

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply *mutatis mutandis* throughout this Circular.

If you are in any doubt as to the action you should take, please consult your broker, CSDP, attorney, accountant, banker or other professional adviser immediately.

1. If you have disposed of all of your Shares in Conduit Capital, then this Circular, together with the attached notice of General Meeting and form of proxy should be forwarded to the purchaser to whom, or the broker, agent, CSDP or banker through whom you disposed of your Shares.
2. The General Meeting convened in terms of this Circular will be held at 10:00 on Friday, 28 October 2016 at the office of Constantia Insurance Company, Unit 5, Training Room, 360 Oak Avenue, Randburg, 2194.
3. **Certificated Shareholders and Dematerialised Shareholders with "own name" registration, who** are unable to attend the General Meeting and wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein.
Dematerialised Shareholders, other than Dematerialised Shareholders with "own name" registration, who:
 - are unable to attend the General Meeting and wish to be represented thereat, must provide their CSDP or broker with their voting instructions, in terms of the Custody Agreement entered into between themselves and the CSDP or broker concerned, in the manner and within the time stipulated therein;
 - wish to attend the General Meeting, must instruct their CSDP or broker to issue them with the necessary letter of representation to attend, in the form of a letter of representation.
4. Conduit Capital does not accept any responsibility and will not be held liable for any failure on the part of any CSDP or broker of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be concluded thereat.

CONDUIT CAPITAL

CONDUIT CAPITAL LIMITED

Incorporated in the Republic of South Africa
(Registration number 1998/017351/06)
Share code: CND ISIN: ZAE000073128
("Conduit Capital" or "the Company")

CIRCULAR TO SHAREHOLDERS OF CONDUIT CAPITAL

regarding

- the proposed Related Party acquisition by Conduit Capital of all the shares in Snowball Wealth for a total purchase consideration of R464.61 million;
- the proposed Related Party acquisition by Conduit Capital of all the shares in Midbrook Lane for a total purchase consideration of R167.65 million;
- the conversion of the authorised ordinary shares in the share capital of the Company with a par value of R0.01 into authorised ordinary shares of no par value, and the approval of resultant amendments to the memorandum of incorporation of the Company;
- an increase in the authorised ordinary share capital of the Company from 500 000 000 shares of no par value to 1 500 000 000 shares of no par value;

incorporating

- Revised Listing Particulars;

and enclosing

- the Fairness Opinions;
 - a notice convening the General Meeting; and
 - a form of proxy for use by Certificated Shareholders of Conduit Capital and "own name" registered Dematerialised Shareholders only.
-

Sponsor and Corporate Adviser


Merchantec
capital

Independent Expert


nodus

Auditors and reporting accountants

 Grant Thornton

Legal Advisers


CDH
CLIFFE DEKKER HOFMEYR

Date of issue: 29 September 2016

Additional copies of this Circular, in its printed format, may be obtained from the registered office of the Company and the Sponsor at the addresses set out in the "Corporate information" section of this Circular during normal business hours from Thursday, 29 September 2016 up to and including, Friday, 28 October 2016, or on the Company's website at www.conduitcapital.co.za. Copies of this Circular are available in the English language only.

CORPORATE INFORMATION

Conduit Capital Limited

Date of incorporation: 2 September 1998

Place of incorporation: South Africa

Registered address of Conduit Capital

(Registration number 1998/017351/06)

Unit 9, 4 Homestead Avenue

Bryanston, 2191

(PO Box 97, Melrose Arch, 2076)

Company Secretary

CIS Company Secretaries Proprietary Limited

(Registration number 2006/024994/07)

70 Marshall Street

Johannesburg

(PO Box 61051, Marshalltown, 2107)

Sponsor and Corporate Adviser

Merchantec Capital Proprietary Limited

(Registration number 2008/027362/07)

2nd Floor, North Block

Hyde Park Office Tower

Corner 6th Road and Jan Smuts Avenue

Hyde Park, Johannesburg, 2196

(PO Box 41480, Craighall, 2024)

Legal Advisers

CliFFE Dekker Hofmeyr Incorporated

(Registration number 2008/018923/21)

11 Buitengracht Street

Cape Town, 8001

(PO Box 695, Cape Town, 8000)

Transfer Secretaries

Computershare Investor Services Proprietary Limited

(Registration number 2004/003647/07)

Ground Floor

70 Marshall Street

Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

Snowball Wealth Proprietary Limited

Date of incorporation: 23 March 2009

Place of incorporation: South Africa

Registered address of Snowball Wealth:

401 The Equinox, 154 Main Road

Sea Point, 8005

(PO Box 335, Sea Point, 8060)

Midbrook Lane Proprietary Limited

Date of incorporation: 8 September 2011

Place of incorporation: South Africa

Registered address of Midbrook Lane:

The Business Centre, Design Quarter

Leslie Road, Fourways, 2191

Independent Expert

Nodus Capital TS Proprietary Limited

(Registration number 2014/226782/07)

Building 2

Commerce Square Office Park

39 Rivonia Road

Sandhurst, Johannesburg, 2196

(PO Box PO Box 55369, Northlands, 2116)

Auditors and reporting accountants

Grant Thornton

Chartered Accountants (SA)

(Registration number 2013/053367/07)

52 Corlett Drive, Wanderers Office Park

Illovo, 2196

(Private Bag X28, Benmore, 2010)

FORWARD-LOOKING STATEMENT DISCLAIMER

This Circular includes statements about Conduit Capital and/or the Conduit Capital Group that are, or may be deemed to be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words such as “believe”, “aim”, “expect”, “project”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “will”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Conduit Capital cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Conduit Capital operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Conduit Capital, as communicated in publicly available documents by Conduit Capital, all of which estimates and assumptions, although Conduit Capital believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Conduit Capital or not currently considered material by Conduit Capital.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Conduit Capital not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Conduit Capital has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

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IMPORTANT DATES AND TIMES

2016

Record date to determine which Shareholders are entitled to receive the Circular	Friday, 23 September
Circular posted to shareholders on	Thursday, 29 September
Last day to trade in respect of the General Meeting	Tuesday, 18 October
General Meeting record date	Friday, 21 October
Last day to lodge forms of proxy for the General Meeting by 10:00 on	Wednesday, 26 October
General Meeting to be held at 10:00 on	Friday, 28 October
Results of General Meeting released on SENS on	Friday, 28 October
Results of General Meeting published in the press on	Monday, 31 October

Notes:

1. The above dates and times are subject to amendment. Any such amendment will be released on SENS.
2. Additional copies of this Circular in its printed format, may be obtained from the registered office of the Company and the Sponsor at the addresses set out in the "Corporate information" section of this Circular during normal business hours from Thursday, 29 September 2016 up to and including, Friday, 28 October 2016, or on the Company's website at www.conduitcapital.co.za.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless the context indicates otherwise, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column hereunder have the meaning stated opposite them in the second column, as follows:

"Acquisitions"	collectively, the Snowball Wealth Acquisition and the Midbrook Lane Acquisition;
"Board" or "Directors"	the board of directors of Conduit Capital at the Last Practicable Date, whose details are set out in paragraph 9 of this Circular;
"Business Day"	any day other than a Saturday, Sunday or a public holiday in South Africa;
"Certificated Shareholder"	a Conduit Capital Shareholder who holds Certificated Shares;
"Certificated Share"	a Conduit Capital Share that has not been Dematerialised, title to which is evidenced by a Document of Title;
"Circular"	this bound document, dated 29 September 2016, including the annexures hereto and incorporating a notice of General Meeting and a form of proxy;
"Companies Act"	the Companies Act, 2008 (Act 71 of 2008), as amended;
"Companies Regulations"	the Companies Regulations, 2011 published in terms of the Companies Act;
"Competition Act"	the Competition Act, 1998 (Act 89 of 1998), as amended;
"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, as the case may be;
"Conditions Precedent"	the conditions precedent to the Acquisitions as set out in paragraph 3.4 of this Circular;
"Conduit Capital" or "the Company"	Conduit Capital Limited (Registration number 1998/017351/06), a public company duly registered and incorporated under the laws of South Africa and listed on the JSE;
"Conduit Capital Shareholders" or "Shareholders"	holders of Conduit Capital Shares;
"Conduit Capital Shares" or "Shares"	ordinary shares of one cent each in the authorised and issued share capital of Conduit Capital;
"Consideration Shares"	258 064 082 Conduit Capital Shares to be issued as consideration for the Acquisitions, comprising the Snowball Wealth Consideration Shares and the Midbrook Lane Consideration Shares;
"Constantia"	Constantia Risk and Insurance Holdings Proprietary Limited (Registration number 1981/010851/07), a private company duly incorporated in accordance with the laws of South Africa and an indirect wholly-owned Subsidiary of Conduit Capital;
"CSDP"	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, appointed by an individual shareholder for the purposes of, and in regard to dematerialisation;
"Custody Agreement"	the agreement which regulates the relationship between the CSDP or broker and each beneficial holder of dematerialised shares;
"Dematerialisation"	the process by which Certificated Shares are converted into electronic format as Dematerialised Shares and recorded in Conduit Capital's Uncertificated Securities Register;
"Dematerialised Shareholder"	a Conduit Capital Shareholder who holds Dematerialised Shares;
"Dematerialised Share"	a Conduit Capital Share that has been Dematerialised or has been issued in Dematerialised form, and recorded in Conduit Capital's Uncertificated Securities Register;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts and/or any other form of acceptable documents of title acceptable to Conduit Capital in respect of Conduit Capital Shares;
"Fairness Opinions"	the opinions on the Snowball Wealth Acquisition and the Midbrook Lane Acquisition by the Independent Expert;

"Financial Markets Act"	Financial Markets Act, 2012 (Act 19 of 2012), as amended;
"Financial Services Board"	the regulating body of Financial Services and products in South Africa;
"General Meeting"	the general meeting of Shareholders of Conduit Capital to be held at 10:00 on Friday, 28 October 2016 at the office of Constantia Insurance Company, Unit 5, Training Room, 360 Oak Avenue, Randburg, 2194, which meeting is convened in terms of the notice of General Meeting attached to this Circular;
"Group" or "Conduit Capital Group"	Conduit Capital and its Subsidiaries;
"IFRS"	International Financial Reporting Standards;
"Independent Expert"	Nodus Capital TS Proprietary Limited (Registration number 2014/226782/07), being the independent expert appointed by the Board to provide Fairness Opinions on the Acquisitions for the purposes of paragraph 10.4(f) of the Listings Requirements;
"Initial Announcement"	the announcement released on SENS on 11 August 2016 wherein Shareholders were advised that the Board had submitted non-binding expressions of interest to each of Snowball Wealth and Midbrook Lane to acquire the entire issued share capital in, and claims against (if any), Snowball Wealth and Midbrook Lane, respectively;
"Ithuba Investments"	Ithuba Investments LP, a US based fund to which Protea Asset Management is the investment adviser (responsible for investing the assets of Ithuba Investments) and to which Riskowitz Capital Management is the General Partner;
"JSE"	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
"Last Practicable Date"	Friday, 16 September 2016, being the last practicable date prior to the finalisation of this Circular;
"Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time by the JSE;
"Merchantec Capital" or "Sponsor"	Merchantec Proprietary Limited (Registration number 2008/027362/07), a private company duly registered and incorporated under the laws of South Africa;
"Midbrook Lane"	Midbrook Lane Proprietary Limited (Registration number 2011/112842/07), a private company duly registered and incorporated in accordance with the laws of South Africa and which holds a 2.96% interest in Conduit Capital, of which Messrs S M Riskowitz and T C Moodley are both shareholders in, and the Chairman and Chief Executive Officer, respectively;
"Midbrook Lane Acquisition"	the proposed acquisition by Conduit Capital of the Midbrook Lane Sale Shares from the Midbrook Lane Shareholders for a total purchase consideration of R167.65 million, which purchase consideration is to be settled by way of issue of the Midbrook Lane Consideration Shares;
"Midbrook Lane Acquisition Agreement"	the Sale of Shares Agreement, entered into between Conduit Capital, Midbrook Lane and the Midbrook Lane Shareholders on 14 September 2016, in terms of which the Midbrook Lane Acquisition is governed;
"Midbrook Lane Consideration Shares"	68 428 980 Conduit Capital Shares to be issued as consideration for the Midbrook Lane Acquisition;
"Midbrook Lane Purchase Consideration"	an amount of R167.65 million;
"Midbrook Lane Sale Shares"	4 093 942 "A" ordinary shares and 6 000 "B" ordinary shares both of no par value in the issued share capital of Midbrook Lane, which shares constitute 100% of the issued share capital of Midbrook Lane;
"Midbrook Lane Shareholders"	the shareholders of Midbrook Lane;
"NAV"	net asset value;
"Protea Asset Management"	Protea Asset Management LLC, an investment management business incorporated in Delaware in the United States, of which Mr S M Riskowitz is the managing member;
"Rand" or "R"	South African Rand, the official currency of South Africa;
"Register"	Conduit Capital's securities register, including the Uncertificated Securities Register;

"Related Party"	a related party as defined in the Listings Requirements;
"Rights Offer"	a fully underwritten renounceable rights offer by Conduit Capital to its Shareholders in terms of which Shareholders obtained the entitlement to subscribe for 75 000 000 new Shares (" Rights Offer Shares ") at a subscription price of 200 cents per Rights Offer Share (" Subscription Price "), in the ratio of 29,25347 Rights Offer Shares for every 100 Shares held at the close of business on Friday, 27 November 2015;
"Riskowitz Capital Management"	Riskowitz Capital Management LLC, an investment management business incorporated in Delaware in the United States, of which Mr S M Riskowitz is the founder and managing member;
"SENS"	the Stock Exchange News Service;
"S M Riskowitz"	the Chief Executive Officer of Conduit Capital;
"Snowball Wealth"	Snowball Wealth Proprietary Limited (Registration number 2009/005748/07), a private company duly registered and incorporated in accordance with the laws of South Africa and which owns a 12.37% interest in Conduit Capital, of which the material shareholders are Leo Chih Hao Chou (38.6%), Sygma Investment & Consulting Proprietary Limited (15.7%) and Appias Proprietary Limited (12.0%);
"Snowball Wealth Acquisition"	the proposed acquisition by Conduit Capital of the Snowball Wealth Sale Shares from the Snowball Wealth Shareholders for a total purchase consideration of R464.61 million, which purchase consideration is to be settled by way of issue of the Snowball Wealth Consideration Shares;
"Snowball Wealth Acquisition Agreement"	the Sale of Shares Agreement, entered into between Conduit Capital, Snowball Wealth and the Snowball Wealth Shareholders on 14 September 2016, in terms of which the Snowball Wealth Acquisition is governed;
"Snowball Wealth Consideration Shares"	189 635 102 Conduit Capital Shares to be issued as consideration for the Snowball Wealth Acquisition;
"Snowball Wealth Purchase Consideration"	an amount of R464.61 million;
"Snowball Wealth Sale Shares"	2 495 986 "A" ordinary shares and 10 "B" ordinary shares both with a par value of 1 cent each in the issued share capital of Snowball Wealth, which shares constitute 100% of the issued share capital of Snowball Wealth;
"Snowball Wealth Shareholders"	the shareholders of Snowball Wealth;
"South Africa"	the Republic of South Africa;
"Strate"	the settlement and clearing system used by the JSE, managed by Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated in accordance with the laws of South Africa and which company is a registered Central Securities Depository in terms of the Financial Markets Act;
"Subsidiary"	a subsidiary as defined in the Companies Act;
"Takeover Regulations"	the regulations published in terms of section 120 of the Companies Act;
"T C Moodley"	a non-executive Director of Conduit Capital;
"Total Purchase Consideration"	collectively, the Snowball Wealth Purchase Consideration and the Midbrook Lane Purchase Consideration;
"Transfer Secretaries"	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa;
"Uncertificated Securities Register"	the record of Dematerialised Shares administered and maintained by a CSDP and which forms part of the Register;
"VAT"	value added tax, levied in terms of the provisions of the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended;
"Vendors"	collectively, the Snowball Wealth Shareholders and the Midbrook Lane Shareholders; and
"VWAP"	volume weighted average price.

