

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions and interpretations commencing on page 3 of this Circular apply *mutatis mutandis* throughout this Circular, including this cover page.

Action required by AfroCentric Shareholders

- This entire Circular is important and should be read with particular attention to the section titled “Action Required by AfroCentric Shareholders”, which commences on page 1 of this Circular.
- If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately.
- If you have disposed of all of your Shares, please forward this Circular together with the attached form of proxy, to the purchaser of such Shares or the Broker or other agent through whom you disposed of such Shares.
- **AfroCentric does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any holder of Dematerialised Shares to notify such Dematerialised Shareholder of the Acquisition and actions set out in this Circular.**
- The General Meeting convened in terms of this Circular will be held on Thursday, 10 January 2019 at 10:00 at Medscheme Head Office, 37 Conrad Street, Florida North, Roodepoort.



AFROCENTRIC INVESTMENT CORPORATION LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1988/000570/06)
Share Code: ACT ISIN: ZAE000078416
("AfroCentric" or "the Company")

CIRCULAR TO AFROCENTRIC SHAREHOLDERS

Regarding:

the approval of the agreement entered into between ACT Healthcare Assets Proprietary Limited, a subsidiary of AfroCentric, and, *inter alia*, WAD Holdings Proprietary Limited, a related party of AfroCentric, in connection with the acquisition of the remaining 74% interest in Activo Health Proprietary Limited;

and incorporating:

- a notice convening the General Meeting; and
- a form of proxy in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Own-Name Shareholders only)

SPONSOR	INDEPENDENT EXPERT	INDEPENDENT REPORTING ACCOUNTANT	LEGAL ADVISORS
 Sasfin Capital (a member of the Sasfin Group)	 BDO Corporate Finance	 PwC	 Van Huyssteens Commercial Attorneys

This Circular is available in English only. Copies of this Circular may be obtained during normal business hours from the registered office of AfroCentric, the Sponsor and the Transfer Secretaries at their respective addresses set out in the "Corporate Information and Advisors" section of this Circular, from the date of issue hereof until the date of the General Meeting.

Friday, 9 November 2018

CORPORATE INFORMATION AND ADVISORS

COMPANY SECRETARY AND REGISTERED OFFICE OF AFROCENTRIC

B Mokale
37 Conrad Street
Florida North, 1709
Johannesburg
(Private Bag, X34, Benmore, 2010)
Date and place of incorporation of AfroCentric
3 February 1988, Pretoria, Republic of South Africa

INDEPENDENT EXPERT

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

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

SPONSOR

Sasfin Capital
(A member of the Sasfin Group)
(Registration number 1951/002280/06)
29 Scott Street
Waverley, 2090
Johannesburg
(PO Box 95104, Grant Park, 2051)

INDEPENDENT REPORTING ACCOUNTANT

PricewaterhouseCoopers Inc.
(Registration number: 1998/012055/21)
4 Lisbon Lane
Waterfall City
Jukskei View, 2090
(Private Bag X36, Sandton, 2157)

LEGAL ADVISORS

Van Huyssteens Commercial Attorneys
Die Klubhuis
26 Pinaster Avenue
Hazelwood, Pretoria
(Private Bag X06, Waterkloof, 0145)

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ACTION REQUIRED BY AFROCENTRIC SHAREHOLDERS

The definitions commencing on page 3 of this Circular apply mutatis mutandis to the following section on action required by AfroCentric Shareholders.

Please take careful note of the following provisions regarding the action required by AfroCentric Shareholders.

- If you have disposed of all of your Shares, this Circular should be handed to the purchaser of such Shares or the CSDP, Broker, banker, attorney or other agent who disposed of your Shares for you.
- If you are in any doubt as to what action to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.
- This Circular contains information relating to the Acquisition. You should carefully read this Circular and decide how you wish to vote on the Resolutions to be proposed at the General Meeting. The General Meeting, convened in terms of the Notice incorporated in this Circular, will be held at Medscheme Head Office, 37 Conrad Street, Florida North, Roodepoort, on Thursday, 10 January 2019 commencing at 10:00, to consider and, if deemed fit, to pass, with or without modification, the Resolutions set out in the Notice.

1. IF YOU HAVE DEMATERIALISED YOUR SHARES

1.1 "Own-Name" Registration

You are entitled to attend in person, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107), by no later than 10:00 on Tuesday, 8 January 2019.

1.2 Other than "Own-Name" Registration

You are entitled to attend in person, or be represented by proxy, at the General Meeting. You must not however, complete the attached form of proxy. You must advise your CSDP or Broker timeously if you wish to attend or be represented at the General Meeting. If your CSDP or Broker does not contact you, you are advised to contact your CSDP or Broker and provide them with your voting instructions. If your CSDP or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them. If you do wish to attend or be represented at the General Meeting, your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the General Meeting.

2. IF YOU HOLD CERTIFICATED SHARES

You are entitled to attend, or be represented by proxy, at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107), by no later than 10:00 on Tuesday, 8 January 2019.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 3 of this Circular apply mutatis mutandis to these salient dates and times.

2018

Record Date for Shareholders to be recorded in the Register in order to receive this Circular	Friday, 2 November
Circular containing the Notice convening the General Meeting posted to Shareholders on	Friday, 9 November
Notice convening the General Meeting published on SENS on	Friday, 9 November
Last Day to Trade in Shares in order to be recorded in the Register to vote at the General Meeting on (see note 3 below)	Monday, 31 December

2019

Record Date for Shareholders to be recorded in the Register in order to be eligible to vote at the General Meeting on	Friday, 4 January
Forms of proxy for the General Meeting, if lodged with the Transfer Secretaries, to be received by 10:00 on (see note 4 below)	Tuesday, 8 January
General Meeting held at 10:00 on	Thursday, 10 January
Results of the General Meeting published on SENS on	Thursday, 10 January

NOTES:

1. The above dates and times are subject to amendment. Any amendment to the dates and times will be published on SENS.
2. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore persons who acquire Shares after the Last Day to Trade will not be eligible to vote at the General Meeting.
3. A Shareholder may submit a form of proxy at any time before the commencement of the General Meeting (or adjourned or postponed General Meeting) or hand it to the chairman of the General Meeting before the appointed proxy exercises any of the relevant Shareholder rights at the General Meeting (or adjourned or postponed General Meeting), provided that should a Shareholder lodge a form of proxy with the Transfer Secretaries less than 48 hours (excluding Saturdays, Sundays and official public holidays) before the General Meeting, such Shareholder will also be required to furnish a copy of such form of proxy to the chairman of the General Meeting before the appointed proxy/ies exercises any of such Shareholder's rights at the General Meeting (or adjourned or postponed General Meeting).
4. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.
5. All times given in this Circular are local times in South Africa.

DEFINITIONS AND INTERPRETATIONS

In this Circular, and the annexures hereto, unless otherwise stated or the context otherwise clearly indicates, the words in the first column shall have the meaning stated opposite them in the second column. Words in the singular shall include the plural and vice versa, words signifying any one gender shall include the other genders and references to natural persons shall include juristic persons and associations of persons:

“the Act” or “the Companies Act”	the Companies Act, Act 71 of 2008, as amended;
“Activo”	Activo Health Proprietary Limited, (Registration number 2009/009541/07), a private company duly incorporated in accordance with the laws of South Africa, in which AHA currently holds a 26% interest, the subject of the Acquisition Agreement;
“Activo Shares”	the ordinary shares in the capital of Activo with a par value of R1.00 each;
“AfroCentric” or “the Company”	AfroCentric Investment Corporation Limited, (Registration number 1988/000570/06), a public company duly incorporated in accordance with the laws of South Africa, the ordinary shares of which are listed on the Main Board of the exchange operated by JSE;
“AfroCentric Shareholders” or “Shareholders”	holders of AfroCentric Shares;
“AfroCentric Shares” or “Shares”	the ordinary shares in the capital of AfroCentric with a par value of 1 cent each, which are listed on the Main Board of the JSE;
“AHA”	ACT Healthcare Assets Proprietary Limited, (Registration number 2008/025969/07), a private company duly incorporated in accordance with the laws of South Africa, a 71.3% subsidiary of AfroCentric in which Sanlam Limited Group holds the remaining 28.7% interest;
“AHA Shares”	ordinary shares in the capital of AHA, with a par value of R1 each;
“AHL”	AfroCentric Health ^(RF) Proprietary Limited, (Registration number 2006/005087/06), a private company duly incorporated in accordance with the laws of South Africa, a wholly owned subsidiary of AHA;
“Acquisition”	the acquisition by AHA of the Acquisition Shares and the Shareholders’ Loans at the Purchase Price on the terms and conditions set out in the Acquisition Agreement;
“Acquisition Agreement”	the sale of Acquisition Shares and Shareholders’ Loans agreement entered into between, <i>inter alia</i> , WAD, AHA, Claassen and Martin, governing the Acquisition, dated 8 October 2018 and detailed in this Circular;
“Acquisition Shares”	740 Activo Shares to be acquired by AHA from Claassen, Martin and WAD as detailed in paragraph 2.2.3 of this Circular, and representing 74% of the entire issued share capital of Activo;
“Board” or “Directors”	the current board of directors of AfroCentric whose names are set out on page 7 of this Circular;
“Britz”	Willem Hermanus Britz, Identity number 640901 5052 084;
“Broker”	a stockbroker as defined in the Financial Markets Act, or its duly authorised nominee;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Cents”	South African cents;
“Certificated Shares”	Shares represented by share certificates or other physical Documents of Title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Circular”	this bound document distributed to Shareholders, dated Friday, 9 November 2018, including its annexures, the Notice and the form of proxy;
“Claassen”	Stephanus Esaias Claassen, Identity number 660521 5071 085, who is the seller of 112 of the Acquisition Shares to AHA in terms of the Acquisition Agreement;
“Competition Act”	the Competition Act, Act No 89 of 1998, as amended;

