbes or related investments in connection with the Offer or otherwise. Accordingly, references in the PLS to the shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by any of Deutsche Bank, Deutsche Securities, Morgan Stanley and RMB and any of their respective affiliates acting as investors for their own accounts. In addition, Deutsche Bank, Deutsche Securities, Morgan Stanley and RMB may enter into financing arrangements and swaps in connection with which they or their affiliates may from time to time acquire, hold or dispose of shares. None of Deutsche Bank, Deutsche Securities, Morgan Stanley and RMB nor any of their respective affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.