CONDUIT CAPITAL

CONDUIT CAPITAL LIMITED

Incorporated in the Republic of South Africa
(Registration number 1998/017351/06)
Share code: CND ISIN: ZAE000073128
("Conduit Capital" or "the Company")

DIRECTORS

Executive

S M Riskowitz (*Chief Executive Officer*)
L E Louw (*Financial Director*)
G Toet

Non-executive

R S Napier[^] (*Chairman*)
D J Harpur[^]
J Mahlangu[^]
T C Moodley
B Scott[^]
N R Xaba[^]

[^] Independent

CIRCULAR TO SHAREHOLDERS OF CONDUIT CAPITAL

1. INTRODUCTION

Further to the Initial Announcement, on 15 September 2016, it was announced on SENS that Conduit Capital had:

- concluded the Snowball Wealth Acquisition Agreement in terms of which, subject to the fulfilment or waiver of the Conditions Precedent, Conduit Capital will acquire the Snowball Wealth Sale Shares from the Snowball Wealth Shareholders for a total purchase consideration of R464.61 million, which purchase consideration is to be settled by way of issue of the Snowball Wealth Consideration Shares; and
- concluded the Midbrook Lane Acquisition Agreement in terms of which, subject to the fulfilment or waiver of the Conditions Precedent, Conduit Capital will acquire the Midbrook Lane Sale Shares from the Midbrook Lane Shareholders for a total purchase consideration of R167.65 million, which purchase consideration is to be settled by way of issue of the Midbrook Lane Consideration Shares.

The issue and allotment of the Consideration Shares will result in an increase of Conduit Capital's issued share capital by more than 50% which, in terms of paragraph 9.22 of the Listings Requirements, requires Revised Listings Particulars to be included in this Circular. Furthermore, as the issue of the Snowball Wealth Consideration Shares exceeds 30% of the voting power of all the shares held by Shareholders immediately prior to such issue, a special resolution in terms of section 41(3) of the Companies Act is required to be approved by Shareholders to effect the Snowball Wealth Acquisition. A further special resolution of Shareholders is required in terms of section 41(1) of the Companies Act, to approve the issue of Midbrook Lane Consideration Shares to those Midbrook Lane Shareholders who fall under the ambit of section 41(1) of the Companies Act, being Directors of the Company.

The purpose of this Circular is to provide Conduit Capital Shareholders with the relevant information relating to, *inter alia*, the Acquisitions, and to give notice of the General Meeting in order for Conduit Capital Shareholders to consider and, if deemed fit, to pass, *inter alia*, the resolutions necessary to approve and implement the Acquisitions in accordance with the Listings Requirements and the Companies Act. A notice convening such meeting is attached to, and forms part of, this Circular.

2. INCORPORATION, HISTORY AND NATURE OF THE BUSINESS OF CONDUIT CAPITAL

The Company was incorporated in South Africa on 2 September 1998 and listed on the JSE on 3 March 1999. With effect from 1 July 2000, Real Africa Durolink Holdings Limited ("RAD") and U-Trade Limited ("U-Trade") agreed that U-Trade be utilised as a vehicle for the creation of a composite international and local asset management, stockbroking and investment management group. The name of 'U-Trade' was changed to 'Appleton Limited' ("Appleton") and the operating subsidiaries and/or the businesses of the Company were disposed of to Appleton. As consideration, the Company received 69% of the issued share capital of Appleton. The Company subsequently changed its name to 'IMR Investments Limited' ("IMR Investments") and unbundled the available Appleton shares to IMR Investments shareholders. In 2005, the Company changed its name to 'Conduit Capital Limited'. In 2006, Conduit Capital acquired 40% of the ordinary share capital in Anthony Richards and Associates Proprietary Limited ("ARA"), a call centre credit recovery business. In March, that same year, Conduit Capital announced the conclusion of a number of agreements to acquire control of CICL Investment Holdings Proprietary Limited, whereafter CICL Investment Holdings was renamed to Conduit Risk and Insurance Holdings Proprietary Limited ("CRIH"), the holding company of a diversified insurance and risk services group. In 2007, Conduit Capital successfully completed a recapitalisation project in order to acquire the remaining shares in CRIH. In 2014, Conduit Capital announced a sector reclassification with the FTSE and JSE from Speciality Finance sub-sector under the Financial Services sector to the Full Line Insurance sub-sector under the Non-life Insurance sector. In 2015, Conduit Capital announced the reconstitution of their Board. In December that same year, Conduit Capital successfully concluded a rights offer and raised R150 million to commence with its growth strategy.

Conduit Capital is an investment holding company investing primarily in the insurance industry, supported by a value-oriented long-term investment strategy. In addition to driving the strategic direction of the Group, Conduit Capital's main function involves the optimal allocation of capital across the Group. The Group operates through two main segments, namely:

- Insurance and Risk, which houses the Group's insurance interests; and
- Investments, which houses the Group's investment activities.

Conduit Capital's long-term objective is to compound the intrinsic value of the business at a high rate over time by providing strategic support to Subsidiaries and efficiently allocating capital across the Group.

Constantia, an indirect wholly-owned Subsidiary of Conduit Capital, is the holding company of the Group's insurance interests. Constantia's objective is to grow retained income from net underwriting profit, investment income and profit commissions earned on well-balanced, profitable reinsurance arrangements. These elements are essential contributors to Conduit Capital's long-term objective. Furthermore, Constantia's attitude towards insurance has always been to adopt a simplistic approach based on a pure sum insured underwriting and retentions (after reinsurance) model. In essence it is a quality vs quantity principle. Constantia operates through three insurance licences, held by Subsidiaries:

Constantia Insurance Company Limited ("CICL")

The licence allows transactions in all classes of short-term insurance business with the focus on select Agricultural (non-crop, commercial lines) products, Legal Expenses, Guarantee, Heavy Commercial Vehicles, Cellular, Auto Body Warranties, Emergency Medical Evacuation, Credit Insurance and certain ancillary Accident and Health products.

CICL – positioned as a niche insurer - deals mainly with Underwriting Managers ("UMAs"), each of which focuses on its own niche products. UMAs are effectively an extension of the insurer, mandated to carry out a broad range of responsibilities which may include relationship management with brokers, the issuing of policies, underwriting and administration, premium collection, claims administration, recoveries and salvages on behalf of the insurer. The underwriting model has evolved to accommodate the incorporation of select smaller UMAs as divisions within CICL and a direct broker model that allows CICL to selectively procure business through the channel most appropriate to the opportunity.

Constantia Life Limited ("CLL")

The licence allows Assistance (individual funeral) policies. Importantly, CLL sells its product under the name of Goodall & Bourne, a brand synonymous with funeral assurance in the Western Cape for more than 80 years.

Constantia Life and Health Assurance Company Limited ("CLAH")

The long-term licence allows Life, Disability, Health and Assistance products. CLAH caters mainly for Group Scheme business, with the portfolio managed by UMAs.

3. THE ACQUISITIONS

3.1 Nature of Snowball Wealth and Midbrook Lane

Snowball Wealth and Midbrook Lane are South African investment companies, investing for the long-term in portfolios of mostly listed companies. The underlying investments of Snowball Wealth and Midbrook Lane are in many respects similar to the underlying investments of the Conduit Capital group's investment portfolio.

3.2 The rationale for the Acquisitions

Conduit Capital, which is listed on the Main Board of the JSE, is an investment holding company, investing primarily in the insurance industry, supported by a value-oriented long-term investment strategy. The Acquisitions are in line with the objectives of the Company, namely the pursuit of insurance and non-insurance opportunities that are expected to deliver acceptable returns over the long-term.

It is the intention of Conduit Capital to become the sole shareholder of each of Snowball Wealth and Midbrook Lane, and for the Snowball Wealth Shareholders and the Midbrook Lane Shareholders to become Shareholders in Conduit Capital.

The Acquisitions will therefore represent an opportunity for Conduit Capital to increase its investment in companies in which it is already invested, and for the Snowball Wealth Shareholders and the Midbrook Lane Shareholders to retain an investment exposure to those investments.

The Acquisitions would also result in a larger investment portfolio and an enhanced balance sheet and earnings for Conduit Capital, which would in turn allow the Snowball Wealth Shareholders and the Midbrook Lane Shareholders to benefit from:

- greater liquidity in terms of their investments;
- earnings at an enhanced multiple;
- the additional value created by being directly exposed to, and having the benefit of, Conduit Capital's non-listed assets; and
- being in a position to utilise Conduit Capital as a more attractive investment vehicle through which they would be able to enhance their investment objectives over the long-term.

In addition, the Midbrook Lane Acquisition will effectively align the interests of those Directors of and Shareholders in Conduit Capital who are, as set out in paragraph 3.5 below, also directors of and shareholders in Midbrook Lane.

3.3 Purchase Consideration

3.3.1 Snowball Wealth Purchase Consideration

- 3.3.1.1 The Snowball Wealth Purchase Consideration will be based on the NAV of Snowball Wealth as at 19 July 2016 ("**the Determination Date**"), primarily determined by reference to the closing prices of the underlying investments on the JSE on the Determination Date.
- 3.3.1.2 Based on the closing prices of the underlying investments of Snowball Wealth on the Determination Date, the unaudited balance sheets, financial information furnished by Snowball Wealth and certain estimates, Snowball Wealth's NAV at the Determination Date is estimated to be R464 606 978.
- 3.3.1.3 The NAV will be finally agreed following the completion of a due diligence investigation of Snowball Wealth, its investments and its liabilities.

3.3.2 Midbrook Lane Purchase Consideration

- 3.3.2.1 The Midbrook Lane Purchase Consideration will be based on the NAV of Midbrook Lane as at the Determination Date, primarily determined by reference to the closing prices of the underlying investments on the JSE on the Determination Date.
- 3.3.2.2 Based on the closing prices of the underlying investments of Midbrook Lane on the Determination Date, the unaudited balance sheets, financial information furnished by Midbrook Lane and certain estimates, Midbrook Lane's NAV at the Determination Date is estimated to be R167 650 754.
- 3.3.2.3 The NAV will be finally agreed following the completion of a due diligence investigation of Midbrook Lane, its investments and its liabilities.

3.3.3 Purchase Consideration

The Consideration Shares will be issued at the closing price of Conduit Capital's Shares on the JSE on the Determination Date, being 245 cents per Share.

3.4 Conditions precedent and Effective Date of the Acquisitions

3.4.1 The Snowball Wealth Acquisition is subject to the fulfilment or waiver, as the case may be, of *inter alia* the following conditions precedent, by not later than 17:00 on:

3.4.1.1 31 January 2017:

3.4.1.1.1 Conduit Capital has complied with the Listings Requirements in relation to the Snowball Wealth Acquisition, including that it has obtained the necessary shareholder approvals for the implementation of the Snowball Wealth Acquisition as a category 1 transaction, and that it has obtained the necessary approvals required by the Listings Requirements in respect of related party transactions;

3.4.1.1.2 Conduit Capital has obtained Shareholder approval required in terms of section 41(1) of the Companies Act in respect of any issue of Snowball Wealth Consideration Shares to a person falling within the ambit of that section of the Companies Act;

3.4.1.1.3 Conduit Capital has obtained any necessary Shareholder approval that may be required in terms of section 41(3) of the Companies Act in respect of the issue of the Snowball Wealth Consideration Shares;

3.4.1.1.4 Conduit Capital has obtained the necessary Shareholder and Board approvals in accordance with sections 16(1) and 36 of the Companies Act in respect of an increase in Conduit Capital's authorised share capital to the extent which this is required to issue the Snowball Wealth Consideration Shares, and a resulting amendment to Conduit Capital's memorandum of incorporation, and has furthermore complied with the requirements of regulation 31 of the Companies Regulations in respect of the conversion of Conduit Capital's share capital from par value to no par value;

3.4.1.1.5 the Snowball Wealth Acquisition has (to the extent necessary) been unconditionally approved by the Competition Authorities in terms of the Competition Act, or conditionally approved on terms and conditions which each of Conduit Capital and the Snowball Wealth Shareholders, confirms in writing to the other (by not later than the said date and time) to be acceptable to it;

3.4.1.1.6 Conduit Capital is satisfied that such approvals, if any, from the Financial Services Board as it requires to be necessary or advisable have been obtained under the applicable long and short term insurance legislation, in respect of the establishment by any Snowball Wealth Shareholder or its related parties of an increased level of indirect ownership of Conduit Capital's underlying registered insurance business, as a consequence of the Snowball Wealth Acquisition; and

3.4.1.2 the third business day following the expiry of fifteen business days commencing on 15 September 2016:

3.4.1.2.1 Conduit Capital has delivered to the Snowball Wealth Shareholders, a notice stating that it is satisfied with the due diligence investigation to be conducted into the affairs of Snowball Wealth and the business carried on by it.

The conditions precedent in paragraphs 3.4.1.1.1 to 3.4.1.1.6 are not capable of being waived. The condition precedent in paragraph 3.4.1.2 is for the benefit of Conduit Capital and may be waived by Conduit Capital on written notice given by it to Snowball Wealth at any time prior to the time upon which they are required to be fulfilled.

The Effective Date of the Snowball Wealth Acquisition shall be the fifth business day after the fulfilment or waiver, as applicable, of the last of the Conditions Precedent.

3.4.2 The Midbrook Lane Acquisition is subject to the fulfilment or waiver, as the case may be, of *inter alia* the following conditions precedent, by not later than 17:00 on:

3.4.2.1 an employment agreement has been entered into between T C Moodley and Conduit Capital, on terms acceptable to them;

3.4.2.2 31 January 2017:

3.4.2.2.1 Midbrook Lane has obtained the necessary shareholder approval to delete all restrictions in its memorandum of incorporation on disposals of the Midbrook Lane Sale Shares other than a requirement for approval from Midbrook Lane's board of directors, and such amendment to the memorandum of incorporation is filed with the Companies and Intellectual Property Commission;

3.4.2.2.2 Conduit Capital has obtained all Shareholder approvals that may be required under the Listings Requirements for the implementation of the Midbrook Lane Acquisition;

3.4.2.2.3 Conduit Capital has obtained Shareholder approval as required in terms of section 41(1) of the Companies Act in respect of the issue of the Midbrook Lane Consideration Shares to Midbrook Lane Shareholder which falls within the ambit of that section of the Companies Act;

3.4.2.2.4 Conduit Capital has obtained any necessary Shareholder approval that may be required in terms of section 41(3) of the Companies Act in respect of the issue of the Midbrook Lane Consideration Shares;

3.4.2.2.5 Conduit Capital has obtained the Shareholder approval that is required in terms of section 16(1) of the Companies Act in respect of an increase in Conduit Capital's authorised share capital to the extent this is required to issue the Midbrook Lane Consideration Shares, and for a resulting amendment to Conduit Capital's memorandum of incorporation, and that such amendment to Conduit Capital's memorandum of incorporation has been filed with the Companies and Intellectual Property Commission;

3.4.2.2.6 Midbrook Lane Acquisition has (to the extent necessary) been unconditionally approved by the Competition Authorities in terms of the Competition Act, or conditionally approved on terms and conditions which each of Conduit Capital and the Midbrook Lane Shareholders confirms in writing to the other (by not later than the said date and time) to be acceptable to it, acting reasonably;

3.4.2.2.7 such approvals, if any, are obtained from the Financial Services Board as are necessary under the applicable long and short term insurance legislation, in respect of the establishment by any Midbrook Lane Shareholder or its related parties of an increased level of indirect ownership of Conduit Capital's underlying registered insurance businesses as a consequence of the Midbrook Lane Acquisition; and

3.4.4.3 the third business day following the expiry of fifteen business days commencing on 15 September 2016:

3.4.4.3.1 Conduit Capital has delivered to the Midbrook Lane Shareholders a notice stating that it is satisfied with the due diligence investigation.

The conditions precedent in paragraphs 3.4.2.2.1 to 3.4.2.2.7 are not capable of being waived. The condition precedent in paragraph 3.4.4.3 is for the benefit of Conduit Capital and may be waived by Conduit Capital on written notice given by it to Midbrook Lane at any time prior to the time upon which they are required to be fulfilled.

The Effective Date of the Midbrook Lane Acquisition shall be the fifth business day after the fulfilment or waiver, as applicable, of the last of the Conditions Precedent.

3.5 Related Party implications

As Snowball Wealth is a material shareholder of the Company, it is considered to be a Related Party in terms of paragraph 10.1(b)(i) of the Listings Requirements.