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“Competition Authorities”	the commission established pursuant to Chapter 4, Part A of the Competition Act or the tribunal established pursuant to Chapter 4, Part B of the Competition Act or the appeal court established pursuant to Chapter 4, Part C of the Competition Act;
“Conditions Precedent”	certain outstanding conditions precedent to the Acquisition, as detailed in paragraph 2.3 of this Circular;
“Consideration Shares”	the number of AfroCentric Shares to be issued to Claassen and Martin as partial consideration for the relevant portions of the Acquisition Shares in terms of the Acquisition Agreement and as detailed in paragraph 2.2.4 of this Circular;
“CSDP”	a Central Securities Depository Participant that holds in custody and administers securities or an interest in securities and that has been registered as a participant by a licensed central securities depository in terms of the Financial Markets Act;
“Dematerialised” or Dematerialisation”	the process by which Certificated Shares are converted to, or held in an electronic form as uncertificated Shares and are recorded in the sub-register of Shareholders maintained by a CSDP;
“Dematerialised Shares”	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Dematerialised Shareholders”	Shareholders who hold Shares which have been Dematerialised in terms of the requirements of Strate;
“Dematerialised Own-Name Shareholders”	Dematerialised Shareholders who have instructed their CSDP to hold their Shares in their own name on the sub-register;
“Documents of Title”	Share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the AfroCentric Shares in question acceptable to the Board;
“Effective Date”	the effective date of the Acquisition in terms of the Acquisition Agreement, being 1 January 2019 or such later date as the Parties may determine, subject to the timeous fulfilment of the Conditions Precedent;
“EPS”	Earnings Per Share;
“Financial Effects”	the <i>pro forma</i> financial effects of the Acquisition, the details of which has been set out in paragraph 4 and Annexure 2 of this Circular;
“Financial Markets Act”	the Financial Markets Act No.19 of 2012, as amended;
“General Meeting”	the General Meeting of Shareholders to be held at 10:00 on Thursday, 10 January 2019 at Medscheme Head Office, 37 Conrad Street, Florida North, Roodepoort, to consider and if deemed fit, to approve, with or without modification, the Resolutions proposed in the Notice of General Meeting;
“Group” or “AfroCentric Group”	AfroCentric and its Subsidiaries from time to time;
“HEPS”	Headline Earnings Per Share;
“IFRS”	International Financial Reporting Standards as issued by the board of the International Accounting Standards Committee, from time to time;
“Independent Expert”	BDO Corporate Finance Proprietary Limited
“Independent Reporting Accountant” or “PWC”	PWC Inc. (Registration number: 1998/012055/21) a company duly incorporated in accordance with the laws of South Africa;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa, licensed as an exchange under the Financial Markets Act, and listed on the exchange operated by the JSE;
“JSE Listings Requirements”	the JSE Limited Listings Requirements, as amended from time to time;
“Last Day to Trade”	Monday, 31 December 2018, being the last day to trade in the Shares in order to be reflected in the Register on the Record Date;
“Last Practicable Date”	the last practicable date prior to the finalisation of the Circular, being 29 October 2018;

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“Legal Advisors”	Van Huyssteens Commercial Attorneys, a firm of attorneys;
“Martin”	John Patrick Francis Martin, Identity number 641129 5065 083, who is the seller of 112 Acquisition Shares to AHA in terms of the Acquisition Agreement;
“Medscheme”	Medscheme Holdings Proprietary Limited (Registration number 1970/015014/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of AHL;
“MOI” or “Memorandum of Incorporation”	the memorandum of incorporation of AfroCentric, or as the context may require any or all of its Subsidiaries;
“NAV”	Net Asset Value;
“NCI”	Non-Controlling Interests;
“Notice”	the notice of General Meeting forming part of this Circular in terms of which the General Meeting is convened;
“Own-Name Registration”	the registration of Shareholders who hold Dematerialised Shares and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
“Parties” or “Party”	collectively, AfroCentric, AHA, WAD, Claassen and Martin;
“Prime”	the rate of interest which Nedbank from time to time quotes as being its prime rate, calculated daily on a 365-day year basis and compounded monthly in arrear, as certified by any manager or director of Nedbank;
“ <i>Pro Forma</i> Financial Information”	The <i>pro forma</i> financial information of AfroCentric as set out in Annexure 2 of this Circular, being the <i>pro forma</i> consolidated financial position as at 30 June 2018 and the <i>pro forma</i> consolidated statement of comprehensive income for the year then ended;
“Purchase Price”	R588 million payable by AHA to the Sellers as consideration for the Acquisition Shares and Shareholder’s Loan as set out in paragraph 2.2.3 of this Circular;
“Rand” or “R”	Rand, the legal currency of South Africa;
“Record Date”	Friday, 4 January 2019, being the date on which Shareholders must be recorded in the Register in order to vote at the General Meeting;
“Register”	the securities register of AfroCentric maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act, including AfroCentric’s uncertificated securities register;
“Resolutions”	the resolutions contained in the Notice, which will be tabled at the General Meeting and in terms whereof Shareholders will, subject to the passing thereof, approve the Acquisition, as is required in terms of the JSE Listings Requirements;
“SAICA Guide”	the Revised Guide on <i>Pro Forma</i> Financial Information issued by the South African Institute of Chartered Accountants;
“Sellers”	Claassen, Martin and WAD referred to collectively;
“SENS”	the Stock Exchange News Service of the JSE;
“Shareholder Loan”	the claim on the loan account of WAD against Activo in the amount of R3.7 million;
“South Africa”	the Republic of South Africa;
“Sponsor” or “Sasfin”	Sasfin Capital, a member of the Sasfin Group (Registration number 1951/002280/06), a company duly incorporated in accordance with the laws of South Africa and the JSE sponsor of AfroCentric;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated in accordance with the laws of South Africa and a registered central securities depository which operates the electronic settlement for transactions that take place on the exchange operated by JSE and off-market transactions;
“Subsidiary”	a subsidiary as defined in the Companies Act;

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“TNAV”	Tangible Net Asset Value;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/06), a private company duly incorporated in accordance with the laws of South Africa;
“van Buuren”	Antoine Vorster van Buuren, Identity number 631213 5048 083;
“VWAP”	volume weighted average trading price;
“WAD”	WAD Holdings Proprietary Limited (Registration number 2012/194773/07), a private company duly incorporated in accordance with the laws of South Africa, which holds 16% of AfroCentric and is the seller of 516 of the Acquisition Shares in terms of the Acquisition Agreement;
“WAD Acquisition”	the acquisition by AfroCentric of the WAD Assets from WAD and its Subsidiaries, the commercial terms of which were agreed on 30 September 2014, for a final aggregate purchase consideration as at 30 June 2017, of R640 million, 70% of which was settled through the issue of AfroCentric Shares to WAD and the balance in cash;
“WAD Acquisition Agreement”	the sale of shares agreement entered into between, inter alia, WAD, AfroCentric, Britz and van Buuren on 10 March 2015 and detailed in the Circular to shareholders dated 3 August 2015;
“WAD Assets”	the various healthcare and related assets of WAD and its Subsidiaries that was acquired by AfroCentric, full details of which were set out in the Circular dated 3 August 2015;
“Warrantors”	collectively, the Sellers, Van Buuren and Brits, being the warrantors in respect of the profit guarantee detailed in paragraph 2.4 of this Circular; and
“Year End Results”	AfroCentric’s abridged audited consolidated financial statements for the year ended 30 June 2018 published on SENS on 14 September 2018.



AFROCENTRIC INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1988/000570/06)

Share Code: ACT ISIN: ZAE000078416

("AfroCentric" or "the Company")

DIRECTORS

NON-EXECUTIVE:

ATM Mokgokong (*Chairperson*)

MJ Madungandaba (*Deputy Chairperson*)

IM Kirk

ND Munisi

A Banderker

INDEPENDENT NON-EXECUTIVE:

LL Dhlamini

JM Kahn (*Founder and Lead*)

SE Mmakau

HG Motau

MI Sacks (*Founder*)

EXECUTIVE:

AV van Buuren (*Chief Executive Officer*)

JW Boonzaaier (*Chief Financial Officer*)

WH Britz

CIRCULAR TO AFROCENTRIC SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

1.1 Introduction

- 1.1.1. In the announcement published on SENS on 9 October 2018, Shareholders were advised that AfroCentric had, subject to Shareholder approval and the fulfilment or waiver, as the case may be, of certain suspensive conditions, concluded the Acquisition Agreement with the Sellers, in terms of which it, via AHA, will inter alia acquire the remaining 74% of the Activo shares that it does not currently hold for an aggregate consideration of R588 million, which will be settled by means of a combination of cash and the issue of AfroCentric Shares.
- 1.1.2. Shareholders will be aware that AHA acquired a 26% interest in Activo at a cost of R10 million and simultaneously secured a call option for a further 74% interest in Activo as a component of the WAD Acquisition in 2015. The Acquisition will be effected by the anticipation of the call option, substantially on the terms of the WAD Acquisition Agreement and as detailed in this circular.
- 1.1.3. In terms of the Acquisition Agreement, AHA is entitled to acquire all of the ordinary shares in Activo that it does not currently own, from WAD, Claassen and Martin, such that Activo will become a wholly owned subsidiary of AHA.
- 1.1.4. The Acquisition is subject to the fulfilment or waiver, as the case may be, of the Conditions Precedent set out in paragraph 2.2 of this Circular.

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with the requisite information in accordance with the JSE Listings Requirements and the Companies Act regarding the Acquisition and to enable Shareholders to make an informed decision as to how they will vote in respect of the Resolutions set out in the Notice of General Meeting incorporated in this Circular.

2. THE ACQUISITION

2.1 Background and Rationale

2.1.1 AfroCentric

AfroCentric is a majority black-owned JSE listed investment holding company which operates in, and provides specialised services to, the public and private healthcare sectors. The deliberate objective of AfroCentric is to be the leading exemplar of transformation and empowerment in the South African healthcare sector.

AfroCentric holds a 71.3% stake in AHA, which holds a 100% interest in AHL. AHL owns 100% of the issued share capital in Medscheme, a multi-medical scheme administrator and managed care provider. Medscheme provides cost-effective and professional healthcare administration and managed care services to growing memberships of institutional, corporate and government medical scheme clients, with approximately 3,7 million lives presently under management and is AfroCentric's principal subsidiary.

The AfroCentric Group is also heavily invested in other essential segments of the public and private healthcare markets in South Africa, with rapidly expanding activity and application in its pharmaceutical wholesale supply, its chronic medication distribution network, specialised disease management, information technology (IT) solutions, transactional switching, fraud detection and not least, the development and marketing of tailored health and insurance solutions and products, in partnership with Sanlam Limited.

2.1.2 Activo

Activo is a wholesale pharmaceutical distributor to South African-based customers. In terms of the WAD Acquisition a strategic 26% minority interest in Activo was acquired, including the opportunity to increase that interest by acquiring the balance of 74%. The Sellers of the Activo shares are WAD, which holds a 51.6% interest in Activo and Claassen and Martin, who each hold a 11.2% interest in Activo. WAD owns 16% of the shares in Afrocentric and is therefore a related party of AfroCentric.

2.1.3 Rationale

AfroCentric is invested in a number of healthcare services segments in both the public and private healthcare markets in South Africa, with expanding operations and related applications in wholesale pharmaceutical supply, national chronic medication distribution and disease management, this apart from its Medical Scheme administration and managed care services division, Medscheme, with its complementary co-ordinating business units.

The acquisition of absolute control of Activo is therefore consistent with AfroCentric's growth objectives through expanding its activity and application in its pharmaceutical supply and its medication distribution network.

2.2 The Terms of the Acquisition

AHA will on the effective date, acquire the Acquisition Shares and the Shareholder Loan against Activo from the Sellers on the terms and conditions set out below.

2.2.1 Conditions Precedent

The Acquisition is subject to the fulfilment or waiver, as the case may be, by or before the Effective Date, of the following outstanding conditions precedent:

- 2.2.1.1 regulatory approvals of the Acquisition including by, and to the extent that such approval may be required, the Competition Commission; and
- 2.2.1.2 approval of the Acquisition by AfroCentric Shareholders in general meeting.

2.2.2 The effective date of the Acquisition

The Acquisition will become effective on the 1 January 2019, or such later date as the Parties may determine, subject to timeous fulfilment of the Conditions Precedent.

2.2.3 The Subject Matter of the Acquisition

The subject matter of the Acquisition is 740 ordinary shares in the capital of Activo, representing 74% of its issued share capital and the Shareholder's Loan in the amount of R3.7 million.

2.2.4 The Consideration

The total aggregate Purchase Price of the Acquisition is R588 million and will be settled by AHA as follows:

- 2.2.4.1 the amount of R409 622 000 will be payable to WAD, in respect of 51.6% of the Acquisition Shares and the Shareholder's loan, in cash;
- 2.2.4.2 the amount of R89 189 000 will be payable to Claassen, in respect of the 11.2% of the Sale Shares, as follows:
 - 2.2.4.2.1 fifty percent of the consideration, being R44 594 500, in cash; and
 - 2.2.4.2.2 fifty percent of the consideration by the issue to Claassen of such number of AfroCentric Shares as shall represent R44 594 500 on the Effective Date, having regard to the VWAP of AfroCentric Shares on the JSE for the 30 trading days immediately preceding the Effective Date.
- 2.2.4.3 the amount of R89 189 000 will be payable to Martin, in respect of the 11.2% of the Sale Shares, as follows:
 - 2.2.4.3.1 fifty percent of the consideration, being R44 594 500, in cash; and
 - 2.2.4.3.2 fifty percent of the consideration by the issue to Martin of such number of AfroCentric Shares as shall represent R44 594 500 on the effective date, having regard to the VWAP of AfroCentric Shares on the JSE for the 30 trading days immediately preceding the Effective Date.

The cash component of the Purchase Price will be funded through a combination of cash resources held within the AfroCentric Group and the utilisation of its loan facilities.

2.3 Restriction on Consideration Shares

In respect of the Consideration Shares, Claassen and Martin have each undertaken not to dispose of, sell, alienate, pledge, encumber, offer or the like, such Consideration Shares (or any portion thereof) prior to the first anniversary of the Effective Date of the Acquisition, and notwithstanding their entitlement to dispose of the Consideration Shares after the first anniversary of the Effective Date, to be further restricted in dealing with the Consideration Shares, so that they may only dispose of such portion of the Consideration Shares as shall exceed R44 594 500 in value, from time to time. They have further undertaken, for a period of 3 years following the Effective Date, not to dispose of such a number of Consideration Shares as will cause the value of all of the Consideration Shares held by them, respectively, at any point in time during that 3 year period, to fall below R44 594 500.

2.4 Warranties, Indemnities and Profit Guarantee

The Acquisition Agreement provides for such warranties and indemnities between AHA and the Sellers as are usual in transactions of this nature in addition to a specific profit guarantee, the terms of which are detailed below:

2.4.1 Profit Guarantee

The Warrantors have warranted that the aggregate profits after tax for the financial years 2019, 2020 and 2021 will be not less than R 286 million. The profit guarantee contained in the Acquisition Agreement is based on estimated accumulated forecast earnings for Activo of R286 million made up as follows:

Financial years	Forecast earnings (R millions)
2019	73
2020	95
2021	118
Combined profits after tax	286

In the event of the combined profit after tax falling below R275 million, the Warrantors shall be liable, jointly and severally, to pay an amount, in cash, to AHA, within ten calendar days following finalisation of the relevant audited financial statements of Activo, calculated as follows:

$A / B \times C \times D$, where –

A represents: combined profit after tax less than R275 Million;
B represents: 3 years annualised;
C represents: 10 (PE ratio); and
D represents: 74% (Non-AHA shareholding),

In the event of the combined profit after tax exceeding R297 million, the excess profits shall, be distributed to the Sellers via incentive bonuses which are in line with Activo policies, calculated as follows:

$A \times B / (1 - C)$, where –

A represents: combined profit after tax in excess of R297 Million;
B represents: 74% (Non-AHA shareholding); and
C represents: 28% (applicable tax rate),

In the event of the combined profit after tax being between R275 million and R297 million, the profit guarantee shall have been satisfied, and no further amounts will be payable by either Party to any other. Any combined profit after tax in excess of R340 million shall not be taken into account for purposes of calculating the incentive to the Sellers as detailed above. For the avoidance of doubt, if the combined profit after tax amounts to R380 million, the incentive to Sellers, will still be calculated as if the combined profit after tax was R340 million (i.e. the excess to be taken into account is therefore capped at R43 million). Extraordinary earnings (e.g., inter alia, earnings resulting from acquisitions other than the Acquisition detailed in this Circular) shall not be included in the calculations above. As such only normalised earnings will be considered.

2.4.2 Cession and pledge

As security for the profit guarantee, and in terms of a Cession and Pledge of Shares Agreement, WAD agreed to cede and pledge such a number of the Shares which it holds in AfroCentric, as shall be equal in value to R30 million as at the Effective Date, having regard to the Company's VWAP.

3. JSE CATEGORISATION AND RELATED PARTY IMPLICATIONS

In terms of section 9.5 of the JSE Listings Requirements the Acquisition is a category 2 transaction. In terms of section 10.1 the JSE Listings Requirements, the Acquisition is a related party transaction, as WAD is a major shareholder of AfroCentric, and requires the publication of a fairness opinion by a JSE approved independent expert and the approval of a majority of AfroCentric Shareholders, excluding the related party and its associates, at the General Meeting. The fairness opinion of the Independent Expert is attached to this circular as Annexure 1.

4. SUMMARISED *PRO FORMA* FINANCIAL INFORMATION ON THE ACQUISITION

The table below sets out a summary of the *pro forma* financial effects of the Acquisition. The *pro forma* financial effects have been prepared for illustrative purposes only, to provide investors and shareholders with information on how the Acquisition may affect the consolidated statement of comprehensive income and the consolidated statement of financial position for the year ended 30 June 2018.

The *pro forma* financial effects are based on AfroCentric's summary of audited annual results for the year ended 30 June 2018, released on SENS on 14 September 2018.

The summarised *pro forma* financial effects have been prepared to assist AfroCentric Shareholders in assessing the impact of the Acquisition on the Company's EPS, diluted EPS, HEPS, diluted HEPS, NAV per share and TNAV per share.