Furthermore, as Messrs S M Riskowitz and T C Moodley, the Chief Executive Officer and a non-executive director of Conduit Capital, respectively, are both shareholders in and Chairman and Chief Executive Officer of Midbrook Lane respectively, they are considered to be Related Parties in terms of paragraphs 10.1(b)(i) and 10.1(b)(vii) of the Listings Requirements.

Accordingly, the proposed Acquisitions – which constitute 'Related Party Transactions' in terms of the Listings Requirements – are subject to approval by Shareholders present or represented in General Meeting and voting (excluding the Related Party/ies and their associates). Furthermore, in terms of paragraph 10.4(f) of the Listings Requirements, Conduit Capital is required to obtain a Fairness Opinion on each of the Acquisitions (which Fairness Opinions are included as Annexures 2 and 3 to this Circular), and the Board is required to include a statement in this Circular confirming whether each of the Acquisitions is fair to Shareholders. The statement of the Board is included in paragraph 16 below.

As Related Party/ies, Snowball Wealth and its associates are precluded from voting on the Snowball Wealth Acquisition, and Messrs S M Riskowitz and T C Moodley and their associates are precluded from voting on the Midbrook Lane Acquisition. However, as Shareholders in Conduit Capital, they may be taken into account in determining a quorum for the purposes of the General Meeting.

3.6 Vendors

The details of the Vendors as at the Last Practicable Date are set out in Annexure 10 to this Circular.

4. PRO FORMA FINANCIAL EFFECTS

The following unaudited *pro forma* financial effects have been prepared to illustrate the impact of the Acquisitions on the reported financial information of Conduit Capital for:

- 4.1 the six months ended 31 December 2015, had the Acquisitions occurred on 1 July 2015 for statement of comprehensive income purposes and as at 31 December 2015 for statement of financial position purposes; and
- 4.2 the year ended 31 December 2015, had the Acquisitions occurred on 1 January 2015 for statement of comprehensive income purposes and as at 31 December 2015 for statement of financial position purposes.

The unaudited *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the annual financial statements of Conduit Capital for the financial year ended 30 June 2015. The unaudited *pro forma* financial effects, which are the responsibility of the Directors, are provided for illustrative purposes only and, because of their *pro forma* nature, may not fairly present Conduit Capital's actual financial position, changes in equity, results of operations or cash flow.

Six months ended 31 December 2015

	Before the Acquisitions	After the Acquisitions	Percentage change (%)
Basic earnings per share (cents)	3.8	(7.9)	(307.89)
Headline earnings per share (cents)	3.8	0.4	(89.47)
Net asset value per share (cents)	184.9	214.6	16.06
Tangible net asset value per share (cents)	148.3	192.1	29.53
Weighted average number of shares in issue (000's)	289 076	485 939	68.10
Total number of shares in issue (000's)	331 377	538 630	62.54

Notes:

1. The figures set out in the "Before the Acquisitions" column were extracted from Conduit Capital's unaudited interim results for the six months ended 31 December 2015.
 2. The figures set out in the "After the Acquisitions" column reflect the financial effects of the Acquisitions on Conduit Capital and are based on the following assumptions:
 - 2.1 The Snowball Wealth Purchase Consideration is based on 189 635 102 Conduit Capital shares being issued at 285 cents per share, its closing price on the JSE on 31 December 2015, which gives rise to goodwill of R19.659 million that is immediately impaired;
 - 2.2 41 000 000 Conduit Capital shares included in Snowball Wealth's NAV as at 31 December 2015 have been accounted for as treasury stock and all profits derived therefrom have been excluded from the final result;
 - 2.3 Transaction costs estimated at 1% of the Snowball Wealth NAV have been settled in cash, offset against share premium and attract no tax credits. Interest on these cash balances is foregone at an after-tax rate of 6.5%;
 - 2.4 The effective tax rate in respect of the Snowball Wealth Acquisition is 1.2%, mainly due to the capital nature of the acquired income and the non-deductibility of the goodwill impairment;
 - 2.5 The Midbrook Lane Purchase Consideration is based on 68 428 980 Conduit Capital shares being issued at 285 cents per share, its closing price on the JSE on 31 December 2015, which gives rise to goodwill of R20.870 million that is immediately impaired;
 - 2.6 9 811 110 Conduit Capital shares included in Midbrook Lane's NAV as at 31 December 2015 have been accounted for as treasury stock and all profits derived therefrom have been excluded from the final result; and
 - 2.7 Transaction costs estimated at 1% of the Midbrook Lane NAV have been settled in cash, offset against share premium and attract no tax credits. Interest on these cash balances is foregone at an after-tax rate of 6.5%; and
 - 2.8 The effective tax rate in respect of the Midbrook Lane Acquisition is 8.5% as a result of the non-deductibility of the goodwill impairment.
- All financial effects are ongoing, with the exception of transaction costs, which are once-off.
3. The effects on basic earnings per share and headline earnings per share are calculated based on the assumption that the Acquisitions were effected on 1 July 2015.
 4. The effects on net asset value per share and tangible net asset value per share are calculated based on the assumption that the Acquisitions were effected as at 31 December 2015.

Year ended 31 December 2015

	Before the Acquisitions	After the Acquisitions	Percentage change (%)
Basic earnings per share (cents)	11.1	31.8	186.49
Headline earnings per share (cents)	11.1	40.3	263.06
Net asset value per share (cents)	184.9	214.6	16.06
Tangible net asset value per share (cents)	148.3	192.1	29.53
Weighted average number of shares in issue (000's)	286 802	483 105	68.45
Total number of shares in issue (000's)	331 377	538 630	62.54

Notes:

- The figures set out in the "Before the Acquisitions" column were extracted from Conduit Capital's unaudited and unpublished management accounts for the year ended 31 December 2015.
- The figures set out in the "After the Acquisitions" column reflect the financial effects of the Acquisitions on Conduit Capital and are based on the following assumptions:
 - The Snowball Wealth Purchase Consideration is based on 189 635 102 Conduit Capital shares being issued at 285 cents per share, its closing price on the JSE on 31 December 2015, which gives rise to goodwill of R19.659 million that is immediately impaired;
 - 41 000 000 Conduit Capital shares included in Snowball Wealth's NAV as at 31 December 2015 have been accounted for as treasury stock and all profits derived therefrom have been excluded from the final result;
 - Transaction costs estimated at 1% of the Snowball Wealth NAV have been settled in cash, offset against share premium and attract no tax credits. Interest on these cash balances is foregone at an after-tax rate of 6.5%;
 - The effective tax rate in respect of the Snowball Wealth Acquisition is 20.6%, mainly due to the capital nature of the acquired income;
 - The Midbrook Lane Purchase Consideration is based on 68 428 980 Conduit Capital shares being issued at 285 cents per share, its closing price on the JSE on 31 December 2015, which gives rise to goodwill of R20.870 million that is immediately impaired;
 - 9 811 110 Conduit Capital shares included in Midbrook Lane's NAV as at 31 December 2015 have been accounted for as treasury stock and all profits derived therefrom have been excluded from the final result;
 - Transaction costs estimated at 1% of the Midbrook Lane NAV have been settled in cash, offset against share premium and attract no tax credits. Interest on these cash balances is foregone at an after-tax rate of 6.5%; and
 - The effective tax rate in respect of the Midbrook Lane Acquisition is 97.5% as a result of the non-deductibility of the goodwill impairment.

All financial effects are ongoing, with the exception of transaction costs which are once-off.
- The effects on basic earnings per share and headline earnings per share are calculated based on the assumption that the Acquisitions were effected on 1 January 2015.
- The effects on net asset value per share and tangible net asset value per share are calculated based on the assumption that the Acquisitions were effected as at 31 December 2015.

5. SHARE CAPITAL OF CONDUIT CAPITAL

5.1 Authorised and issued share capital

The current authorised and issued share capital of Conduit Capital is set out in the table below.

Authorised	R'000
500 000 000 ordinary Shares of one cent each	5 000
Issued	
331 379 818 ordinary Shares of one cent each	3 314
Share Premium	319 853
Total issued share capital	323 167

Treasury Shares: 3 221 ordinary Shares held by Conduit Management Services Proprietary Limited.

5.2 Proposed Conversion of the Company's Shares

The current authorised and issued share capital of the Company comprises ordinary par value Shares which have been created and issued in terms of the Companies Act, 1973 (Act 61 of 1973), as amended. The Companies Act, which came into force on 1 May 2011, changed the share capital regime in South Africa in that, *inter alia*, new shares created will no longer have a par value, and although companies with par value shares are not required to convert their par value shares into no par value shares, in terms regulation 31(2) of the Companies Regulations, Conduit Capital will not be permitted to increase the authorised share capital by the creation of further par value Shares.

Accordingly, to enable Conduit Capital to increase its authorised share capital, the Board is proposing the alignment of the Company's share capital with the provisions of the Companies Act and the conversion of the Company's authorised and issued ordinary par value Shares into ordinary no par value Shares with the same rights and privileges as those currently attaching to the ordinary par value Shares ("**Proposed Conversion**").

In terms of regulation 31(6) of the Companies Regulations, in order to give effect to the Proposed Conversion, Shareholders are required to approve the Proposed Conversion, and the corresponding amendments to the Company's Memorandum of Incorporation reflecting such conversion, by way of a special resolution.

Special Resolution Numbers 1 and 3 included in the notice of General Meeting attached to and forming part of this Circular, seek the requisite approvals to give effect to the Proposed Conversion and the corresponding amendments to the Company's Memorandum of Incorporation, respectively.

Furthermore, in terms of regulation 31(7) of the Companies Regulations (an extract of which is set out in paragraph 5.2.1 below), the Company must publish a report in respect of the proposed resolution to convert the ordinary par value Shares into ordinary no par value Shares. The Report on the Proposed Conversion is set out in paragraph 5.2.2 below.

5.2.1 Extract of regulation 31(7) of the Companies Regulations:

"The board must cause a report to be prepared in respect of a proposed resolution to convert any nominal or par value shares in terms of sub-regulation (6), which must at a minimum

- (a) state all information relevant to the value of the securities affected by the proposed conversion;
- (b) identify holders of the company's securities affected by the proposed conversion;
- (c) describe the material effects that the proposed conversion will have on the rights of the holders of the company's securities affected by the proposed conversion; and
- (d) evaluate any material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement."

5.2.2 Report on the Proposed Conversion

5.2.2.1 *Information in relation to the value of the securities affected by the Proposed Conversion*

The rights attaching to the ordinary no par value Shares after the proposed Conversion will be identical to the rights attaching to the ordinary par value Shares prior to the Proposed Conversion. Accordingly, the Board is of the opinion that the Proposed Conversion will not affect the value of the Conduit Capital Shares.

5.2.2.2 *Shareholders affected by the Proposed Conversion*

The Company has one class of Shares in issue, being the ordinary Shares with a par value of one cent each. Given that all of the Company's authorised and issued Shares are proposed to be converted in terms of Special Resolution Number 1 on the basis referred to in paragraph 5.2.2.3 below, all Shareholders will be affected equally and on the same terms and conditions.

5.2.2.3 *Material effects that the Proposed Conversion will have on the rights of the Shareholders affected by the Proposed Conversion*

The rights attaching to the Company's no par value Shares will, upon their conversion from par value Shares, be identical to the rights currently attaching to the Company's par value Shares.

Accordingly, the Proposed Conversion will not have any material effects of the rights of Shareholders.

5.2.2.4 *Material adverse effects of the Proposed Conversion against the compensation that any of those persons will receive in terms of the arrangement*

The Proposed Conversion will not have any material adverse effect on any of the Shareholders and no Shareholders will receive any compensation pursuant to the conversion.

5.2.3 Share capital after the Proposed Conversion

The share capital of the Company after the Proposed Conversion contemplated in this paragraph 5.2 is set out in the table below.

Authorised	R'000
500 000 000 ordinary Shares of no par value	–
Issued share capital	
331 379 818 ordinary Shares of no par value	323 167
Total issued share capital	323 167

Treasury Shares: 3 221 ordinary Shares held by Conduit Management Services Proprietary Limited.

5.2.4 Certificated Shareholders

Notwithstanding the conversion of the par value Shares in the authorised share capital of the Company to Shares of no par value, Certificated Shareholders are not required to return the share certificates to the Company, and may retain such share certificates, which will evidence their title to the no par value Shares held by them resulting from such conversion, notwithstanding that such share certificates make reference to Shares having a par value.

Certificated Shareholders are however, reminded that they will not be able to trade such Shares on the JSE until these Shares have been dematerialised, which could take between 1 (one) and 10 (ten) days, depending on the volumes being processed at the time.

5.3 Increase in authorised share capital

In order to create sufficient authorised share capital to provide for the issue of the Consideration Shares, as well as potential future share-based transactions as and when required, the Board proposes, pursuant to the Proposed Conversion referred to in paragraph 5.2 above, an increase in the Company's authorised share capital from 500 000 000 Shares to 1 500 000 000 Shares by the creation of an additional 1 000 000 000 Shares.

In order to give effect to the increase in the number of authorised Shares, Shareholders are required to approve such increase, and the corresponding amendments to the Company's Memorandum of Incorporation reflecting such increase, by way of a special resolution.

Special Resolution Numbers 2 and 3 included in the notice of General Meeting attached to and forming part of this Circular, seek the requisite approvals to give effect to the increase in the number of authorised Shares and the corresponding amendments to the Company's Memorandum of Incorporation, respectively.

The share capital of the Company after the Proposed Conversion and the increase in the number of Shares contemplated in this paragraph 5.3 is set out in the table below.

Authorised	R'000
1 500 000 000 ordinary Shares of no par value	–
Issued share capital	
331 379 818 ordinary Shares of no par value	323 167
Total issued share capital	323 167

Treasury Shares: 3 221 ordinary Shares held by Conduit Management Services Proprietary Limited.

5.4 Authority to issue Shares

5.4.1 Section 41(3) of the Companies Act requires that shareholders approve, by way of special resolution, an issue of shares, if the voting power of the class of shares that are issued as a result of the transaction will be equal to or exceed 30% of the voting power of all the shares of that class held by shareholders immediately before the transaction.

Accordingly, as set out in Special Resolution Number 4 included in the notice of General Meeting attached to and forming part of this Circular, Shareholders are required to approve the issue of the Snowball Wealth Consideration Shares as the voting power of all the Shares held by the Shareholders immediately before the Snowball Wealth Acquisition will be exceeded by 30% as a result of the issue of the Snowball Wealth Consideration Shares.

The share capital of the Company after the increase in the Company's authorised share capital contemplated in paragraph 5.3 above and the issue of the Snowball Wealth Consideration Shares contemplated in this paragraph 5.4 is set out in the table below.

Authorised	R'000
1 500 000 000 ordinary Shares of no par value	–
Issued share capital	
521 014 920 ordinary Shares of no par value	682 571
Total issued share capital	682 571

Treasury Shares: 41 003 221 ordinary Shares held by Conduit Management Services Proprietary Limited and Snowball Wealth.

5.4.2 Section 41(1) of the Companies Act requires that shareholders approve, by way of special resolution, an issue of shares, if the shares are issued to a:

- a) director, future director, prescribed officer, or future prescribed officer of the company;
- b) person related or inter-related to the company, or to a director or prescribed officer of the company; or
- c) nominee of a person contemplated in paragraph (a) or (b) above.

Accordingly, as set out in Special Resolution Number 5 included in the notice of General Meeting attached to and forming part of this Circular, Shareholders are required to approve, to the extent required in terms of section 41(1) of the Companies Act, the issue of such number of Conduit Capital Shares in the authorised but unissued share capital of the Company to those Midbrook Lane Shareholders falling within the ambit of section 41(1) of the Companies Act, being Messrs S M Riskowitz and T C Moodley, who are Directors of the Company, as is necessary to settle the portion of the Midbrook Lane Consideration Shares payable to such Midbrook Lane Shareholders.

The share capital of the Company after the issue of the Snowball Wealth Consideration Shares contemplated in paragraph 5.4.1 above and the issue of the Midbrook Lane Consideration Shares contemplated in this paragraph 5.4.2 is set out in the table below.

Authorised	R'000
1 500 000 000 ordinary Shares of no par value	–
Issued share capital	
589 443 900 ordinary Shares of no par value	826 184
Total issued share capital	826 184

Treasury Shares: 50 814 331 ordinary Shares held by Conduit Management Services Proprietary Limited, Snowball Wealth and Midbrook Lane.

5.5 Provisions of the Memorandum of Incorporation of Conduit Capital pertaining to share capital

The relevant provisions of the Memorandum of Incorporation of Conduit Capital pertaining to share capital are set out in Annexure 9 to this Circular.

Subsequent to the approval by Shareholders of the Proposed Conversion and the increase in the Company's authorised share capital contemplated in paragraphs 5.2 and 5.3 above, respectively, the Company's Memorandum of Incorporation will be amended by substituting "500 000 000 ordinary par value Shares of R0.01 each" in clause 8.1.1 thereof with "1 500 000 000 ordinary no par value Shares" so that clause 8.1 reads as follows:

“8. ISSUE OF SHARES AND VARIATION OF RIGHTS

8.1 *The Company is authorised to issue:*

8.1.1 *1 500 000 000 ordinary no par value Shares, of the same class, each of which ranks pari passu in respect of all rights and entitles the holder to – [LR 10.5(a)]*

8.1.1.1 *vote on any matter to be decided by the Shareholders of the Company and to 1 (one) vote in respect of each Share held by a Shareholder in the case of a vote by means of a poll and to vote at every general meeting or annual general meeting, in person or by proxy; [LR 10.5(b)]*

8.1.1.2 *participate proportionally in any distribution made by the Company; and*

8.1.1.3 *receive proportionally the net assets of the Company upon its liquidation.”*

If approved by Shareholders, the Proposed Conversion and the increase in the number of authorised Shares will become effective on the date on which the required notice of amendment in respect of the corresponding amendments to the Company's Memorandum of Incorporation is filed with the Companies and Intellectual Property Commission, as contemplated in section 16(9) of the Companies Act, which date is expected to be 11 November 2016.

Shareholders are advised that, in addition to the abovementioned amendment to the Company's Memorandum of Incorporation, a further amendment will be effected to the Company's Memorandum of Incorporation in order to correct a patent error in reference. As provided for in terms of section 17(1) of the Companies Act, shareholders need not approve this amendment.

Clause 26.10.1 of the Company's Memorandum of Incorporation will be amended by substituting “24.2” with “26.2” so that clause 26.10.1 reads as follows:

“26.10.1 fill any vacancy on the Board on a temporary basis, as set out in section 68(3) of the Act, provided that such appointment must be confirmed by the Shareholders, in accordance with clause 26.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i) of the Act; and [LR 10.16(c)]”

5.6 Share capital, issues and repurchase of Shares

5.6.1 Consolidations and sub-divisions

There have been no consolidations or sub-division of Shares over the past three years.

5.6.2 Issue of Shares

The following Shares were issued by Conduit Capital over the past three years:

Rights Offer

During the fourth quarter of 2015, Shareholders were advised that Conduit Capital intended to raise R150 000 000 by way of a fully underwritten renounceable rights offer of 75 000 000 new Shares at a subscription price of 200 cents per Rights Offer Share, in the ratio of 29.25347 Rights Offer Shares for every 100 Shares held at the close of business on Friday, 27 November 2015;

The Subscription Price represented a discount of 20.50% to the 30 day VWAP of Conduit Capital Shares as at 11 September 2015, the date on which the Rights Offer was approved by the Board. The Rights Offer, which was fully underwritten by Ithuba Investments, opened on Monday, 30 November 2015 and closed on Friday, 11 December 2015.

73 523 381 Rights Offer Shares (being 98.03% of the total Rights Offer Shares) were subscribed for, and the balance thereof (being 1.97% of the total Rights Offer Shares), were taken up by Ithuba Investments.

5.6.3 Repurchases of Shares

There have been no repurchases of Shares by Conduit Capital over the past three years.

5.7 Other listings

Conduit Capital does not have any Shares listed on any exchange other than the JSE.

5.8 Share price history

The Share price history of Conduit Capital's Shares traded on the JSE is set out in Annexure 11 to this Circular.

6. PROSPECTS

6.1 Conduit Capital

Conduit Capital's long-term objective is to compound the per share intrinsic value of the business at a high rate over time by supporting our decentralised subsidiaries and efficiently allocating capital across the Group. In line with the long-term objectives the acquisitions represent an opportunity for Conduit Capital to increase its investment in companies in which it is already invested which gives Conduit Capital the prospect of benefitting from the growth in value of the underlying investments. Furthermore, the prospect of a now very significant investment portfolio, creates a larger capital base to support growth in the insurance subsidiaries. All acquisitions and prospects should increase, amongst others, the Net Asset Value per share of Conduit Capital over the long-term.

6.2 Snowball Wealth

Snowball Wealth's strategy encompasses the fundamental concepts of investing in businesses with wide economic moats at prices significantly below intrinsic value, securing a sizable margin of safety with an investment framework and portfolio similar to that of Conduit Capital. Prospects in the opinion of the Directors, remain in the growth of the underlying investments.

6.3 Midbrook Lane

Midbrook Lane employs a value-oriented investment philosophy to identify, understand and invest in businesses with favourable long-term economics, run by focused and competent people. with an investment framework and portfolio similar to that of Conduit Capital. Prospects in the opinion of the Directors, remain in the growth of the underlying investments.

7. IRREVOCABLE LETTERS OF UNDERTAKING

For purposes of the General Meeting, the Company has received irrevocable letters of undertaking from Shareholders holding or representing a total of 186 823 374 Shares, equivalent to 66.2% of all Shares eligible for voting (which Shares exclude those held as treasury Shares) at the General Meeting, or any adjournment thereof. All such Shareholders or representatives have indicated that they will vote in favour or recommend to their clients to vote in favour of the Snowball Wealth Acquisition, to the extent that they are permitted to do so under the Listings Requirements.

The table below sets out the undertakings received:

Shareholder	Number of Shares	Percentage shareholding (%)
Anson Africa Master Fund LP	1 063 054	0.4
Anson Investments Master Fund LP	13 575 671	4.8
Gavin Toet	2 051 236	0.7
Lourens Erasmus Louw	4 125 000	1.5
Buckley Capital Management LLC	49 385 736	17.5
Khrom Investments Fund LP	55 378 167	19.6
William N Thorndike, Jr.	21 600 000	7.6
Protea Asset Management LLC	29 833 400	10.6
Midbrook Lane Proprietary Limited	9 811 110	3.5
	186 823 374	66.2

For purposes of the General Meeting, the Company has received irrevocable letters of undertaking from Shareholders holding or representing a total of 181 345 566 Shares, equivalent to 65.4% of all Shares eligible for voting (which Shares exclude those held as treasury Shares) at the General Meeting, or any adjournment thereof.

All such Shareholders or representatives have indicated that they will vote in favour or recommend to their clients to vote in favour of the Midbrook Lane Acquisition, to the extent that they are permitted to do so under the Listings Requirements.

The table below sets out the undertakings received:

Shareholder	Number of Shares	Percentage shareholding (%)
Gavin Toet	2 051 236	0.7
Lourens Erasmus Louw	4 125 000	1.5
Buckley Capital Management LLC	49 385 736	17.8
Khrom Investments Fund LP	55 378 167	20.0
William N Thorndike, Jr.	21 600 000	7.8
Appias Proprietary Limited	150 000	0.1
Great Africa 999 Proprietary Limited	7 655 427	2.8
Snowball Wealth Proprietary Limited	41 000 000	14.8
	181 345 566	65.4

8. MAJOR SHAREHOLDERS

In the preceding five-year period there has been no change in controlling Shareholder in either Conduit Capital or any of its Subsidiaries, and there will be no controlling Shareholder in Conduit Capital as a result of the Acquisitions.

Those Shareholders (excluding Directors whose interests are detailed in paragraph 9.2 below) who, as at the Last Practicable Date insofar as is known to Conduit Capital, directly or indirectly, were beneficially interested in 5% or more of the issued share capital of Conduit Capital, are set out below:

Shareholder	Number of Shares		Percentage shareholding (%)
	Direct shareholding	Indirect shareholding	
Khrom Capital Management LLC	–	55 378 167	16.7
Buckley Capital Partners	–	49 385 736	14.9
Snowball Wealth Proprietary Limited	41 000 000	–	12.4
William N Thorndike, Jr.	–	21 600 000	6.5
RAC Investment Holdings Proprietary Limited	17 836 527	–	5.4
Total	58 836 527	126 363 903	55.9

9. DIRECTORS OF CONDUIT CAPITAL

9.1 Directors' information

The names, ages, qualifications, business addresses, functions in the Group and background of the executive and non-executive Directors of Conduit Capital, and the directors and management of Conduit Capital's major Subsidiaries (being Constantia Insurance Company Limited (CICL), Constantia Life Limited (CLL) and Constantia Life and Health Assurance Company Limited (CLAH)), who will not change as a result of the Acquisitions. These are as follows:

Directors

Sean Michael Riskowitz (31)

Qualifications: B.Com
Business address: Unit 9, 4 Homestead Avenue, Bryanston, 2191
Function: Chief Executive Officer
Background: Sean is the founder and executive director of Midbrook Lane, a private investment company. He is the founder and Managing Member of Riskowitz Capital Management (the General Partner of the Riskowitz Value Fund LP) and the Managing Member of Protea Asset Management, an investment management business, both of which entities are incorporated in the United States of America.

Lourens Erasmus Louw (46)

Qualifications: B.Com
Business address: Unit 9, 4 Homestead Avenue, Bryanston, 2191
Function: Financial Director
Background: Lourens studied at the University of Stellenbosch, after which he moved to Johannesburg and qualified as a member of the SA Institute of Stockbrokers. In 1996 Lourens was appointed Financial Director and Compliance Officer of stock broking firm Irish Menell & Rosenberg Proprietary Limited and its successors in the Appleton Group. He remained with Appleton until June 2003 when he joined Conduit Capital. Lourens became the Financial Director of Conduit Capital in October 2004.

Gavin Toet (42)

Business address: Unit 9, 4 Homestead Avenue, Bryanston, 2191
Function: Executive Director
Background: Gavin was involved in the printing industry for 6 years. In 1999, he joined the Altmedia Group, where he ultimately held the position of General Manager. Gavin joined Conduit Capital in June 2005 in the position of General Manager: Corporate Services. He carries out a broad range of responsibilities, mainly operational in nature, and serves on numerous Boards and Executive Management Committees within the Conduit Group.

Ronald Stuart Napier (81)

Qualifications: BA LLB, MA (Oxford)
Business address: 90 Rivonia Road, Sandton, 2196
Function: Independent Non-executive Director, Chairman of the Board
Background: Ronnie is a former senior partner of law firm Webber Wentzel, having spent over 50 years practising law. He presently serves as a consultant to the firm having retired as a partner in 2001. Ronnie is a former Lloyd's representative in South Africa and also served on the Board of the South African Insurance Association for 20 years, having held the position of Chairman. He is the current Chairman of the Insurance Crime Bureau, Chairman of the Fire Protection Association, Chairman of Sunderland Marine Insurance Company and a Board member of Business Against Crime.

Directors

David James Harpur (67)

Qualifications:	FCII, FIISA, FSRMSA, C.I.P.
Business address:	Ground Floor, Block B, Investment Place, 10th Road, Hyde Park, Sandton
Function:	Independent Non-executive Director, Chairman of the Remuneration Committee
Background:	David has over 45 years of experience in the insurance industry. He has served as President of the Insurance Institute of South Africa on two occasions, in 2000/1 and 2007/8. He is the past President of the Financial Intermediaries Federation of South Africa (FIFSA), the Insurance Institute of Gauteng and the South African Financial Services Intermediaries Association (SAFSIA), now FIA. He has also served as a member of the Policy Board for Financial Services and Regulation as appointed by the Minister of Finance for seven years. He was, until November 2008, a non-executive director of Glenrand MIB Limited, having retired as Chief Executive Officer of the group in 2005 after 16 years. He led a management buy-out of MIB from Syfrets/Nedcor in 1990, which was the largest MBO in the South African insurance industry at the time.

Jabulani Mahlangu (49)

Qualifications:	B.Compt (Hons), CTA, CA (SA)
Business address:	Ground Floor, Waterfall Office Park, Howick Close, Midrand, 1685
Function:	Independent Non-executive Director, Chairman of the Audit and Risk Committee
Background:	Jabu completed his articles with PwC in 1996. He joined the Offices for Serious Economic Offences in 1998 and in 2000 returned to the offices of PwC where he was appointed as head of the PwC Forensic Services practice in Gauteng, and was admitted as a partner in 2002. Jabu founded Ligwa Advisory Services and has a diverse client base. He has performed audit and forensic related assignment internationally and in addition carried out various statutory appointments. Jabu has served as Inspector of Companies in terms of the Companies Act, 61 of 1973, Curator in terms of the Financial Services Board Act, 97 of 1990 and Curator <i>bonis</i> in terms of the Prevention of Organised Crime Act, 121 of 1998.

Tyrone Christie Moodley (30)

Qualifications:	B.Com (Finance)
Business address:	The Business Centre, Leslie Road, Fourways, 2191
Function:	Non-executive Director, Chairman of Investment Committee
Background:	Tyrone is a founder and Chief Executive Officer of Midbrook Lane, a private investment company. His career began at Sasfin Securities as a Research Analyst before he left to start Midbrook Lane. Tyrone obtained a Bachelor of Commerce Degree from the University of Johannesburg and is a Senior Advisor to Protea Asset Management, an investment advisor based in the United States. He has more than 10 years of investment and investment company experience.

Directors

Barry Scott (57)

Qualifications:	B.Sc (Eng)
Business address:	Lacey Oak House, Ballyoaks Office Park, 35 Ballyclaire Road, Bryanston
Function:	Independent Non-executive Director
Background:	Barry is the former Chief Executive Officer of the South African Insurance Association (SAIA), a position which he held for over 20 years. He is the former Chairman of the South African Pool for the Insurance of Nuclear Risks. He served as a non-executive director of the Intermediaries Guarantee Facility, STRIDE, the Ombudsman for Short-term Insurance, the Financial Sector Charter Council, the Insurance Institute of South Africa and the South African Insurance Crime Bureau. He was appointed by the Minister of Finance and served on the Policy Board for Financial Services and Regulation, the Advisory Committee on Short-term Insurance and the Insurance Sector Education and Training Authority. Barry is a Fellow Member of the Institute of Directors of Southern Africa and the Chief Operating Officer of The Fulcrum Group.

Ntambose Rosetta Xaba (51)

Qualifications:	CA (SA)
Business address:	208 Ockert Street, Wierda Park, 0149
Function:	Independent Non-executive Director, Chairperson of the Social and Ethics Committee
Background:	Rosetta has over 13 years' experience in External and Internal Auditing and Financial Management in the public and private sectors. She has worked at KPMG and Deloitte where she served as an outsourced Financial Director to various clients and was responsible for ensuring compliance with the Public Sector Finance Management Act (PFMA) and Treasury Regulations. She has further compliance experience with the South African Reserve Bank, the Financial Services Board and the National Credit Regulator. Rosetta is a director of ROSSAL 98, an independent consultancy company. She is an independent non-executive director of Finbond Group Limited and a non-executive director of the TIA and the Little Eden Society. She has previously served as a non-executive director for the HSRC, the SA Nursing Council, the SA Pharmacy Council, the International Trade Administration Commission and the Eskom Development Foundation.

All the Directors of Conduit Capital are South African, except for S M Riskowitz who has dual citizenship (South African and American).

Directors of major Subsidiary (Constantia Group)

Robert Lindsey Shaw (66)

Business address:	Tulbagh, 360 Oak Avenue, Randburg, 2194
Function:	Executive Director and Chief Executive Officer
Background:	Robert commenced his career as a trainee in Munich Reinsurance Company of SA Limited in 1972 where, over a period of 13 years, he rose to the position of Senior Manager, being one of three in the company's Executive Committee. He has been instrumental in setting up 20 insurance companies in Southern Africa, as well as setting up insurers for South African groups in Botswana and Lesotho. Robert was involved in the original draft of the Namibian Short-Term Insurance Act and set up the National Special Risks Insurance Association (NASRIA) in the territory at the time. Whilst managing his other insurance business interests, Robert was the African Representative of the Hannover Reinsurance Group for 14 years until 1999 when he proposed the merger of that portfolio with that of the Hollandia Reinsurance Group Limited (whose name then changed to Hannover Re Africa Limited). He was the CEO of the Constantia Insurance Group from 1995 through to 2007 before pursuing other insurance interests and since 1 March 2008, Robert was actively involved in consulting to insurance companies via his company, Anslow Management Consultants Proprietary Limited. Robert was reappointed Chief Executive Officer with effect 1 June 2013.