The summarised *pro forma* financial effects have been prepared in a manner consistent in all respects with IFRS, the accounting policies adopted by AfroCentric in its summary of audited annual results for the year ended 30 June 2018, the SAICA Guide and the JSE Listings Requirements.

The *pro forma* financial information assumes the Acquisition was effective 1 July 2017 for purposes of the *pro forma* statement of comprehensive income for the year ended 30 June 2018 and assumes the Acquisition was effective 30 June 2018 for purposes of the *pro forma* statement of financial position.

The AfroCentric Directors are responsible for the compilation, contents, accuracy and presentation of the summarised *pro forma* financial effects, and for the financial information from which it has been prepared.

The summarised *pro forma* financial effects have been prepared for illustrative purposes only, and, because of their nature, may not fairly present AfroCentric's financial position, changes in equity, results of operations or cash flows in subsequent periods.

The *pro forma* consolidated statements of comprehensive income and financial position after the Acquisition are set out in Annexure 2 to this Circular. The Reporting Accountants' report on the *pro forma* financial information is set out in Annexure 3 to this Circular.

The table below sets out the *pro forma* financial effects of the Acquisition:

	Before ¹	<i>Pro forma</i> after the Acquisition ²	% change
EPS (cents) ³	46.29	59.28	28.06%
Diluted EPS (cents) ³	45.93	58.84	28.11%
HEPS (cents) ³	47.06	46.39	(1.42)%
Diluted HEPS (cents) ³	46.70	46.05	(1.39)%
NAV per share (cents)	350.05	375.02	7.13%
TNAV per share (cents)	28.20	(61.05)	(316.49%)
Weighted average number of shares used in the calculation of basic EPS and basic HEPS	554,377,328	570 476 426	2.90%
Weighted average number of shares used in the calculation of diluted EPS and diluted HEPS	558,667,328	574 766 426	2.88%
Number of shares in issue	554,377,328	570 476 426	2.90%

Notes and assumptions:

1. The “Before” column is based on the published summary of historic audited annual results of Afrocentric for the year ended 30 June 2018.
2. The “*Pro forma* after the Acquisition” column reflects the impact of the *pro forma* adjustments on AfroCentric as a consequence of the Acquisition.
3. The effects on earnings, diluted earnings, headline earnings and diluted headline earnings per share are calculated on the basis that the Acquisition was effective 1 July 2017, while the effects on NAV and NTAV per share are calculated on the basis that the Acquisition was effective 30 June 2018 for purposes of presenting the *pro forma* financial effects thereof on AfroCentric.
4. The EPS and diluted EPS includes the re-measurement in value of Afrocentric's 26% investment in Activo amounting to R110 million, when compared to the relative cost of the Acquisition.
5. The detailed notes and assumptions to the *pro forma* financial effects are presented with the *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of comprehensive income contained in Annexure 2 to this Circular. The Independent Reporting Accountants' limited assurance report on the *pro forma* financial information is included in Annexure 3 to this Circular.

5. DIRECTORS

5.1 Directors' interest in Shares

As at the Last Practicable Date, the direct and indirect beneficial interests of the Directors (including any directors of AfroCentric who have resigned in the last 18 months and including any associates of the Directors) in the share capital of the Company are reflected below:

Director	Direct Beneficial	Indirect Beneficial	Held by Associate	Total
ATM Mokgokong (Chairperson)	1 707 926	42 172 403	9 326 441	53 206 770
MJ Madungandaba	-	97 818 886	21 761 697	119 580 583
JM Kahn	18 535 608	-	-	18 535 608
MI Sacks	17 579 938	-	-	17 579 938
AV Van Buuren	-	30 664 002	-	30 664 002
JW Boonzaaier	30 000	-	-	30 000
WH Britz	-	30 664 002	-	30 664 002
	37 853 472	201 319 293	31 088 138	270 260 903

Notes:

The direct and indirect beneficial interests of the directors is based on 554 377 328 shares in issue on the Last Practicable Date.

5.2 Directors' interest in transactions

The Directors' (including directors who have resigned in the last 18 months) material beneficial interests, whether direct or indirect, in any transactions that were effected by the Company:

5.2.1 during the current or immediately preceding financial year; or

5.2.2 during an earlier financial year and remain in any respect outstanding or unperformed, will not change as a result of the Acquisition.

6 MAJOR SHAREHOLDERS

Insofar as is known to AfroCentric, the following Shareholders, other than Directors of the Company, beneficially held, directly or indirectly, an interest of 5% or more of the issued share capital of AfroCentric as at the Last Practicable Date:

Major shareholders holding more than 5% of the issued share capital 2018	Number of Shares	% of Total Shares ⁽¹⁾
Community Healthcare Holdings (Pty) Ltd	123 195 189	22.22
WAD Holdings (Pty) Ltd	88 889 689	16.03
Golden Pond Trading 175 (Pty) Ltd	69 084 752	12.46
ARC Health (Pty) Ltd	48 765 030	8.79
Visio Capital Management (Pty) Ltd	35 815 736	6.46
Total	365 750 396	65.96

Notes:

1. Based on 554 377 328 Shares in issue on the Last Practicable Date.

7. LITIGATION STATEMENT

The Company is not aware of any legal or arbitration proceedings (including any such proceedings which are pending or threatened) involving the Group or any such parties hereto which may have or may have had in the 12 months preceding the Last Practicable Date, a material effect on the Group's financial position. The following matters were included under the contingencies note in the Company's annual financial statements for the year ended 30 June 2018 being the most recent year end.

Neil Harvey & Associates

Neil Harvey & Associates instituted a claim against Medscheme and three of its employees in 2007. The allegations concern alleged copyright infringement and a breach of the Medware license agreement. Medscheme and its employees have persistently denied the allegations. The maximum capital amount of the claim as presently pleaded is R390.4 million. The parties are engaged in private arbitration, however it is unlikely that the matter will be finalised during the 2019 financial year. Medscheme will continue to vigorously defend the claim. Given the consistent advice of Senior Counsel, the Board remains confident that there will be no liability in this matter.

Shareholders are further referred to the voluntary SENS announcement by AfroCentric dated 20 July 2018 wherein the nature and prospects of this claim was detailed.

Legal Claim against Allegra Proprietary Limited

Allegra (Pty) Ltd, a subsidiary of AfroCentric, entered into a supply agreement with Medirite in 2015 to install its pharmacy software at each Medirite branch in South Africa. The project was scheduled to be completed by the end of 2017, however Medirite terminated Allegra's supply agreement during July 2017. As part of the termination of the agreement, Medirite is claiming all fees previously paid to Allegra in terms of the supply agreement, in the amount of R18.2 million, based on alleged non-performance in terms of the agreement.

AfroCentric is of the opinion that the claim against Allegra is not valid and that no basis for the claim of fees paid to date exists. As at the Last Practicable Date no legal summons has been issued against Allegra regarding this matter.

8. MATERIAL CHANGES

There have been no material changes in the financial or trading position of AfroCentric and its subsidiaries between the publication of its results for the financial year ended 30 June 2018, and the Last Practicable Date.

9. MATERIAL CONTRACTS

There are no material contracts entered into by AfroCentric, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of business carried on, or proposed to be carried on, during the two years preceding the date of this Circular, or entered into at any time and that contains an obligation or settlement that is material to the Company or its subsidiaries at the date of this Circular.

10. OPINIONS, RECOMMENDATIONS, UNDERTAKINGS

The Board has considered the terms and conditions of the Acquisition and the fairness opinion of the Independent Expert, which is attached to this Circular as Annexure 1, and is of the opinion that the Acquisition is fair to Shareholders and recommends that Shareholders vote in favour of the Acquisition at the General Meeting. All the Directors who own Shares in their personal capacity intend voting in favour of the Acquisition.

11. EXPERTS' CONSENTS

The advisors referred to in the "Corporate Information and Advisors" section of this Circular have each provided their written consent to the inclusion of their names and, where applicable, their reports in the form and context in which they appear in this Circular and have not withdrawn their consent prior to the publication of this Circular.

12. VOTING RIGHTS

The Acquisition is subject to the approval of AfroCentric Shareholders by way of ordinary resolution passed at a general meeting. The ordinary resolution will be subject to a simple majority of the votes of AfroCentric Shareholders, other than WAD and its associates (to the extent they hold any shares in AfroCentric), being cast in favour of the ordinary resolution, as required in terms of the Listings Requirements of the JSE. All issued Shares rank *pari passu* with each other and at the General Meeting, every Shareholder present or represented by proxy shall have one vote for every Share held.

13. EXPENSES

It is estimated that the total expenses relating to the Acquisition will amount to approximately R2m (costs are exclusive of VAT) and includes the following:

Parties	R'000
Sponsor - Sasfin	250
Reporting Accountant - PwC	425
Legal Advisors - Van Huyssteens	850
Independent Expert - BDO	220
JSE documentation fee	25
Printing	120
Variable fees for printing, postage and consulting activities	200
Total	2 090

14. NOTICE OF GENERAL MEETING

The General Meeting will be held at Medscheme Head Office, 37 Conrad Street, Florida North, Roodepoort, on Thursday, 10 January 2019 commencing at 10:00, to consider the Resolutions required to implement the Acquisition. The Notice convening the General Meeting is attached hereto and forms part of this Circular.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear on page 7 of this Circular collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief that there are no facts that have been omitted which make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the JSE Listings Requirements.