Lourens Erasmus Louw (46)

Qualifications:	B.Com
Business address:	Unit 9, 4 Homestead Avenue, Bryanston, 2191
Function:	Executive Director
Background:	Lourens' background is detailed in the table above.

Gavin Toet (42)

Business address:	Unit 9, 4 Homestead Avenue, Bryanston, 2191
Function:	Executive Director
Background:	Gavin's background is detailed in the table above.

Stephen Richard Bruyns (63)

Qualifications:	CA (SA), PDM (Harvard)
Business address:	Tulbagh, 360 Oak Avenue, Randburg, 2194
Function:	Independent Non-executive Director, Chairman of CICL, CLL and CLAH Board
Background:	Richard's directorship experience spans many industries and achievements. He has, during the past 20 years, led companies employing from 500 to 12 000 employees and with annual sales ranging from R500 million to R20 billion in the IT, manufacturing, construction, hospitality and consumer goods industries. His experience includes turning one of Africa's largest operators and managers of high-end bush lodges from losses to strong profitability and culminating with "best hotel in Africa and the Middle East" and "second best small hotel in the world 2005" for two of the group's lodges. Richard has served on many boards, some of which include Malbak Limited, Kohler Packaging Limited, Kimberly Clark of SA Limited, Crown Cork SA Proprietary Limited, Control Instruments Limited, Conservation Corporation of SA Limited and Shift Interactive Communications, Mix Telematics International.

Directors of major Subsidiary (Constantia Group)

Brian Cyril Benfield (67)

Qualifications:	B.Com (UPE) (Hons), PMD, ACII, FIISA, PhD
Business address:	Block 6, Bryanston Gate Office Park, 170 Curzon Road, Bryanston, 2191
Function:	Independent Non-executive Director
Background:	After Brian completed his B.Com (UPE); B.Com (Hons); PMD; ACII; FIISA; PhD he joined Ford Motor Company as a graduate trainee in 1971. In 1972 Brian joined what was to become Anglo-American Life and rose to the position of Deputy General Manager before being appointed Chief Executive and later Chairman of AA Life. When the AA Mutual holding company went into liquidation in 1986, he undertook a management buy-out of the AA Life and later sold the business to Anglo-Vaal, who later sold it to form Capital Alliance. In 1991 he was the founder and later Chairman of Clientele Life which he listed on the JSE in 1997. He sold his interest in that business to the Hollard Insurance Company in 2001 and after a period during which, he authored a textbook on Life Office Management, he formed Primary Asset Administrative Services Proprietary Limited, a specialist Underwriting Management Company and later Prime Meridian Direct Proprietary Limited and Prime Meridian Enterprises Proprietary Limited. In 1991 he was appointed Visiting Professor, Insurance and Risk Management at the University of Witwatersrand, a post from which he retired in 2015, after 25 years. He is Chairman of the Executive Committee and a Board Member of the Free Market Foundation of South Africa. He is also Chairman of the Board of Examiners / Professional Standards Committee and a member of the Board of Directors of the Insurance Institute of South Africa.

Jabulani Mahlangu (49)

Qualifications:	B.Compt (Hons), CTA, CA (SA)
Business address:	Ground Floor, Waterfall Office Park, Howick Close, Midrand, 1685
Function:	Independent Non-executive Director
Background:	Jabu's background is detailed in the table above.

Tyrone Christie Moodley (30)

Qualifications:	B.Com (Finance)
Business address:	The Business Centre, Leslie Road, Fourways, 2191
Function:	Non-executive Director
Background:	Tyrone's background is detailed in the table above.

Ntambose Rosetta Xaba (51)

Qualifications:	CA (SA)
Business address:	208 Ockert Street, Wierda Park, 0149
Function:	Independent Non-executive Director, Chairman of the Audit and Risk Committee
Background:	Rosetta's background is detailed in the table above.

9.2 Directors' interests in securities

As at the Last Practicable Date, the following Directors (and their associates as detailed in Note 1 below), held, directly or indirectly, approximately 18.26% of the total issued share capital of Conduit Capital as follows:

9.2.1 Directors and associates

Director	Beneficial		Total shares	Total %
	Direct	Indirect		
Executive Director				
S M Riskowitz ¹	–	–	–	–
L E Louw	4 125 000	–	4 125 000	1.24
G Toet	2 051 236	–	2 051 236	0.62
Non-executive Director				
R S Napier	–	–	–	–
D J Harpur	–	–	–	–
J Mahlangu	–	–	–	–
T C Moodley ¹	–	–	–	–
B Scott	65 000	–	65 000	0.02
N R Xaba	–	–	–	–
	6 241 236		6 241 236	1.88

Notes:

1. Although Messrs S M Riskowitz and T C Moodley have no direct or indirect beneficial interest in Conduit Capital Shares, they are shareholders in entities which they control, including Midbrook Lane, Protea Asset Management (which, although itself not a beneficial Shareholder, advises certain funds and managed accounts) and Riskowitz Capital Management (which is the General Partner of Ithuba Investments and the Riskowitz Value Fund LP), which between them own or control an aggregate of 54 283 235 Conduit Capital Shares.
2. There has been no change in the aforementioned Director's interests, between the financial year ended 30 June 2016 and the Last Practicable Date.

9.2.2 Directors' interests after the Acquisitions

After the issue of the Consideration Shares, the Directors of Conduit Capital will hold, directly or indirectly, beneficial interest in 17 931 050 Shares in Conduit Capital, representing approximately 3.05% of the total issued share capital of Conduit Capital as follows:

Director	Beneficial		Total shares	Total %
	Direct	Indirect		
Executive Director				
S M Riskowitz ¹	5 577 746	–	5 577 746	0.95
L E Louw	4 125 000	–	4 125 000	0.70
G Toet	2 051 236	–	2 051 236	0.35
Non-executive Director				
R S Napier	–	–	–	–
D J Harpur	–	–	–	–
J Mahlangu	–	–	–	–
T C Moodley ¹	6 122 068	–	6 122 068	1.04
B Scott	65 000	–	65 000	0.01
N R Xaba	–	–	–	–
	17 931 050	–	17 931 050	3.05

Notes:

1. Although Messrs S M Riskowitz and T C Moodley have no direct or indirect beneficial interest in Conduit Capital Shares, they are shareholders in entities which they control, including Protea Asset Management (which, although itself not a beneficial Shareholder, advises certain funds and managed accounts) and Riskowitz Capital Management (which is the General Partner of Ithuba Investments and the Riskowitz Value Fund LP), which between them own or control an aggregate of 44 472 125 Conduit Capital Shares.

9.2.3 Former Directors

As at 30 June 2016, being the date of the preceding financial year, the following Directors who resigned during the last 18 months prior to the Last Practicable Date (and their associates), held, directly or indirectly, approximately 0.54% of the total issued share capital of Conduit Capital as follows:

Director	Beneficial		Total	Total
	Direct	Indirect	shares	%
R L Shaw ¹	566 688	–	566 688	0.17
S M Campbell ²	48 000	–	48 000	0.01
J D Druian ³	–	77 392	77 392	0.02
	614 688	77 392	692 080	0.20

Notes:

1. R L Shaw resigned on 1 June 2016.
2. S M Campbell resigned on 31 March 2015.
3. J D Druian resigned on 23 March 2015.

9.3 Directors' remuneration

The components of the executive Directors' remuneration in respect of the financial year ended 30 June 2015 are set out below:

	Basic salary	Bonuses ⁴	Other benefits	Total ⁵
	R'000	R'000	R'000	R'000
J D Druian ¹	1 979	275	24	2 278
S M Riskowitz ²	250	125	–	375
L E Louw	1 696	698	86	2 480
R L Shaw ³	2 158	872	–	3 030
G Toet	1 689	698	93	2 480
Total	7 772	2 668	203	10 643

Notes:

1. J D Druian resigned on 23 March 2015.
2. S M Riskowitz was appointed as an executive Director on 31 March 2015 and Chief Executive Officer on 15 July 2015.
3. R L Shaw resigned as an executive Director on 1 June 2016.
4. Bonuses include those provided for in 2014 on a non-specific basis and subsequently allocated and paid to specific individuals in 2015, as well as bonuses provided for and allocated in 2015.
5. The remuneration of the executive Directors was paid for by Subsidiaries.

The non-executive Directors' fees in respect of the financial year ended 30 June 2015 are set out below:

	R'000 ⁵
R S Berkowitz ¹	288
S R Bruyns ²	225
S M Campbell ¹	158
D J Harpur ³	67
J Mahlangu ³	85
T C Moodley ⁴	45
R S Napier ³	123
B Scott ⁴	45
G Z Steffens ¹	240
N R Xaba ⁴	56
Total	1 332

Notes:

1. R S Berkowitz, S M Campbell and G Z Steffens resigned on 31 March 2015.
2. S R Bruyns resigned on 3 August 2015.
3. D J Harpur, J Mahlangu and R S Napier were appointed on 31 March 2015.
4. T C Moodley, B Scott and N R Xaba were appointed on 19 May 2015.
5. The non-executive Directors' fees were paid by the Company.

The remuneration of the Directors will not be varied as a result of the Acquisitions as contained in this Circular.

9.4 Directors' service contracts

Each of the executive Directors have service contracts in place, which service contracts are available for inspection as set out in paragraph 21 below, in order to (i) ensure continuity and retention; (ii) provide the Group and the executive management with protection; and (iii) reflect operational and labour law best practice.

The service contracts contain restraint of trade provisions in terms of which the executive Directors, at the Group's election, are restrained from competing (either directly or indirectly) with the Group during their employment and for a period of up to two years after the termination of their employment with the Group. If the restraint is enforced the executive will be remunerated for the restraint period after the termination date.

In addition, some service contracts contain minimum employment periods of 3 years ranging between two and four years, whereafter the service agreements continue indefinitely. In the event of the Group terminating that service contract for any reason other than misconduct, prior to the expiry of the minimum employment period, the Group is liable to pay the executive for the remainder of the minimum employment period. Reciprocally, in the event of the executive resigning prior to the expiry of the minimum employment period, the executive is liable for the penalties contained in the service contracts.

Should the executive resign from the Group after expiry of the minimum employment period, a six months' notice period is applicable. The executive is remunerated in full during the notice period.

9.5 Directors' interest in share options

The Directors have no interests in share options.

9.6 Directors' interests in transactions

None of the Directors have had any beneficial interest, either directly or indirectly, in any transactions effected by Conduit Capital during the current or preceding financial year or during any earlier financial year which remains outstanding or unperformed in any respect.

9.7 Details of Directors' directorships

The names of all companies and partnerships of which the Directors and the directors of major Subsidiaries have been a director or partner in the previous five years are set out below:

Director	Current directorships/partnerships	Registration
S M Riskowitz	Conduit Capital Limited	1998/017351/06
	Midbrook Lane Proprietary Limited	2011/112842/07
	Protea Asset Management LLC	USA incorporated
	Riskowitz Capital Management LLC	USA incorporated
L E Louw	ASOC Management Company Proprietary Limited	2015/349581/07
	Black Ginger 92 Proprietary Limited	2004/020370/07
	Cherry Creek Trading 88 Proprietary Limited	2003/001101/07
	Conduit Capital Limited	1998/017351/06
	Conduit Fund Managers Proprietary Limited	2006/034390/07
	Conduit Management Services Proprietary Limited	1990/004741/07
	Constantia Insurance Company Limited	1952/001514/06
	Constantia Life and Health Assurance Company Limited	1952/001635/06
	Constantia Life Limited	1952/000379/06
	Constantia Risk and Insurance Holdings Proprietary Limited	1981/010851/07
	Copper Sunset Trading 186 Proprietary Limited	2005/038789/07
	Foreststone Investments Close Corporation	2010/025676/23
	General Legal and Administration Services Proprietary Limited	1999/000768/06
	Goodall and Company Funeral Assurance Society Proprietary Limited	1937/009955/07
	Internetwork Property Services Proprietary Limited	2008/017825/07
	Marble Gold 213 Proprietary Limited	2004/033181/07
Online Lottery Services	2000/003778/07	
TGI Investment Holding Limited	1994/002543/06	
Transqua Administrative Services Proprietary Limited	1996/012887/07	

Director	Current directorships/partnerships	Registration
G Toet	Anthony Richards and Associates Proprietary Limited	1999/008240/07
	Black Ginger 92 Proprietary Limited	2004/020370/07
	Broad Bush Investments 122 Proprietary Limited	2004/033795/07
	Catalyst Insurance Consultants Proprietary Limited	1999/008850/07
	Cherry Creek Trading 88 Proprietary Limited	2003/001101/07
	Conduit Capital Limited	1998/017351/06
	Conduit Fund Managers Proprietary Limited	2006/034390/07
	Constantia Risk and Insurance Holdings Proprietary Limited	1981/010851/07
	Conduit Management Services Proprietary Limited	1994/004741/07
	Constantia Life and Health Assurance Company Limited	1952/001635/06
	Constantia Insurance Company Limited	1952/001514/06
	Constantia Insurance Holdings Proprietary Limited	1989/006362/07
	Constantia Life Limited	1952/000379/06
	Copper Sunset Trading 186 Proprietary Limited	2005/038789/07
	Foreststone Investments Close Corporation	2010/025676/23
	General Legal and Administration Services Proprietary Limited	1999/000768/06
	Goodall and Bourne Trust Company Proprietary Limited	1996/016912/07
	Goodall and Bourne Properties Proprietary Limited	1955/002409/07
	Goodall and Bourne Properties (Wale Street) Proprietary Limited	1998/017002/07
	Goodall and Company Undertakers Proprietary Limited	1937/009956/07
	Hurriclaim Proprietary Limited	1994/006463/07
	Internetwork Property Services Proprietary Limited	2008/017825/07
	Inventory and Risk Surveys Proprietary Limited	1999/005266/07
	Marble Gold 213 Proprietary Limited	2004/033181/07
	Riverstone Insurance Proprietary Limited	2010/022658/07
	Southern Palace Investments 245 Proprietary Limited	2005/000989/07
	TGI Investment Holding Limited	1994/002543/06
	Transqua Administrative Services Proprietary Limited	1996/012887/07
Westside Trading 234 Proprietary Limited	2004/023947/07	
R S Napier	Business Against Crime South Africa	1996/06714/08
	Conduit Capital Limited	1998/017351/06
	Corporate Asset Management Proprietary Limited	1988/06714/07
	D&A Power Products Proprietary Limited	1952/000591/07
	Fire Protection Association of Southern Africa	1973/000022/08
	Grayston Nominees Proprietary Limited	1999/026840/07
	Main Street 746 Proprietary Limited	2009/003371/07
	Mast Investment UK LLP	
	SOA Solutions Africa Proprietary Limited	2015/402830/07
	South African Insurance Crime Bureau	2008/017960/08
Sunderland Marine (Africa) Limited	16432	
Worldwide Capital Limited	1999/11666/06	
D J Harpur	Conduit Capital Limited	1998/017351/06
	David J Harpur Investments Proprietary Limited	1997/21412/07
	Insurance Institute of South Africa	1993/002172/08
	Watersplash Investments Proprietary Limited	2005/027063/07

Director	Current directorships/partnerships	Registration
J Mahlangu	Conduit Capital Limited	1998/017351/06
	Constantia Insurance Company Limited	1952/001514/06
	Constantia Life and Health Assurance Company Limited	1952/001635/06
	Constantia Life Limited	1952/000379/06
	Highland Gate 969	2015/258804/07
	Ligwa Advisory Services Proprietary Limited	2008/026200/07
	Ligwa Advisory Property and Investments Proprietary Limited	2014/035130/07
	Trustco Group Holdings Limited	2003/058
T C Moodley	ASOC Management Company Proprietary Limited	2015/349581/07
	Conduit Capital Limited	1998/017351/06
	Midbrook Lane	2011/112842/07
B Scott	Conduit Capital Limited	1998/017351/06
	Insurance Institute of South Africa	1993/002172/08
	Insurance Sector Education and Training Authority	N/A
N R Xaba	Conduit Capital Limited	1998/017351/06
	Constantia Insurance Company Limited	1952/001514/06
	Constantia Life and Health Assurance Company Limited	1952/001635/06
	Constantia Life Limited	1952/000379/06
	Finbond	2001/015761/06
	LDSW Incorporated	2006/006400/21
	Outsourced Risk and Compliance Assessment	2000/031879/07
	Rossal No 98 Proprietary Limited	2005/030021/07

Directors of major

Subsidiaries	Current directorships/partnerships	Registration
Robert Lindsey Shaw	34 Ebury Avenue Investments Proprietary Limited	1997/010151/07
	Administration Plus Proprietary Limited	2004/023852/07
	African Spirit Trading 257 Proprietary Limited	2006/010479/07
	Anslow Management Consultants Proprietary Limited	1984/001259/07
	Bloemfontein Underwriting Managers Proprietary Limited	2005/018666/07
	Captain Investments Proprietary Limited	1997/010265/07
	Conduit Capital Limited	1998/017351/06
	Conpret Investments Proprietary Limited	1989/003628/07
	Constantia Insurance Company Limited	1952/001514/06
	Constantia Insurance Holdings Proprietary Limited	1989/006362/07
	Constantia Life and Health Assurance Company Limited	1952/001635/06
	Constantia Life Limited	1952/000379/06
	Dexdata Overseas Limited	4146692
	Emerald Island Investments Proprietary Limited	1995/001287/07
	Freshfields Insurance Brokers Proprietary Limited	1997/020226/07
	Froggy Pond Investments Proprietary Limited	2001/017462/07
	General Legal and Administration Services Proprietary Limited	1999/000768/06
	Home 633 Investments Proprietary Limited	1990/006256/07
	Monarch Insurance Company Limited	1994/003920/06
	NewBridge Reinsurance Brokers Proprietary Limited	1970/002927/07
	Pine Forest Pre-Primary School Proprietary Limited	2000/030824/07
	Roodepoot Farm Proprietary Limited	2003/005830/07

Directors of major Subsidiaries	Current directorships/partnerships	Registration
Robert Lindsey	Section 7 Tulbagh Proprietary Limited	1991/004507/07
Shaw (continued)	Section 8 Tulbagh Proprietary Limited	1991/004508/07
	Shavian Investment Holdings Proprietary Limited	1998/005399/07
	Stellenberg 1 Investments Proprietary Limited	1988/004278/07
	Stellenberg Three Investments Proprietary Limited	1997/005573/07
	The Beachhead Holdings Proprietary Limited	1992/002588/07
	Unison Guarantee Acceptances Proprietary Limited	1987/001544/07
Stephen Richard Bruyns	Conduit Capital Limited	1998/017351/06
	Constantia Insurance Company Limited	1952/001514/06
	Constantia Life and Health Assurance Company Limited	1952/001635/06
	Constantia Life Limited	1952/000379/06
	Constantia Risk and Insurance Holdings Proprietary Limited	1981/010851/07
	Mix Telematics Limited	1995/013858/06
Brian Cyril Benfield	Constantia Insurance Company Limited	1952/001514/06
	Constantia Insurance Holdings Proprietary Limited	1989/006362/07
	Constantia Life and Health Assurance Company Limited	1952/001635/06
	Constantia Life Limited	1952/000379/06
	DuePoint Consultants Proprietary Limited	2008/007090/07
	Milvie Investments Proprietary Limited	1998/003480/07
	No 84 Culross Road Proprietary Limited	2002/008899/07
	Palaeo Finance Services Proprietary Limited	2002/031327/07
	Primary Asset Administrative Services Proprietary Limited	1992/001306/07
	Prime Meridian Enterprises	2002/030583/07
	Redivert Investments Proprietary Limited	2002/008801/07
	SA Motor Rentals Proprietary Limited	2007/001314/07
	Strategic Economic and Environmental Services Proprietary Limited	1977/001903/07

9.8 Directors' declaration

Each Director and the directors of the major Subsidiaries has confirmed that he/she has not been involved in, and is not subject to, any:

- bankruptcies, insolvencies or individual voluntary compromise arrangement;
- any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements, or any compromise or arrangement with creditors generally or any class of creditors of any company where the Director is or was a Director with an executive function at the time of or within 12 months preceding such events;
- compulsory liquidations, administrations, partnership voluntary arrangements of any partnership where the Director was a partner at the time of or within 12 months preceding such events;
- receiverships of any asset/s of such person or of a partnership of which the individual is or was a partner at the time of or within 12 months preceding such events;
- public criticism by statutory or regulatory authorities or disqualified by a court from acting as a director or in the management or conduct of the affairs of any company;
- offence involving dishonesty;
- removal from an office of trust, on the grounds of misconduct, involving dishonesty; or
- any order granted by court declaring the person delinquent or placing the person under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, 1984 (Act No. 69 of 1984) or if the person was disqualified by a court to act as a director in terms of section 219 of the Companies Act, 1973.

9.9 Other

In the three years preceding the date of this Circular:

- save as set out in paragraph 9.10 below, no amount has been paid, or accrued as payable, as commission to any person, including commission paid or payable to any sub-underwriter that is a holding company or a promoter or Director or officer of Conduit Capital, for subscribing or agreeing to subscribe, or procuring, or agreeing to procure, subscriptions for any Shares in Conduit Capital;
- no commissions, discounts or brokerages were paid, or any special terms granted, to any person in connection with the issue or sale of any Conduit Capital Shares, other than as disclosed in any audited annual financial statements;
- there have been no material acquisitions by Conduit Capital or its Subsidiaries, or proposed acquisitions of any securities in, or the business undertakings of any other companies or business enterprises or any immovable properties or other properties in the nature of a fixed asset (collectively “the property”) or any option to acquire such properties, as determined according to the size of the transaction relative to the market capitalisation and/or the total net asset value of Conduit Capital at the effective date of the transaction;
- no amount has been paid to any promoter, partnership, company, syndicate or other association in the promotion of Conduit Capital or in any property as referred to above;
- no Director, or any partnership, syndicate or any other association of which he is a member, or any of his associates, has been paid to induce him, or qualify him to become a Director, or for the promotion of Conduit Capital; and
- no royalties have been paid by Conduit Capital or any of its Subsidiaries.

There is no degree of government protection or any investment encouragement law affecting the Conduit Capital Group.

9.10 Commission

During the fourth quarter of 2015, Conduit Capital undertook a capital raising of R150 000 000 by way of a Rights Offer which was fully underwritten by Ithuba Investments.

As set out in the Rights Offer Circular to Shareholders dated 24 November 2015, Ithuba Investments (which does not have any directors and whose registered office is 3 Columbus Circle, 15th Floor, New York, NY 10019, United States), is a US based fund to which Protea Asset Management is the investment adviser (responsible for investing the assets of Ithuba Investments) and to which Riskowitz Capital Management is the General Partner. Mr S M Riskowitz (who is the managing member of the investment adviser and the General Partner) is the individual ultimately responsible for managing the assets of Ithuba Investments.

In terms of the agreement entered into between Protea Asset Management, who acts on behalf of Ithuba Investments, and Conduit Capital on 27 October 2015, and a subsequent addendum thereto dated 16 November 2015 (“**Underwriting Agreement**”), Ithuba Investments, as the ultimate underwriter, irrevocably undertook to subscribe for all the Rights Offer Shares that were not taken up by Conduit Capital Shareholders and/or their renounees in terms of the Rights Offer.

73 523 381 Rights Offer Shares (being 98.03% of the total Rights Offer Shares) were subscribed for, and the balance thereof (being 1.97% of the total Rights Offer Shares), were taken up by Ithuba Investments.

An amount equal to 1.5% of the quantum of the Rights Offer was payable by Conduit Capital to Ithuba Investments in consideration for the commitments provided in terms of the Underwriting Agreement.

9.11 Provisions of the Memorandum of Incorporation of Conduit Capital pertaining to Directors

The relevant provisions of the Memorandum of Incorporation of Conduit Capital pertaining to the Directors are set out in Annexure 8 to this Circular.

10. MATERIAL CONTRACTS

10.1 Conduit Capital

Save for the Acquisitions contemplated in this Circular, neither Conduit Capital nor its Subsidiaries have entered into any restrictive funding arrangement or material contract other than in the ordinary course of business within two years prior to the date of this Circular, or entered into at any time and containing an obligation or settlement that is material to Conduit Capital or its Subsidiaries at the date of this Circular.

10.2 Snowball Wealth

Save for the Acquisitions contemplated in this Circular, neither Snowball Wealth nor its Subsidiaries have entered into any restrictive funding arrangement or material contract other than in the ordinary course of business within two years prior to the date of this Circular, or entered into at any time and containing an obligation or settlement that is material to Snowball Wealth or its Subsidiaries at the date of this Circular.

10.3 Midbrook Lane

Save for the Acquisitions contemplated in this Circular, neither Midbrook Lane nor its Subsidiaries have entered into any restrictive funding arrangement or material contract other than in the ordinary course of business within two years prior to the date of this Circular, or entered into at any time and containing an obligation or settlement that is material to Midbrook Lane or its Subsidiaries at the date of this Circular.

11. BORROWINGS

11.1 Borrowing powers

In terms of the Company's Memorandum of Incorporation, the Directors may exercise all the powers of the Company to borrow money, as they consider appropriate and accordingly, there have been no circumstances during the past three years whereby the borrowing powers of the Company or its Subsidiaries were exceeded.

The relevant provisions of the Company's Memorandum of Incorporation pertaining to the borrowing powers of the Directors are set out in Annexure 8 to this Circular.

11.2 Material borrowings

The Conduit Capital group does not have any material borrowings. There is no loan capital outstanding.

11.3 Material commitments, lease agreements and contingent liabilities

The Conduit Capital Group has no material commitments or contingent liabilities.

The Conduit Capital Group has commitments arising from property leases for its own business operations as follows:

11.3.1 Conduit Capital

Unit 9, 4 Homestead Avenue, Bryanston, Sandton

200 sq.m

R110 per sq.m

Lease period of 3 (three) years and renewal date will be 30 June 2019.

11.3.2 Constantia Insurance Company

Unit 3, 5 & 6, 360 Oak Avenue, Randburg

525 sq.m

R90 per sq.m

Unit 4

220 sq.m (approx.)

R90 per sq.m

Unit 7 & 8

556 sq.m

R90 per sq.m

Lease period of 3 (three) years and renewal date will be 1 September 2019.

11.4 Loans receivable

11.4.1 Conduit Capital

At the Last Practicable Date, Conduit Capital and its Subsidiaries had no material loans receivable and had not made any loans or furnished any security to or for the benefit of any Director or manager of any associates of any Director or manager of Conduit Capital.

11.4.2 Snowball Wealth

At the Last Practicable Date, Snowball Wealth and its Subsidiaries had no material loans receivable and had not made any loans or furnished any security to or for the benefit of any Director or manager of any associates of any Director or manager of Snowball Wealth.

11.4.3 Midbrook Lane

At the Last Practicable Date, Midbrook Lane and its Subsidiaries had no material loans receivable and had not made any loans or furnished any security to or for the benefit of any Director or manager of any associates of any Director or manager of Midbrook Lane.

11.5 Subsidiaries and inter-company loans

Save for the following, Conduit Capital does not have any material inter-company or other transactions or any inter-company balances before elimination on consolidation.

The following information relates to the Company's investment in subsidiary companies as at 31 December 2015:

		Country of incorporation	Indebtedness to (by) Conduit Capital R'000
Directly owned			
Conduit Fund Managers Proprietary Limited	Asset manager	RSA	(315)
Conduit Management Services Proprietary Limited	Management services; equities and derivatives trading	RSA	107 443
Copper Sunset Trading 186 Proprietary Limited	Holding company	RSA	102 703
Marble Gold 213 Proprietary Limited	Holding company	RSA	(163)
Held through a Subsidiary			
Black Ginger 92 Proprietary Limited	Investment Company	RSA	12 725
IMR 11 Proprietary Limited	In deregistration	RSA	(1 834)
IMR Share Trust	Share Trust	RSA	(2 986)
			217 573

Notes:

1. All subsidiaries in the Group are unlisted companies.
2. The loan to Black Ginger 92 Proprietary Limited is unsecured, attracts interest at prime and no specific repayment date has been set.
3. The loan to Conduit Management Services Proprietary Limited is designated an equity loan, is unsecured, attracts no interest and is repayable at the election of the borrower.
4. The loan payable to Conduit Fund Managers Proprietary Limited is unsecured, attracts no interest and no specific repayment date has been set.
5. The loan payable to Marble Gold 213 Proprietary Limited is unsecured, attracts no interest and is repayable by mutual consent.
6. The loan payable to IMR 11 Proprietary Limited is unsecured, attracts no interest and is repayable before 31 August 2017.
7. The loan payable to the IMR Share Trust is unsecured, attracts interest at rates linked to prime and is repayable before 31 August 2017.

12. MATERIAL CHANGES

12.1 Conduit Capital

Save for the effects of the Acquisitions, which have been disclosed in the *pro forma* financial information set out in paragraph 4 above and in Annexure 1 to this Circular, at the Last Practicable Date there have been no material changes in the financial or trading position of Conduit Capital and its Subsidiaries since the reported financial information of Conduit Capital for the six month period ended 31 December 2015.

12.2 Snowball Wealth

At the Last Practicable Date there have been no material changes in the financial or trading position of Snowball Wealth and its Subsidiaries since the reported financial information of position of Snowball Wealth for the 12 month period ended 31 December 2015.

12.3 Midbrook Lane

At the Last Practicable Date there have been no material changes in the financial or trading position of Midbrook Lane and its Subsidiaries since the reported financial information of position of Midbrook Lane for the 12 month period ended 31 December 2015.

13. WORKING CAPITAL STATEMENT

The Board has considered the effects of the Acquisitions and is of the opinion that, for a period of 12 months subsequent to the date of this Circular:

- the Group, as impacted by the Acquisitions, will in the ordinary course of business be able to pay its debts;
- the assets of the Group, as impacted by the Acquisitions, fairly valued, will be in excess of its liabilities. For this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies applied to the latest audited financial results;
- the share capital and reserves of the Group, as impacted by the Acquisitions, will be adequate for ordinary business purposes; and
- the working capital of the Group, as impacted by the Acquisitions, will be adequate for ordinary business purposes.

14. LITIGATION STATEMENT

14.1 Conduit Capital

There are no legal or arbitration proceedings, pending or threatened, of which Conduit Capital or any of its Subsidiaries are aware, that may have or have had, in the 12-month period preceding the Last Practicable Date, a material effect on the financial position of the Group.

14.2 Snowball Wealth

There are no legal or arbitration proceedings, pending or threatened, of which Snowball Wealth or any of its Subsidiaries are aware, that may have or have had, in the 12-month period preceding the Last Practicable Date, a material effect on the financial position of Snowball Wealth or its Subsidiaries.

14.2 Midbrook Lane

There are no legal or arbitration proceedings, pending or threatened, of which Midbrook Lane or any of its Subsidiaries are aware, that may have or have had, in the 12-month period preceding the Last Practicable Date, a material effect on the financial position of Midbrook Lane or its Subsidiaries.

15. CORPORATE GOVERNANCE

The Directors fully support the principles of good corporate governance established by the Code of Corporate Practices and Conduct of the King III Report on Corporate Governance for South Africa, 2009 ("King III") and are committed to the implementation thereof.

The Company's King III Application Register is available on the Company's website at <http://www.conduitcapital.co.za/downloads/King%20III%20Application%20Register%202015.pdf>

Extracts of Conduit Capital's Corporate Governance Statement pertaining to the Company's reporting in terms of paragraph 3.84 of the Listings Requirements, as included in the 2015 Integrated Annual Report, are set out in Annexure 7 to this Circular.

16. OPINIONS AND RECOMMENDATION

The Directors, having considered the terms and conditions of the Snowball Wealth Acquisition and the Midbrook Lane Acquisition and the reports of the Independent Expert, the text of which is included as Annexures 3 and 4, respectively, to this Circular and which state that each of the Snowball Wealth Acquisition and the Midbrook Lane Acquisition is fair to Conduit Capital Shareholders, are of the opinion that the Acquisitions are fair to Conduit Capital Shareholders and will have a beneficial financial effect on the Group. Accordingly, the Directors recommend that

Shareholders vote in favour of the resolutions, to be proposed at the General Meeting, to approve the Acquisitions. The Directors (other than the Related Party/ies and their associates, as the case may be), who are Shareholders of the Group, intend to vote in favour of such resolutions to be proposed at the General Meeting to approve the Acquisitions.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given in paragraph 9.1 above, collectively and individually, accept full responsibility for the accuracy of the information contained in the Circular and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would 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 the Listings Requirements.