16. DOCUMENTS AVAILABLE FOR INSPECTION

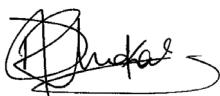
The following documents or copies thereof, where applicable, relating to AfroCentric and the Acquisition, are available for inspection at no charge during normal business hours at the registered office of AfroCentric, from the date of this Circular up to and including the date of the General Meeting:

- the MOI of AfroCentric, Activo and AHA;
- the Acquisition Agreements;
- the consent letters received from the advisors referred to in paragraph 11;
- the independent reporting accountant's reasonable assurance report on the *pro forma* consolidated financial information set out in Annexure 3;
- the *pro forma* consolidated financial information of AHA set out in Annexure 2;
- the fairness opinion of the Independent Expert set out in Annexure 1; and
- the annual reports of AfroCentric for the three years ended 30 June 2016, 30 June 2017 and 30 June 2018.

SIGNED ON BEHALF OF ALL OF THE DIRECTORS OF AFROCENTRIC, IN TERMS OF THE POWERS OF ATTORNEY GRANTED TO THEM, ON FRIDAY, 9 NOVEMBER 2018



Director



Company Secretary

who warrant that they are duly authorised thereto.

Johannesburg
Gauteng

FAIRNESS OPINION OF THE INDEPENDENT EXPERT ON THE ACQUISITION

“31 October 2018

The Directors
 AfroCentric Investment Corporation Limited
 37 Conrad Street
 Florida North
 Roodepoort
 1709

Dear Sirs

FAIRNESS OPINION REGARDING THE PROPOSED ACQUISITION BY AFROCENTRIC INVESTMENT CORPORATION LIMITED OF THE REMAINING 74% OF THE ORDINARY ISSUED SHARE CAPITAL IN ACTIVO HEALTH PROPRIETARY LIMITED

1. INTRODUCTION

BDO Corporate Finance Proprietary Limited (“BDO Corporate Finance”) has been appointed by the board of directors (“Board” or “Directors”) of Afrocentric Investment Corporation Limited (“AfroCentric” or the “Company”) to provide an independent opinion to the shareholders of AfroCentric (“AfroCentric Shareholders” or “Shareholders”) with regard to the acquisition by ACT Healthcare Assets Proprietary Limited (“AHA”) of 740 ordinary shares in the ordinary share capital of Activo Health Proprietary Limited (“Activo”), representing 74% of its issued share capital (“Acquisition Shares”) and the claim on the loan account of WAD Holdings Proprietary Limited (“WAD”) against Activo (“Shareholder Loan”) in the amount of R3.7 million, for an aggregate consideration of R588 million (“Purchase Price”), which will be settled by means of a combination of cash and the issue of the ordinary shares in the capital of AfroCentric, with a par value of 1 cent each (“AfroCentric Shares”) (the “Acquisition”).

The Activo shares are held as follows:

- 516 ordinary shares (“WAD Acquisition Shares”), representing 51.6% of the entire issued share capital in Activo, held by WAD and the Shareholders’ Loans for an amount of R409 622 000 payable in cash;
- 112 ordinary shares (“Claassen Acquisition Shares”), representing 11.2% of the entire issued share capital in Activo, held by Stephanus Esaias Claassen (“Claassen”) for an amount of R89 189 000 of which 50% is payable in shares and the remainder in cash; and
- 112 ordinary shares (“Martin Acquisition Shares”), which shares represent 11.2% of the entire issued share capital in Activo, held by John Patrick Francis Martin (“Martin”) for an amount of R89 189 000 of which 50% is payable in shares and the remainder in cash.

2. FAIRNESS OPINION REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

The Acquisition is a related party transaction as defined in section 10.1(b)(i) of the JSE Limited (“JSE”) Listings Requirements read together with the definition of material shareholder, as WAD is a material AfroCentric shareholder (holding 16.% of the ordinary issued share capital of AfroCentric at 30 June 2018) and is consequently a related party to AfroCentric. In terms of Section 10.4 of the JSE Listings Requirements the Directors are required to obtain written confirmation from an independent professional expert confirming whether the terms of the Acquisition are fair insofar as the shareholders of AfroCentric are concerned (“the Fairness Opinion”).

BDO Corporate Finance Proprietary Limited (“BDO Corporate Finance”) has been appointed to provide the Fairness Opinion in respect of the Acquisition in accordance with Schedule 5 of the JSE Listings Requirements.

3. RESPONSIBILITY

Compliance with the JSE Listings Requirements is the responsibility of the Directors. Our responsibility is to report on whether the terms of the Acquisition are fair to AfroCentric Shareholders.

EXPLANATION AS TO HOW THE TERM “FAIR” APPLIES IN THE CONTEXT OF THE ACQUISITION

Schedule 5.7 of the Listings Requirements states that the “fairness” of a transaction is based on quantitative issues. A transaction will generally be considered fair to a company’s shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value ceded by a company.

The Acquisition would be considered fair to the shareholders of AfroCentric if the consideration payable to WAD in respect of the WAD Acquisition Shares and Shareholder Loan is less than or equal to the value of the WAD Acquisition Shares and Shareholder Loan, or unfair if the consideration payable to WAD in respect of the WAD Acquisition Shares and Shareholder Loan is more than the value of the WAD Acquisition Shares and Shareholder Loan.

4. DETAILS AND SOURCES OF INFORMATION

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

- the sale of Acquisition Shares and Shareholders' Loans agreement entered into between, inter alia, WAD, AHA, Claassen and Martin, governing the Acquisition, dated 8 October 2018;
- the circular to Shareholders to approve the Acquisition dated on or about Friday, 9 November 2018 ("the Circular");
- Activo audited annual financial statements for the financial years 2014-2017 as well as draft financial statements for the year ended 30 June 2018;
- Activo management accounts for the period ended 31 August 2018;
- Forecast financial information for Activo for the financial years ending 30 June 2019 – 2022;
- precedent transactions of a similar nature;
- discussions with Directors and management of AfroCentric regarding the historic and forecast financial information;
- discussions with Directors and management of AfroCentric on prevailing market, economic, legal and other conditions which may affect underlying value;
- publicly available information relating to the Pharmaceutical industry in general; and
- publicly available information relating to Activo that we deemed to be relevant, including company announcements and media articles.

The information above was secured from:

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

5. PROCEDURES

In arriving at our opinion, we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the Acquisition:

- reviewed the terms and conditions of the Acquisition as contained in the Circular and the Acquisition Agreement;
- reviewed the financial information related to Activo, as detailed above;
- reviewed and obtained an understanding from management as to the forecast information of Activo for the financial years ending 30 June 2019 – 2022 prepared by management of Activo. Considered the forecast cash flows and the basis of the assumptions therein including the prospects of the business of Activo. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management and assessed the achievability thereof by considering historical information as well as macro-economic and industry-specific data;
- compiled forecast cash flows for Activo by using the forecast financial information as detailed above. Applied BDO Corporate Finance's assumptions of cost of capital to the forecast cash flows to produce a discounted cash flow ("DCF") valuation of Activo;
- compiled a capitalisation of maintainable earnings valuation of Activo by using adjusted historical and forecast financial information and applied BDO Corporate Finance's calculated earnings multiples based on market comparables to earnings before interest, taxation, depreciation and amortization ("EBITDA");
- performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the Pharmaceutical industry generally;
- held discussions with Directors and management of AfroCentric regarding the past and current business operations, regulatory requirements, financial condition and future prospects of Activo and such other matters as we have deemed relevant to our inquiry;
- held discussions with Directors and management of AfroCentric regarding the rationale for the Acquisition;
- assessed the long-term potential of Activo;
- performed a sensitivity analysis on key assumptions included in the valuation;
- evaluated the relative risks associated with Activo and the Pharmaceutical industry;
- reviewed certain publicly available information relating to Activo and the Pharmaceutical industry that we deemed to be relevant, including company announcements and media articles, including available analyst coverage; and
- where relevant, representations made by management and/or Activo board of directors were corroborated by source documents or independent analytical procedures performed by us, to examine and understand the industry in which Activo operates, and to analyse external factors that could influence the business of Activo.

6. ASSUMPTIONS

We arrived at our findings based on the following assumptions:

- that all agreements that are to be entered into in terms of the Acquisition will be legally enforceable;
- that the Acquisition will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives of AfroCentric; and
- that reliance can be placed on the financial information of Activo.

7. APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

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

- determining the extent to which representations from management of AfroCentric and/or their advisors were confirmed by documentary evidence as well as our understanding of Activo and the economic environment in which it operates.

8. LIMITING CONDITIONS

The Fairness Opinion is provided in connection with and for the purposes of the Acquisition. This Fairness Opinion does not purport to cater for each individual Shareholder's perspective, but rather that of the general body of AfroCentric Shareholders. Should a Shareholder be in doubt as to what action to take, he or she should consult an independent advisor.

Individual Shareholder's decisions regarding the Acquisition may be influenced by such Shareholder's particular circumstances and accordingly individual Shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the Acquisition.

We have relied upon and assumed the accuracy of the information provided to us in deriving our conclusions. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of this report, whether in writing or obtained in discussion with management of AfroCentric, by reference to publicly available or independently obtained information. While our work has involved an analysis of, inter alia, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of Activo relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results will correspond to those projected. We have however compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management of AfroCentric.

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

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

9. INDEPENDENCE, COMPETENCE AND FEES

We confirm that we have no direct or indirect interest in AfroCentric Shares or the Acquisition. We also confirm that we have the necessary qualifications and competence to provide the Fairness Opinion on the Acquisition.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent upon the success of the Acquisition.