18. EXPERTS' CONSENTS

The Sponsor, Corporate Adviser, Independent Expert, the legal advisors, the auditors and reporting accountants and the transfer secretaries have consented in writing to act in the capacities stated and to their names being stated in this Circular and, where applicable, to the inclusion of their reports in the form and context in which they have been reproduced in this Circular in Annexures 2, 3, 4 and 6 have not, prior to the Last Practicable Date, withdrawn their consents prior to publication of this Circular.

19. COSTS

The total costs relating to the Acquisitions, which amount to approximately R4 752 400 excluding VAT, are set out in the table below:

	Estimated amount
	R
Merchantec Capital – Sponsor and Corporate Adviser to Conduit Capital	3 250 000
Nodus Capital – Independent Expert	250 000
Grant Thornton – Reporting accountants	70 000
Cliffe Dekker Hofmeyr – Legal advisers	500 000
JSE – Documentation inspection fees	100 500
JSE – Listing fees	256 900
Competition Commission – Merger filing fee	200 000
Tascom and Castle Graphics – Printing and postage fees	125 000
Total	4 752 400

20. FINANCIAL INFORMATION INCORPORATED BY REFERENCE

The Directors are responsible for the preparation and fair presentation of the financial information listed in paragraph 20.1 below. In accordance with sections 11.61 and 11.62 of the Listings Requirements, such information can be accessed on the Company's website, at http://www.conduitcapital.co.za/financial/financial_information.php, and is also available for inspection at the registered office of Conduit Capital and the Sponsor by Shareholders and/or prospective investors at no charge, during normal business hours from Thursday, 29 September 2016 up to and including Friday, 28 October 2016:

20.1 Historical financial information

- 20.1.1 Condensed consolidated unaudited results for the six months ended 31 December 2015;
- 20.1.2 Audited annual financial results of Conduit Capital for the 10 months ended 30 June 2015, and the financial years 31 August 2014 and 31 August 2013; and
- 20.1.3 Historical financial information of Snowball Wealth for the three financial years ended 31 December 2015, 31 December 2014 and 31 December 2013.

21. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Conduit Capital and the office of the Sponsor which addresses are set out in the "Corporate information" section of the Circular, during normal business hours from Thursday, 29 September 2016 up to and including Friday, 28 October 2016:

- the Memorandum of Incorporation of the Company and its Subsidiaries;
- copies of the Snowball Wealth Acquisition Agreement and the Midbrook Lane Acquisition Agreement;
- copies of the Fairness Opinions, the text of which is included as Annexures 3 and 4 to this Circular;
- copies of the service contracts entered into between the executive Directors and the Company referred to in paragraph 9.4 above;
- copies of the irrevocable letters of undertaking referred to in paragraph 7 above;
- the signed independent reporting accountants' limited assurance report on the *pro forma* financial information of Conduit Capital, the text of which is included as Annexure 2 to this Circular;
- the signed independent reporting accountants' audit report on the historical financial information of Snowball Wealth for the three financial years ended 31 December 2015, 31 December 2014, 31 December 2013, the text of which is included as Annexure 6, to this Circular;
- the written consent letters referred to in paragraph 18 above; and
- a signed copy of this Circular.

22. GENERAL MEETING

A General Meeting of Conduit Capital Shareholders will be held at 10:00 on Friday, 28 October 2016 at the office of Constantia Insurance Company, Unit 5, Training Room, 360 Oak Avenue, Randburg, 2194, in order to consider and approve, with or without modification, the resolutions set out in the notice of General Meeting included in this Circular.

A notice convening the General Meeting and a form of proxy for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration who are unable to attend the General Meeting, form part of this Circular.

Certificated Shareholders and Dematerialised Shareholders with "own name" registration, who are unable to attend the General Meeting and wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein.

Dematerialised Shareholders, other than Dematerialised Shareholders with "own name" registration, who:

- are unable to attend the General Meeting and wish to be represented thereat, must provide their CSDP or broker with their voting instructions, in terms of the Custody Agreement entered into between themselves and the CSDP or broker concerned, in the manner and within the time stipulated therein; and
- wish to attend the General Meeting, must instruct their CSDP or broker to issue them with the necessary written letter of representation to attend.

SIGNED BY G TOET AND LE LOUW, ON THEIR OWN BEHALF AS DIRECTORS AND ON BEHALF OF ALL THE OTHER DIRECTORS OF CONDUIT CAPITAL LIMITED, BEING DULY AUTHORISED IN TERMS OF POWERS OF ATTORNEY GRANTED TO THEM BY SUCH DIRECTORS

G Toet
Executive Director

LE Louw
Financial Director

29 September 2016

PRO FORMA FINANCIAL INFORMATION OF CONDUIT CAPITAL

The following unaudited *pro forma* financial information has been prepared to illustrate the impact of the Acquisitions on the reported financial information of Conduit Capital for:

- the six months ended 31 December 2015, had the Acquisitions occurred on 1 July 2015 for statement of comprehensive income purposes and as at 31 December 2015 for statement of financial position purposes; and
- the year ended 31 December 2015, had the Acquisitions occurred on 1 January 2015 for statement of comprehensive income purposes and as at 31 December 2015 for statement of financial position purposes.

The unaudited *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the annual financial statements of Conduit Capital for the financial year ended 30 June 2015.

The unaudited *pro forma* financial information, which is the responsibility of the Directors, is provided for illustrative purposes only and, because of its *pro forma* nature, may not fairly present Conduit Capital's actual financial position, changes in equity, results of operations or cash flow.

The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountants' assurance report thereon as set out in Annexure 2 to this Circular.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Set out below is the *pro forma* consolidated statement of financial position for Conduit Capital reflecting the effects of the Acquisitions:

Figures in R'000 unless stated otherwise	Adjustments due to the Snowball Wealth Acquisition			After the Snowball Wealth Acquisition	Adjustments due to the Midbrook Lane Acquisition		After the Midbrook Lane Acquisition	After the Acquisitions
	Before the Acquisitions	Snowball Wealth results	Consolidation journals		Midbrook Lane results	Consolidation journals		
ASSETS								
Non-current assets	368 493	648 135	(116 850)	899 778	207 207	(27 962)	547 738	1 079 023
– Property, plant and equipment	9 065	–	–	9 065	–	–	9 065	9 065
– Intangible assets	35 079	–	–	35 079	–	–	35 079	35 079
– Loans receivable	7 963	–	–	7 963	–	–	7 963	7 963
– Deferred taxation	16 045	–	–	16 045	–	–	16 045	16 045
– Investment properties	5 928	–	–	5 928	–	–	5 928	5 928
– Investment in associates	125 872	–	–	125 872	–	–	125 872	125 872
– Investment in joint ventures	666	–	–	666	–	–	666	666
– Investments held at fair value	167 875	648 135	(116 850)	699 160	207 207	(27 962)	347 120	878 405
Current assets	941 888	1 551	(5,208)	938 231	3 850	(1 742)	943 996	940 339
– Insurance assets	316 086	–	–	316 086	–	–	316 086	316 086
– Loans receivable	1 180	–	–	1 180	3 200	–	4 380	4 380
– Trade and other receivables	222 116	–	–	222 116	12	–	222 128	222 128
– Taxation	12 657	–	–	12 657	–	–	12 657	12 657
– Cash and cash equivalents	389 849	1 551	(5 208)	386 192	638	(1 742)	388 745	385 088
Total assets	1 310 381	649 686	(122 058)	1 838 009	211 057	(29 704)	1 491 734	2 019 362

Figures in R'000 unless stated otherwise	Adjustments due to the Snowball Wealth Acquisition			Adjustments due to the Midbrook Lane Acquisition				
	Before the Acquisitions	Snowball Wealth results	Consolidation journals	After the Snowball Wealth Acquisition	Midbrook Lane results	Consolidation journals	After the Midbrook Lane Acquisition	After the Acquisitions
EQUITY AND LIABILITIES								
Capital and reserves	613 047	520 801	(122 058)	1 011 790	174 152	(29 704)	757 495	1 156 238
– Ordinary share capital and share premium	323 167	112 006	306 396	741 569	86 495	78 824	488 486	906 888
– Retained earnings	289 389	408 795	(428 454)	269 730	87 657	(108 528)	268 518	248 859
Equity attributable to equity holders of the parent	612 556	520 801	(122 058)	1 011 299	174 152	(29 704)	757 004	1 155 747
Non-controlling interest	491	–	–	491	–	–	491	491
Non-current liabilities	68 209	117 632	–	185 841	26 591	–	94 800	212 432
– Policyholder liabilities under insurance contracts	32 606	–	–	32 606	–	–	32 606	32 606
– Interest-bearing borrowings	–	5 014	–	5 014	3 561	–	3 561	8 575
– Investments sold short	–	23 300	–	23 300	–	–	–	23 300
– Deferred taxation	35 603	89 318	–	124 921	23 030	–	58 633	147 951
Current liabilities	629 125	11 253	–	640 378	10 314	–	639 439	650 692
– Insurance liabilities	359 395	–	–	359 395	–	–	359 395	359 395
– Trade and other payables	255 180	25	–	255 205	10 237	–	265 417	265 442
– Taxation	14 550	130	–	14 680	77	–	14 627	14 757
– Shareholders for dividend	–	11 098	–	11 098	–	–	–	11 098
Total equity and liabilities	1 310 381	649 686	(122 058)	1 838 009	211 057	(29 704)	1 491 734	2 019 362
Net asset value per share (cents)	184.9			210.7			194.1	214.6
Tangible net asset value per share (cents)	148.3			185.4			163.0	192.1
Number of shares in issue ('000)	331 377	189 635	(41 000)	480 012	68 429	(9 811)	389 995	538 630

Notes and assumptions:

- The figures set out in the "Before the Acquisitions" column were extracted from Conduit Capital's unaudited interim results for the six months ended 31 December 2015.
- The figures set out in the "Snowball Wealth results" column were extracted from Snowball Wealth's audited annual financial statements for the year ended 31 December 2015. These annual financial statements were audited by Grant Thornton Cape Inc. Chartered Accountants (SA); however, where applicable, items were reclassified in line with Conduit Capital's classification.
- The Snowball Wealth Acquisition and its consolidation journals are based on the following assumptions:
 - The Snowball Wealth Purchase Consideration is based on 189 635 102 Conduit Capital shares being issued at 285 cents per share, its closing price on the JSE on 31 December 2015, which gives rise to goodwill of R19.659 million that is immediately impaired;
 - The Snowball Wealth Acquisition is assumed to have been implemented on 31 December 2015 for net asset value per share and tangible net asset value per share purposes;
 - 41 000 000 Conduit Capital shares included in Snowball Wealth's NAV as at 31 December 2015 have been accounted for as treasury stock; and
 - Transaction costs estimated at 1% of the Snowball Wealth NAV have been settled in cash, offset against share premium and attract no tax credits.
- The figures set out in the "Midbrook Lane results" column were extracted from Midbrook Lane's audited annual financial statements for the year ended 31 December 2015. These annual financial statements were audited by Grant Thornton Cape Inc. Chartered Accountants (SA); however, where applicable, items were reclassified in line with Conduit Capital's classification.
- The Midbrook Lane Acquisition and its consolidation journals are based on the following assumptions:
 - The Midbrook Lane Purchase Consideration is based on 68 428 980 Conduit Capital shares being issued at 285 cents per share, its closing price on the JSE on 31 December 2015, which gives rise to goodwill of R20.870 million that is immediately impaired;
 - The Midbrook Lane Acquisition is assumed to have been implemented on 31 December 2015 for net asset value per share and tangible net asset value per share purposes;
 - 9 811 110 Conduit Capital shares included in Midbrook Lane's NAV as at 31 December 2015 have been accounted for as treasury stock; and
 - Transaction costs estimated at 1% of the Midbrook Lane NAV have been settled in cash, offset against share premium and attract no tax credits.
- All financial effects are ongoing with the exception of transaction costs and the impairment of goodwill, which are once-off.

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Set out below is the *pro forma* consolidated statement of comprehensive income for Conduit Capital for the **six months ended** 31 December 2015 reflecting the effects of the Acquisitions:

Figures in R'000 unless stated otherwise	Before the Acquisitions	Adjustments due to the Snowball Wealth Acquisition		After the Snowball Wealth Acquisition	Adjustments due to the Midbrook Lane Acquisition		After the Midbrook Lane Acquisition	After the Acquisitions
		Snowball Wealth results	Consolidation journals		Midbrook Lane results	Consolidation journals		
Gross written premium	481 326	–	–	481 326	–	–	481 326	481 326
Reinsurance premium	(258 283)	–	–	(258 283)	–	–	(258 283)	(258 283)
Net written premium	223 043	–	–	223 043	–	–	223 043	223 043
Net change in provision for unearned premium	5 424	–	–	5 424	–	–	5 424	5 424
Net premium income	228 467	–	–	228 467	–	–	228 467	228 467
Reinsurance commission received	157 776	–	–	157 776	–	–	157 776	157 776
Income from Insurance operations	386 243	–	–	386 243	–	–	386 243	386 243
Net claims and movement in claims reserves	(134 188)	–	–	(134 188)	–	–	(134 188)	(134 188)
Insurance contract acquisition costs	(103 404)	–	–	(103 404)	–	–	(103 404)	(103 404)
Agency fees	(120 317)	–	–	(120 317)	–	–	(120 317)	(120 317)
Gross underwriting surplus	28 334	–	–	28 334	–	–	28 334	28 334
Administration costs	(14 927)	–	–	(14 927)	–	–	(14 927)	(14 927)
Net underwriting surplus	13 407	–	–	13 407	–	–	13 407	13 407
Non-insurance revenue	2 205	–	–	2 205	–	–	2 205	2 205
Other expenses	(18 828)	(462)	–	(19 290)	(275)	–	(19 103)	(19 565)
Operating loss	(3 216)	(462)	–	(3 678)	(275)	–	(3 491)	(3 953)
Equity accounted income	8 710	–	–	8 710	–	–	8 710	8 710
Investment income	3 843	32 850	(28 732)	7 961	(7 848)	(6 878)	(10 883)	(6 765)
Net other income	8 529	–	–	8 529	–	–	8 529	8 529
Finance charges	(204)	(56)	–	(260)	(172)	–	(376)	(432)
Impairment of goodwill	–	–	(19 659)	(19 659)	–	(20 871)	(20 871)	(40 530)
Profit (loss) before taxation	17 662	32 332	(48 391)	1 603	(8 295)	(27 749)	(18 382)	(34 441)
Taxation	(6 903)	(5 519)	5 326	(7 096)	1 792	1 272	(3 839)	(4 032)
Profit (loss) for the period	10 759	26 813	(43 065)	(5 493)	(6 503)	(26 477)	(22 221)	(38 473)
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income (loss)	10 759	26 813	(43 065)	(5 493)	(6 503)	(26 477)	(22 221)	(38 473)
Attributable to:								
Equity holders of the parent	10 845	26 813	(43 065)	(5 407)	(6 503)	(26 477)	(22 135)	(38 387)
Non-controlling interest	(86)	–	–	(86)	–	–	(86)	(86)
Total comprehensive income (loss)	10 759	26 813	(43 065)	(5 493)	(6 503)	(26 477)	(22 221)	(38 473)

Figures in R'000 unless stated otherwise	Before the Acquisitions	Adjustments due to the Snowball Wealth Acquisition		After the Snowball Wealth Acquisition	Adjustments due to the Midbrook Lane Acquisition		After the Midbrook Lane Acquisition	After the Acquisitions
		Snowball Wealth results	Consolidation journals		Midbrook Lane results	Consolidation journals		
Reconciliation of headline earnings (loss)								
Profit (loss) attributable to ordinary equity holders of Conduit	10 845	26 813	(43 065)	(5 407)	(6 503)	(26 477)	(22 135)	(38 387)
(Profit) loss on disposal of intangibles, property, plant and equipment	-	-	-	-	-	-	-	-
Impairment of associates and joint ventures	-	-	-	-	-	-	-	-
Impairment of goodwill	-	-	19 659	19 659	-	20 871	20 871	40 530
Tax on the items above	-	-	-	-	-	-	-	-
Headline earnings (loss)	10 845	26 813	(23 406)	14 252	(6 503)	(5 606)	(1 264)	2 143
Earnings per share								
- Basic	3.8			(1.3)			(6.4)	(7.9)
- Diluted	3.8			(1.3)			(6.4)	(7.9)
- Headline	3.8			3.3			(0.4)	0.4
- Diluted headline	3.8			3.3			(0.4)	0.4
Weighted average number of shares issued ('000)	289 076			429 283			343 533	485 939
Diluted weighted average number of shares ('000)	289 076			429 283			343 533	485 939