10. VALUATION APPROACH AND RESULTS

We have performed a valuation of Activo by applying the DCF methodology as the primary valuation methodology and the capitalisation of maintainable earnings methodology as a secondary methodology to support the results of the DCF valuation.

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

The valuations were performed taking cognisance of risk and other market and industry factors affecting Activo. Additionally, sensitivity analyses were performed considering key value drivers.

Key internal value drivers to the DCF valuation included revenue growth (compound annual growth rate of 14.5% over the forecast period), gross profit margins (sustainable gross profit margins of 36%), EBITDA margins (sustainable EBITDA margins of 22%), the discount rate (represented by the weighted average cost of capital ("WACC") of 17.4%) and working capital requirements (sustainable net working capital as a percentage of revenue of 25%). Sales value and volume growth are the main driver of expected revenues to be derived over the forecast period.

External value drivers, including key macro-economic parameters such as, GDP growth, interest rates, headline inflation rates and prevailing market and industry conditions were considered in assessing the forecast cash flows and risk profile of Activo.

Our valuation results are sensitive to revenue growth, sustainable EBITDA margins, working capital balance movements and WACC applied in the DCF valuation.

Sensitivity analyses were performed in respect of the following:

- increasing and decreasing the EBITDA margins by a maximum of 1%;
- increasing and decreasing the WACC by a maximum of 1%; and
- increasing and decreasing the terminal growth rate by a maximum of 1%.

These sensitivity analyses did not indicate a sufficient effect to alter our opinion in respect of the Acquisition.

11. OPINION

BDO Corporate Finance has considered the terms and conditions of the Acquisition and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Acquisition are fair to AfroCentric Shareholders.

Our opinion is necessarily based upon the information available to us up to 29 October 2018, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Acquisition have been fulfilled or obtained.

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

12. CONSENT

We hereby consent to the inclusion of this Fairness Opinion, in whole or in part, and references thereto in the Circular and any other announcement or document pertaining to the Acquisition, in the form and context in which they appear.

Yours faithfully

A handwritten signature in black ink, appearing to read 'N. Lazanakis', with a horizontal line underneath.

N Lazanakis CA(SA)
Director

BDO Corporate Finance Proprietary Limited
22 Wellington Road
Parktown
2193

PRO FORMA FINANCIAL INFORMATION OF AFROCENTRIC

The *pro forma* financial information of AfroCentric as set out below consists of the *pro forma* consolidated statement of financial position as at 30 June 2018 and the *pro forma* consolidated statement of comprehensive income for the year then ended (the “*Pro Forma* Financial Information of AfroCentric”).

The *Pro Forma* Financial Information of AfroCentric has been prepared for illustrative purposes only, to provide information on how the Acquisition may affect its audited consolidated statement of financial position audited consolidated statement of comprehensive income and, because of its nature, may not fairly present AfroCentric’s financial position, changes in equity, results of operations or cash flows in subsequent periods.

The *Pro Forma* Financial Information of AfroCentric is based on AfroCentric’s summary of audited results for the year ended 30 June 2018, released on SENS on 14 September 2018.

The *Pro Forma* Financial Information of AfroCentric has been prepared in a manner consistent in all respects with IFRS, the accounting policies adopted by AfroCentric as at 30 June 2018, the Revised SAICA Guide on *Pro Forma* Financial Information and the JSE Listings Requirements.

The *Pro Forma* Financial Information assumes the Acquisition was effective 1 July 2017 for purposes of the *pro forma* statement of comprehensive income for the six months ended 30 June 2018 and assumes the Acquisition was effective 30 June 2018 for purposes of the *pro forma* statement of financial position as at 30 June 2018.

The AfroCentric Directors are responsible for the compilation, contents, accuracy and presentation of the *Pro Forma* Financial Information of AfroCentric, and for the financial information from which it has been prepared.

The *Pro Forma* Financial Information of the Acquisition, is set out below and should be read in conjunction with the Reporting Accountants’ report on the *Pro Forma* Financial Information set out in Annexure 3 to this Circular.

Pro forma consolidated statement of financial position of Afrocentric for the year ended 30 June 2018

	The Acquisition					<i>Pro forma</i> after the Acquisition ⁶
	Before ¹	Activo ²	Settlement of portion of Shareholder Loan ³	Settlement of Purchase Price and consolidation entries ⁴	Transaction costs ⁵	
	R'000	R'000	R'000	R'000	R'000	
ASSETS						
Non-current Assets	2 306 326	23 584	-	589 214	-	2 919 124
Property, plant and equipment	255 076	490	-	-	-	255 566
Land and Buildings	120 573	-	-	-	-	120 573
Investment Property	15 418	-	-	-	-	15 418
Goodwill	883 488	-	-	416 685	-	1 300 173
Intangible assets	855 598	22 750	-	263 650	-	1 141 998
Available for sale investment	9 000	-	-	-	-	9 000
Managed funds and deposits	65 028	-	-	(65 028)	-	-
Investment in associates	56 935	-	-	(26 093)	-	30 842
Deferred income tax assets	45 210	344	-	-	-	45 554
Current assets	823 735	161 156	(6 300)	(335 168)	(2 090)	641 333
Trade and other receivables	348 527	55 775	-	-	-	404 302
Inventory	83 532	95 486	-	-	-	179 018
Current Tax Asset	20 768	-	-	-	-	20 768
Receivables from associates and joint venture	5 740	-	-	-	-	5 740
Managed funds and deposits	152 250	-	-	(152 250)	-	-
Cash and cash equivalents	212 918	9 895	(6 300)	(182 918)	(2 090)	31 505
Total Assets	3 130 061	184 740	(6 300)	254 046	(2 090)	3 560 457
EQUITY AND LIABILITIES						
Capital and reserves	1 940 614	114 574	-	85,309	(1 073)	2 139 424
Issued ordinary share capital	18 686	1	-	160	-	18 847
Share premium	999 058	-	-	89 028	-	1 088 086
Share-based payment reserve	3 501	-	-	-	-	3 501
Treasury shares	(2 324)	-	-	-	-	(2,324)
Capital by non-controlling interests	55 874	-	-	-	-	55 874
Foreign currency translation reserve	793	-	-	-	-	793
Distributable reserve	865 026	114 573	-	(3 879)	(1 073)	974 647
Non-controlling interest	679 277	-	-	-	(432)	678 845
Total equity	2 619 891	114 574	-	85 309	(1 505)	2 818 269
Non-Current Liabilities	153 860	163	-	172 437	-	326 460
Non-current provisions	8 350	-	-	-	-	8 350
Deferred tax	121 667	-	-	73 823	-	195 489
Accrual for straight-lining of leases	15 915	163	-	-	-	16 078
Deferred payment	5 263	-	-	-	-	5 263
Loan Facility	-	-	-	98 615	-	98 615
Provision for post-retirement benefit	2 665	-	-	-	-	2 665
Current Liabilities	356 310	70 003	(6 300)	(3 700)	(585)	415 728
Trade and other payables	284 029	59 574	-	-	-	343 603
Provisions	8 597	-	-	-	-	8 597
Shareholder Loans	-	10 000	(6 300)	(3 700)	-	-
Employee benefit provisions	49 955	-	-	-	-	49 955
Taxation	13 729	429	-	-	(585)	13 573
Total liabilities	510 170	70,166	(6 300)	168 737	(585)	742 188
Total Equity and Liabilities	3 130 061	184 740	(6 300)	254 046	(2 090)	3 560 457
NAV per share	350.05					375.02
TNAV per share	28.20					(61.05)
Number of shares	554 377 328			16 099 098		570 476 426

Notes and assumptions

1. The "Before" column is extracted from AfroCentric's summary of audited results for the year ended 30 June 2018.
2. The "Activo" column figures were extracted without adjustment from the audited financial statements of Activo for the year ended 30 June 2018. The Acquisition results in Afrocentric acquiring control of its investment in its associate, Activo. Activo is consolidated into the annual results of Afrocentric according to IFRS 3: Business Combinations from the date of Afrocentric acquiring control according to the terms of the Acquisition.
3. Prior to the Acquisition and post 30 June 2018, Activo is expected to settle R6.3 million of the Shareholder Loan.
4. The "Settlement of Purchase Price and consolidation entries" column represents the following:
 - a. On the effective date of the Acquisition, in terms of IFRS 3: Business Combinations, AfroCentric shall remeasure its previously held equity interest in Activo at its fair value and recognise the resulting gain or loss, if any, in profit and loss.

	R in 000s
Carrying value of the investment in Activo associate as 30 June 2017 extracted from audited results of AfroCentric for the year ended 30 June 2017	26 093
Fair value of 26% investment in Activo (refer note (i) below)	136 787
Fair value adjustment recognised in profit and loss	110 694

- i. The fair value of the existing 26% minority interest in Activo is based on a provisional fair value exercise of a 100% interest in Activo and application of a 30% minority discount.
- b. In terms of IFRS 3: Business Combinations, the following intangible assets have been identified based on a preliminary fair value allocation exercise:

	R in 000s
Fair value of investment in associate at date of Acquisition as per Note 4(a) (existing 26% interest held)	136 787
Purchase Price (refer to Note 3 (c) below) (74% interest acquired in terms of the Acquisition)	588 000
Assumed Consideration for acquisition of 100% of Activo	724 787
Activo NAV acquired	(114 574)
Shareholder loan acquired (refer to note 3 above)	(3 700)
Differential of the consideration and the NAV acquired	606 513
Uplift to intangibles identified on Acquisition	263 649
Deferred tax relating to the uplift to intangible assets recognised (R263 million * 28%)	(73 823)
Excess: goodwill recognised on Acquisition	416 685

A fair value exercise in terms of IFRS 3: Business Combinations will need to be performed at the effective date of the Acquisition, which may result in different values being attached to the assets acquired.

- c. The Purchase Price agreed for the Acquisition of the Shareholder Loan and Acquisition Shares is settled as follows:

	R in 000s
Managed funds and deposits	212 278
Cash and cash equivalents on hand	182 918
Loan Facility	98 615
AfroCentric Shares (based on current 30 day VWAP share price of R5.54 * 16,099,098 ⁱ shares with nominal value of 1 cent per share)	89 189
Purchase Price	588 000

- i. The fair value of the Consideration will be determined at the effective date of the Acquisition based on the Afrocentric share price on such date, which may differ from the 30 day VWAP.

	R in 000s
Purchase Price	588 000
Less settled in cash	(498 811)
Settled in Consideration Shares	89 189
30 day VWAP price per share (Rands)	5.54
Consideration Shares to be issued ('000)	16 099

Therefore the impact on share capital, share premium and distributable earnings includes:

Share Capital	R in 000s
Elimination of share capital of Activo on Acquisition	(1)
Issue of Acquisition Shares (R0.01 * 16,099,098 shares)	161
Share Capital	160

Share Premium	R in 000s
Issue of Acquisition Shares (R5.53 * 16,099,098 shares)	89 028
Share Premium	89 028

Distributable Earnings	R in 000s
Elimination of Activo distributable earnings on Acquisition	(114 573)
Fair value adjustment on remeasurement of investment in Activo associate (refer note 3(a) above)	110 694
Distributable Earnings	3 879

5. Transaction costs of R2 million are expensed as incurred, with 28.7% allocated to AHA NCI.
6. Goodwill recognised on the Acquisition will need to be assessed for impairment at each reporting date.

Pro forma consolidated statement of comprehensive income for the year ended 30 June 2018

	Before ¹	Activo ²	Settlement of Purchase Price and consolidation entries ³	Transaction costs ⁴	Pro forma after the Acquisition ⁵
	R'000	R'000	R'000	R'000	R'000
Healthcare services revenue	2 982 284	-	-	-	2 982 284
Healthcare services operating costs	(2 433 582)	-	-	-	(2 433 582)
Healthcare service operating profit	548 702	-	-	-	548 702
Healthcare retail revenue	1 230 421	590 920	-	-	1 821 341
Healthcare retail cost of sales	(914 305)	(433 275)	-	-	(1 347 580)
Healthcare retail gross profit	316 116	157 645	-	-	473 761
Healthcare retail operating costs	(241 732)	(69 765)	-	(2 090)	(313 587)
Total healthcare operating profit	623 086	87 880	-	(2 090)	708 876
Other income	-	440	-	-	440
Loss on sale of listed investment	(2 717)	-	-	-	(2 717)
P/L on deemed disposal of Associate	-	-	110 694	-	110 694
Impairment of assets	(1 667)	-	-	-	(1 667)
Net finance and investment income	43 481	1 024	(39 973)	-	4 532
- Finance and investment income	55 081	1 026	(30 358)	-	25 749
- Fair value loss in listed investment	(9 738)	-	-	-	(9 738)
- Finance costs	(1 862)	(2)	(9 615)	-	(11 479)
Share-based payment expense	(3 501)	-	-	-	(3 501)
Indemnity expense	(3 150)	-	-	-	(3 150)
Share of associate profits	23 626	-	(17 857)	-	5 769
Profit before depreciation and amortisation	679 158	89 344	52 864	(2 090)	819 276
Depreciation	(51 109)	(157)	-	-	(51 266)
Amortisation of intangible assets	(89 603)	(1 335)	(26 364)	-	(117 302)
Profit before taxation	538 446	87 852	26 500	(2 090)	650 708
Taxation expense	(153 544)	(24 533)	18 575	585	(158 917)
Profit for the year after taxation	384 902	63 319	45 074	(1 505)	491 790
Other comprehensive (loss)/income	(2 753)	-	-	-	(2 753)
Comprehensive net income for the year	382 149	63 319	45 074	(1 505)	489 037
Profit after tax attributable to:					
Equity holders of the Parent	256 611	63 319	19 348	(1 073)	338 205
Non-controlling interest	128 291	-	25 726	(432)	153 585
EPS	46.29				59.28
Diluted EPS	45.93				58.84
Headline earnings reconciliation:					
Profit after tax attributable to equity holders of the Parent	256 611	63 319	19 348	(1 073)	338 205
Adjusted by:	4 305		(78 925)	1 073	(73 547)
Reversal of impairment	1 285				1 285
Reversal of fair value gains	-		(110 694)		(110 694)
Loss on disposal of assets	3 428				3 428
Transaction costs				2 090	2 090
Total tax adjustments	1 325			(585)	740
Total non-controlling interest	(1 733)		31 769	(432)	29 604
Total headline earnings	260 916	63 319	(59 577)	-	264 658
HEPS	47.06				46.39
Diluted HEPS	46.70				46.05
Weighted average number of shares used in the calculation of basic EPS and basic HEPS	554 377 328		16 099 098		570 476 426
Weighted average number of shares used in the calculation of diluted EPS and diluted HEPS	558 667 328		16 099 098		574 766 426

Notes and assumptions

1. The "Before" column is extracted from AfroCentric's summary of audited results for the year ended 30 June 2018.
2. The "Activo" column figures are extracted without adjustment from the audited financial statements of Activo for the year ended 30 June 2018. The Acquisition results in Afrocentric acquiring control of its investment in associate, Activo. Activo is consolidated into the annual results of Afrocentric according to IFRS 3: Business Combinations from the date of acquiring control according to the terms of the Acquisition.
3. The "Settlement of Purchase Price and consolidation entries" column represents the following:
 - a. 'On the effective date of the Acquisition, in terms of IFRS 3: Business Combinations, AfroCentric shall re-measure its previously held equity interest in Activo at its acquisition-date fair value and recognise the resulting once-off gain or loss, if any, in profit and loss. This is adjusted for in headline earnings.

	R in 000s
Carrying value of the investment in Activo associate as 30 June 2017 extracted from the audited financial results of Afrocentric for the year ended 30 June 2017	26 093
Fair value of 26% investment in Activo (refer note (i) below)	136 787
Fair value adjustment recognised in profit and loss	110 694

- i. The fair value of the existing 26% minority interest in Activo is based on a provisional fair value exercise of a 100% interest in Activo and application of a 30% minority discount.
- b. Reversal of finance income relating to the cash of R183 million and managed deposits of R217 million utilised to settle the purchase consideration at a weighted average interest rate of 7.6% p.a amounting to R30.4 million and the related tax of R8.5 million.
- c. Finance cost on the Loan Facility raised by AHA of R98.6 million at an assumed 9.70% per annum, amounting to R9.6 million and related tax shield at 28% of R2.7 million. The balance of the Purchase Price will be settled from cash reserves within the AfroCentric group (refer note above) and the issue of AfroCentric shares (refer note 4(c) to the *pro forma* balance sheet).
- d. Reversal of AfroCentric's share of earnings from its associate, Activo, amounting to R17.8 million for the year ended 30 June 2018.
- e. Amortisation of the additional intangibles recognised on consolidation of Activo of R26.4 million, based on a provisional fair value allocation exercise in terms of IFRS 3: Business Combinations and related tax shield of R7.4m. Intangibles are amortised over a useful life of ten years according to AfroCentric's accounting policy. A fair value exercise in terms of IFRS 3: Business Combinations will need to be performed at the effective date of the Acquisition, which may result in different values being attached to the assets acquired.
- f. AfroCentric owns 71.3% of AHA, consequently 28.7% of AHA's consolidated profit after tax is attributable to the AHA NCI. NCI is also adjusted for the portion of the Purchase Price to be settled by AHA via the Consideration Shares (assumed value of R89 million) and the managed funds and deposits funds amounting to R217 million, both which will be issued to AHA on loan account from AfroCentric. This loan account is expected to bear interest at 8.5% per annum, being the average rate AfroCentric earns of its cash balances. The cash and cash equivalents of R183 million are held by AHA within the AfroCentric group.

	R in 000s
AHA NCI share of Activo consolidated profits after tax ((R63.3 million + R45.7 million) * 28.7%)	31 109
Non-controlling interest share of finance costs on intercompany loan after tax (R306m * 8.5% * 72% * 28.7%)	(5 383)
Impact on AHA NCI	25 726

4. Once-off transaction costs of R2m are expensed as incurred, with 28.7% allocated to AHA NCI.
5. All adjustments are of a recurring nature except where otherwise stated.

INDEPENDENT REPORTING ACCOUNTANT'S REASONABLE ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

“31 October 2018

The Directors
AfroCentric Investment Corporation Limited
37 Conrad Street
Florida North
Roodepoort
1709

To the Directors of AfroCentric Investment Corporation Limited

Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information included in Circular

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of AfroCentric Investment Corporation Limited (the “Company” or “AfroCentric”) by the directors. The *pro forma* financial information, as set out in Annexure 2 of the Circular consists of the statement of financial position as at 30 June 2018, the *pro forma* statement of comprehensive income for the year ended 30 June 2018 and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Limited (JSE) Listings Requirements and described in paragraph 4 and annexure 2 of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the acquisition of shares in its investment in associate Activo Health (Pty) Ltd (“Activo”), thereby increasing its shareholding in Activo from 26% to 100% and acquiring control of Activo. As part of this process, information about the Company’s financial position and financial performance has been extracted by the directors from the Company’s financial statements for the year 30 June 2018, on which an audit opinion has been published.

Directors’ responsibility

The directors of the Company are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 4 and annexure 2 of the Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant’s responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 4 and annexure 2 of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 4 and annexure 2 of the Circular.



PricewaterhouseCoopers Inc.

Director: Julianie Basson

Registered Auditor

Johannesburg



AFROCENTRIC INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1988/000570/06)

Share Code: ACT ISIN: ZAE000078416

("AfroCentric" or "the Company")

NOTICE OF GENERAL MEETING OF AFROCENTRIC SHAREHOLDERS

Where appropriate and applicable, the terms defined in this Circular to which this Notice is attached and forms part, bear the same meanings in this Notice, and in particular in the Resolutions set out below.

NOTICE IS HEREBY GIVEN that the General Meeting will be held at Medscheme Head Office, 37 Conrad Street, Florida North, Roodepoort, on Thursday, 10 January 2019 commencing at 10:00 for the purpose of considering and, if deemed fit, passing, with or without modification, the Resolutions set out below.

IMPORTANT DATES TO NOTE

Last day to trade in order to be eligible to vote at the General Meeting	31 December 2018
Record Date to be able to vote at the General Meeting	4 January 2019
Forms of proxy, if delivered to transfer secretaries, to be received by no later than 10:00 on	8 January 2019
General Meeting to be held at 10:00 on	10 January 2019
Results of the General Meeting published on SENS on	10 January 2019

In terms of section 62(3)(e) of the Companies Act:

- a Shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy, or two or more proxies, to attend and participate in and vote at the General Meeting in the place of the Shareholder, by completing the form of proxy in accordance with the instructions set out therein;
- a proxy need not be a Shareholder; and
- all Shareholders are required to provide reasonably satisfactory identification before being entitled to participate and vote in the General Meeting. Forms of identification include valid identity documents, driver's licences and passports.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE ACQUISITION

“RESOLVED THAT the terms of the Acquisition Agreement as set out in the Circular to AfroCentric Shareholders dated Friday, 9 November 2018 of which this Notice of General Meeting forms part, be and is hereby approved by the AfroCentric Shareholders in accordance with the provisions of 10.4 of the JSE Listings Requirements

The percentage of voting rights that will be required for this Ordinary Resolution Number 1 to be adopted is at least 50% of the voting rights exercised on the resolution. The Related Party and its Associates will not be able to vote on this resolution.

ORDINARY RESOLUTION NUMBER 2

“RESOLVED THAT any director of AfroCentric or the company secretary be and are hereby authorised to do all such things and to sign all such documents as may be necessary to give effect to ordinary resolution number 1.”

The percentage of voting rights that will be required for this Ordinary Resolutions Number 2 to be adopted is at least 50% of the voting rights exercised on the resolutions.

QUORUM

The General Meeting may not begin until sufficient persons are present (in person or represented by proxy) at the General Meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting. A matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present at the meeting (in person or represented by proxy) to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda. In addition, a quorum shall consist of at least three Shareholders personally present or represented by proxy (and if the Shareholder is a body corporate, it must be represented) and entitled to vote at the General Meeting on matters to be decided by Shareholders.

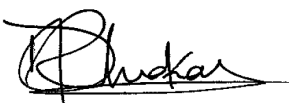
FORM OF PROXY

A form of proxy is attached for the convenience of Certificated Shareholders who cannot attend the General Meeting and who wish to be represented thereat. Forms of proxy may also be obtained on request from AfroCentric’s registered office. The completed forms of proxy must be deposited at or posted to the office of the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) to be received by not later than 48 hours prior to the General Meeting, i.e. by 10:00 on Tuesday, 8 January 2019. The form of proxy may also be handed to the chairman of the General Meeting or adjourned General Meeting before the General Meeting is due to commence or recommence. Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the General Meeting should the Shareholder subsequently decide to do so.

Attached to the form of proxy as an appendix, is an extract of section 58 of the Companies Act, to which Shareholders are referred.

Shareholders who have already Dematerialised their Shares through a Broker or CSDP and who wish to attend the General Meeting must instruct their Broker or CSDP to issue them with the necessary letter of representation to attend.

Dematerialised Shareholders who have elected “own name” registration in the Register through a Broker or CSDP and who are unable to attend but who wish to vote at the General Meeting must complete and return the attached relevant form of proxy and lodge it with the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Tuesday, 8 January 2019.



COMPANY SECRETARY
By order of the Board



AFROCENTRIC INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number 1988/000570/06)
 Share Code: ACT ISIN: ZAE000078416
 (“AfroCentric” or “the Company”)

FORM OF PROXY – GENERAL MEETING

Where appropriate and applicable the terms defined in this Circular to which this form of proxy is attached forms part of and shall bear the same meaning in this form of proxy.

For use by the holders of Certificated Shares and/or Dematerialised Shares held through a Broker or CSDP who have selected “own name” registration, registered as such at the close of business on the Record Date, at the General Meeting to be held at 10:00 at Medscheme Head Office, 37 Conrad Street, Florida North, Roodepoort, on Wednesday, 5 December 2018 or any postponement or adjournment thereof. The form of proxy may also be handed to the chairman of the General Meeting or adjourned or postponed General Meeting before the General Meeting is due to commence or recommence.

Dematerialised Shareholders who have not selected “own name” registration must not complete this form.

They must inform their broker or CSDP timeously of their intention to attend and vote at the General Meeting or be represented by proxy thereat in order for the Broker or CSDP to issue them with the necessary letter of representation to do so or provide the Broker or CSDP timeously with their voting instructions should they not wish to attend the General Meeting s in order for the Broker or CSDP to vote in accordance with their instructions at the General Meeting.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (address) [BLOCK LETTERS PLEASE]

Cellphone no:

Telephone no: (WORK)(area code)

Telephone no: (HOME)(area code)

E-mail address:

being the holder/s of 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 act for me/us on my/our behalf at the General Meeting of in accordance with the following instructions (see note 2):

	Number of votes		
	*For	*Against	*Abstain
Ordinary Resolution Number 1 - Approval of the Acquisition Agreement			
Ordinary Resolution Number 2 - To allow a director and company secretary to do all such things and to sign all such documents as may be necessary to implement the resolution set out above			

**One vote per Share held by Shareholders on the Record Date*

Signed at on 2018/9

Full name Capacity

Signature(s)

Assisted by (where applicable)

Please see the notes on the reverse side hereof.

NOTES:

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space(s) provided. The person whose name appears first on this 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. A proxy appointed by a Shareholder in terms hereof may not delegate his authority to act on behalf of the Shareholder to any other person.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the General Meeting as he deems fit in respect of all the Shareholder's votes exercisable thereat.
4. Forms of proxy must be lodged at or posted to Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) to be received by not later than 10:00 on Tuesday, 8 January 2019 or not less than 48 hours before the recommencement of any adjourned or postponed meeting, or 10 minutes before the General Meeting is due to commence or recommence.
5. The completion and lodging of this form of proxy will not preclude the relevant 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 Shareholder wish to do so. In addition to the foregoing, a Shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to AfroCentric. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
6. The chairman of the General Meeting may reject or accept any form of proxy which is completed and/or received, otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairman is satisfied as to the manner in which the Shareholder (s) concerned wish(es) to vote.
7. Each Shareholder is entitled to appoint one or more proxies (none of whom need be a Shareholder) to attend, speak and vote in place of that Shareholder at the General Meeting.
8. 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 AfroCentric or the Transfer Secretaries or waived by the chairman of the General Meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
10. Where there are joint holders of Shares:
 - 10.1 any one holder may sign this form of proxy; and
 - 10.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of Shareholders appear in the Register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of Shares.
11. The form of proxy may be used at any adjournment or postponement of the General Meeting, including any postponement due to a lack of quorum, unless withdrawn by the Shareholder.
12. An extract from the Companies Act reflecting the provisions of section 58 of the Companies Act is attached as an appendix to this form of proxy.

APPENDIX – EXTRACT FROM SECTION 58 OF THE COMPANIES ACT

“58. Shareholder right to be represented by proxy

- (1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
 - (a) participate in, and speak and vote at, a linked unit holders’ meeting on behalf of the shareholder; or
 - (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
- (2) A proxy appointment:
 - (a) must be in writing, dated and signed by the shareholder; and
 - (b) remains valid for:
 - (i) one year after the date on which it was signed; or
 - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).
- (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
 - (a) a shareholder of that 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 the shareholder;
 - (b) a proxy may delegate the proxy’s authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a linked unitholders’ meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy:
 - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
 - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
 - (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:
 - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
- (5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the shareholder as of the later of:
 - (a) the date stated in the revocation instrument, if any; or
 - (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).
- (6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company’s Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:
 - (a) the shareholder; or
 - (b) the proxy or proxies, if the shareholder has:
 - (i) directed the company to do so, in writing; and
 - (ii) paid any reasonable fee charged by the company for doing so.
- (7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.
- (8) If a Company issues an invitation to linked unitholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:
 - (a) the invitation must be sent to every shareholder who is entitled to Transfer Secretaries of the meeting at which the proxy is intended to be exercised;
 - (b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:
 - (i) bear a reasonably prominent summary of the rights established by this section;
 - (ii) 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 the shareholder; and
 - (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
 - (c) the company must not require that the proxy appointment be made irrevocable; and
 - (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).
- (9) Subsections (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder.”