Notes and assumptions:

- The figures set out in the "Before the Acquisitions" column were extracted from Conduit Capital's unaudited interim results for the six months ended 31 December 2015.
- The figures set out in the "Snowball Wealth results" column were extracted from Snowball Wealth's unaudited management accounts for the six months ended 31 December 2015. Conduit Capital is satisfied with the quality of the management accounts, although, where applicable, items were reclassified in line with Conduit Capital's classification.
- The Snowball Wealth Acquisition and its consolidation journals are based on the following assumptions:
 - The Snowball Wealth Acquisition is assumed to have been implemented on 1 July 2015 for earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share purposes;
 - The Conduit Capital shares included in Snowball Wealth's investment portfolio have been accounted for as treasury stock and all profits derived therefrom have been excluded from the final result;
 - R19.659 million in goodwill generated as a result of the transaction is immediately impaired;
 - Transaction costs estimated at 1% of the Snowball Wealth NAV have been settled in cash from existing resources. Interest on these cash balances is foregone at an after-tax rate of 6.5%; and
 - The effective tax rate is 1.2%, mainly due to the capital nature of the acquired income and the non-deductibility of the goodwill impairment.
- The figures set out in the "Midbrook Lane results" column were extracted from Midbrook Lane's unaudited management accounts for the six months ended 31 December 2015. Conduit Capital is satisfied with the quality of the management accounts, although, where applicable, items were reclassified in line with Conduit Capital's classification.
- The Midbrook Lane Acquisition and its consolidation journals are based on the following assumptions:
 - The Midbrook Lane Acquisition is assumed to have been implemented on 1 July 2015 for earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share purposes;
 - The Conduit Capital shares included in Midbrook Lane's investment portfolio have been accounted for as treasury stock and all profits derived therefrom have been excluded from the final result;
 - R20.871 million in goodwill generated as a result of the transaction is immediately impaired;
 - Transaction costs estimated at 1% of the Midbrook Lane NAV have been settled in cash from existing resources. Interest on these cash balances is foregone at an after-tax rate of 6.5%; and
 - The effective tax rate is 8.5% as a result of the non-deductibility of the goodwill impairment.
- All financial effects are ongoing with the exception of transaction costs and the impairment of goodwill, which are once-off.

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Set out below is the *pro forma* consolidated statement of comprehensive income for Conduit Capital for the year ended 31 December 2015 reflecting the effects of the Acquisitions:

Figures in R'000 unless stated otherwise	Before the Acquisitions	Adjustments due to the Snowball Wealth Acquisition		After the Snowball Wealth Acquisition	Adjustments due to the Midbrook Lane Acquisition		After the Midbrook Lane Acquisition	After the Acquisitions
		Snowball Wealth results	Consolidation journals		Midbrook Lane results	Consolidation journals		
Gross written premium	920 087	–	–	920 087	–	–	920 087	920 087
Reinsurance premium	(494 555)	–	–	(494 555)	–	–	(494 555)	(494 555)
Net written premium	425 532	–	–	425 532	–	–	425 532	425 532
Net change in provision for unearned premium	3 768	–	–	3 768	–	–	3 768	3 768
Net premium income	429 300	–	–	429 300	–	–	429 300	429 300
Reinsurance commission received	327 288	–	–	327 288	–	–	327 288	327 288
Income from Insurance operations	756 588	–	–	756 588	–	–	756 588	756 588
Net claims and movement in claims reserves	(211 759)	–	–	(211 759)	–	–	(211 759)	(211 759)
Insurance contract acquisition costs	(189 319)	–	–	(189 319)	–	–	(189 319)	(189 319)
Agency fees	(298 048)	–	–	(298 048)	–	–	(298 048)	(298 048)
Gross underwriting surplus	57 462	–	–	57 462	–	–	57 462	57 462
Administration costs	(28 064)	–	–	(28 064)	–	–	(28 064)	(28 064)
Net underwriting surplus	29 398	–	–	29 398	–	–	29 398	29 398
Non-insurance revenue	4 184	–	–	4 184	20	–	4 204	4 204
Other expenses	(49 550)	(607)	–	(50 157)	(14 941)	–	(64 491)	(65 098)
Operating loss	(15 968)	(607)	–	(16 575)	(14 921)	–	(30 889)	(31 496)
Equity accounted income	15 829	–	–	15 829	–	–	15 829	15 829
Investment income	34 783	223 010	(49 024)	208 769	56 038	(11 956)	78 865	252 851
Net other income	9 405	–	–	9 405	–	–	9 405	9 405
Finance charges	(412)	(226)	–	(638)	(284)	–	(696)	(922)
Impairment of goodwill	–	–	(19 659)	(19 659)	–	(20 871)	(20 871)	(40 530)
Profit before taxation	43 637	222 177	(68 683)	197 131	40 833	(32 827)	51 643	205 137
Taxation	(12 009)	(40 719)	9 079	(43 649)	(10 014)	2 208	(19 815)	(51 455)
Profit for the period	31 628	181 458	(59 604)	153 482	30 819	(30 619)	31 828	153 682
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income	31 628	181 458	(59 604)	153 482	30 819	(30 619)	31 828	153 682
Attributable to:								
Equity holders of the parent	31 712	181 458	(59 604)	153 566	30 819	(30 619)	31 912	153 766
Non-controlling interest	(84)	–	–	(84)	–	–	(84)	(84)
Total comprehensive income	31 628	181 458	(59 604)	153 482	30 819	(30 619)	31 828	153 682

Figures in R'000 unless stated otherwise	Before the Acquisitions	Adjustments due to the Snowball Wealth Acquisition		After the Snowball Wealth Acquisition	Adjustments due to the Midbrook Lane Acquisition		After the Midbrook Lane Acquisition	After the Acquisitions
		Snowball Wealth results	Consolidation journals		Midbrook Lane results	Consolidation journals		
Reconciliation of headline earnings								
Profit attributable to ordinary equity holders of Conduit	31 712	181 458	(59 604)	153 566	30 819	(30 619)	31 912	153 766
(Profit) loss on disposal of intangibles, property, plant and equipment	(664)	–	–	(664)	–	–	(664)	(664)
Impairment of associates and joint ventures	1 071	–	–	1 071	–	–	1 071	1 071
Impairment of goodwill	–	–	19 659	19 659	–	20 871	20 871	40 530
Tax on the items above	146	–	–	146	–	–	146	146
Headline earnings	32 265	181 458	(39 945)	173 778	30 819	(9 748)	53 336	194 849
Earnings per share								
– Basic	11.1			36.0			9.4	31.8
– Diluted	11.1			36.0			9.4	31.8
– Headline	11.2			40.7			15.6	40.3
– Diluted headline	11.2			40.7			15.6	40.3
Weighted average number of shares issued ('000)	286 802			426 555			341 034	483 105
Diluted weighted average number of shares ('000)	286 802			426 555			341 034	483 105

Notes and assumptions:

- The figures set out in the "Before the Acquisitions" column represent the aggregation of the published financial performance of Conduit Capital for the 6 month period ended 31 December 2015 and 10 month period ended 30 June 2015 less the unpublished financial performance reflected in Conduit Capital's management accounts for the 4 month period ended 31 December 2014.
- The figures set out in the "Snowball Wealth results" column were extracted from Snowball Wealth's audited annual financial statements for the year ended 31 December 2015. These annual financial statements were audited by Grant Thornton Cape Inc. Chartered Accountants (SA); however, where applicable, items were reclassified in line with Conduit Capital's classification.
- The Snowball Wealth Acquisition and its consolidation journals are based on the following assumptions:
 - The Snowball Wealth Acquisition is assumed to have been implemented on 1 January 2015 for earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share purposes;
 - The Conduit Capital shares included in Snowball Wealth's investment portfolio have been accounted for as treasury stock and all profits derived therefrom have been excluded from the final result;
 - R19.659 million in goodwill generated as a result of the transaction is immediately impaired;
 - Transaction costs estimated at 1% of the Snowball Wealth NAV have been settled in cash from existing resources. Interest on these cash balances is foregone at an after-tax rate of 6.5%; and
 - The effective tax rate is 20.6%, mainly due to the capital nature of the acquired income.
- The figures set out in the "Midbrook Lane results" column were extracted from Midbrook Lane's audited annual financial statements for the year ended 31 December 2015. These annual financial statements were audited by Grant Thornton Cape Inc. Chartered Accountants (SA); however, where applicable, items were reclassified in line with Conduit Capital's classification.
- The Midbrook Lane Acquisition and its consolidation journals are based on the following assumptions:
 - The Midbrook Lane Acquisition is assumed to have been implemented on 1 January 2015 for earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share purposes;
 - The Conduit Capital shares included in Midbrook Lane's investment portfolio have been accounted for as treasury stock and all profits derived therefrom have been excluded from the final result;
 - R20.871 million in goodwill generated as a result of the transaction is immediately impaired;
 - Transaction costs estimated at 1% of the Midbrook Lane NAV have been settled in cash from existing resources. Interest on these cash balances is foregone at an after-tax rate of 6.5%; and
 - The effective tax rate is 97.5% as a result of the non-deductibility of the goodwill impairment.
- All financial effects are ongoing with the exception of transaction costs, which are once-off.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF CONDUIT CAPITAL

"The Board of Directors
Conduit Capital Limited
PO Box 97
Melrose Arch
2076

21 September 2016

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF CONDUIT CAPITAL ("CONDUIT") IN RESPECT OF THE SNOWBALL WEALTH (PTY) LTD ("SNOWBALL") AND MIDBROOK LANE (PTY) LTD ("MIDBROOK") ACQUISITIONS

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Conduit with regards to the acquisition of the shares in and claims against Snowball and Midbrook as disclosed in paragraph 4 and Annexure 1 of the circular. The *pro forma* financial information in Annexure 1 of the circular, consists of the *pro forma* statement of financial position, *pro forma* statement of comprehensive income and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate actions or events, described in Annexure 1, on the company's financial position, and the company's financial performance for the period then ended, as if the corporate actions or events had taken place at 31 December 2015 for purposes of the *pro forma* statement of financial position and at 1 January 2015 and 1 July 2015 for purposes of the *pro forma* statement of comprehensive income. As part of this process, information about the company's financial position has been extracted by the directors from the company's financial statements for the year ended 31 December 2015.

Directors' responsibility for the *Pro Forma* Financial Information

The directors 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 Annexure 1 and as described in the notes to the consolidated *pro forma* statement of financial position.

Our Independence and quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Profession Accountants issued by the international Ethics Standards Board for Accountants, which is founded on fundamental principle of integrity, objectively, professional competence and due care, confidentiality and professional behaviour.

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 Accountants' 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 specified in the JSE Listings Requirements 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. This standard requires that we comply with ethical requirements and 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.

As the purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, 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 in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, 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.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate actions or events 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.

Conclusion

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 Annexure 1.

Consent

This report on the *pro forma* information is included solely for the information of the Conduit Capital Limited shareholders. We consent to the inclusion of our report on the *pro forma* financial information and the references thereto, in the form and context in which they appear.

Grant Thornton Johannesburg

Ian Vorster
Director
Practice number 903485E
Registered Auditors
Chartered Accountants (SA)
Wanderers Office Park
52 Corlett Drive
Illovo, 2196"

OPINION ON THE SNOWBALL WEALTH ACQUISITION BY THE INDEPENDENT EXPERT

"The Directors
Conduit Capital Ltd.
Unit 9, 4 Homestead Avenue
Bryanston, 2194
Johannesburg
South Africa

21 September 2015

Dear Sirs

INDEPENDENT EXPERT OPINION ON THE RELATED PARTY TRANSACTION BETWEEN CONDUIT CAPITAL LIMITED ("CONDUIT CAPITAL" OR THE "COMPANY") AND SNOWBALL WEALTH (PROPRIETARY) LIMITED ("SNOWBALL WEALTH")

Introduction

On 11 August 2016, it was announced on SENS (the "Announcement") that Conduit Capital has submitted a non-binding expression of interest to each of the boards of directors of:

- Snowball Wealth in terms of which, subject to the fulfilment or waiver of the conditions precedent as set out in the Circular ("Conditions Precedent"), Conduit Capital will acquire the entire issued share capital in, and claims against Snowball Wealth (if any), from the shareholders of Snowball Wealth ("Snowball Wealth Shareholders"), for a total purchase consideration of approximately R464.61 million as detailed in the Circular ("Snowball Wealth Purchase Consideration"), which consideration is to be settled by way of an issue of Conduit Capital shares ("Consideration Shares") ("Snowball Wealth Acquisition" or the "Transaction"); and
- Midbrook Lane Proprietary Limited ("Midbrook Lane") in terms of which, subject to the fulfilment or waiver of the Conditions Precedent, Conduit Capital will acquire the entire issued share capital in, and claims against Midbrook Lane (if any), from the shareholders of Midbrook Lane ("Midbrook Lane Shareholders"), for a total purchase consideration of approximately R167.65 million as detailed in the Circular ("Midbrook Lane Purchase Consideration"), which consideration is to be settled by way of issue of Consideration Shares ("Midbrook Lane Acquisition").

The Snowball Wealth Acquisition and the Midbrook Lane Acquisition are collectively referred to hereinafter as "the Acquisitions".

The final Snowball Wealth Purchase Consideration will be based on the net asset value ("NAV") of Snowball Wealth as at 19 July 2016 ("the Determination Date"), determined by reference to the closing prices of the underlying investments on the JSE on the Determination Date.

The Consideration Shares will be issued at the closing price of Conduit Capital's shares on the JSE on the Determination Date, being 245 cents per share. The Snowball Wealth Purchase Consideration therefore equates to 189 636 735 Conduit Capital Shares (the "Snowball Wealth Issue Shares").

As Snowball Wealth is a material shareholder of the Company, it is considered to be a 'related party' in terms of paragraph 10.1(b)(i) of the Listings Requirements of the JSE Limited ("Listings Requirements"). Accordingly, the Transaction is subject to approval by ordinary resolution achieving a majority of the votes cast in favour of such resolution by Conduit Capital Shareholders (excluding Snowball Wealth and its associates) present or represented and voting at the General Meeting.

The Board must, in accordance with paragraph 10.4(f) of the Listings Requirements, appoint an Independent Expert to provide a fairness opinion in relation to the Transaction.

The Acquisitions are subject to the Conditions Precedent detailed in paragraph 3.4 of the Circular, to be dated on or about 29 September 2016 (the "Circular").

Scope

In terms of the Listings Requirements the Company must retain an Independent Expert for purposes of the compilation of a report to the board of directors (the “Board”) and Conduit Capital Shareholders confirming that the terms and conditions of the Transaction are fair to Conduit Capital Shareholders.

Nodus Capital TS Proprietary Limited (“Nodus”) has been appointed by the Board as the Independent Expert to advise on whether the terms and conditions of the Snowball Wealth Acquisition are fair to the Conduit Capital Shareholders.

Responsibility

The compliance with the Listings Requirements is the responsibility of the Board. Our responsibility is to report on the terms and conditions of the Transaction in compliance with the related provisions of the Listings Requirements.

We confirm that our fairness opinion (the “Opinion”) has been provided to the Board for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Conduit Capital Shareholders in relation to the Snowball Wealth Acquisition.

Definition of the term “fair”

The “fairness” of a transaction is based on quantitative issues. A transaction may be said to be fair if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value ceded by the shareholders.

The Snowball Wealth Acquisition may be said to be fair to the Shareholders of Conduit Capital if the value of Snowball Wealth is greater than or equal to the value of the Snowball Wealth Issue Shares issued for the Snowball Wealth Acquisition and, conversely, unfair if the value of Snowball Wealth is less than the value of the Snowball Wealth Issue Shares issued for the Snowball Wealth Acquisition.

Our approach in considering the Transaction

In considering the Transaction, we have independently calculated the fair value of Snowball Wealth and Conduit Capital and compared our calculated fair value of Snowball Wealth to our calculated fair value of the Snowball Wealth Issue Shares.

Sources of information

The principal sources of information used in performing our work include:

- The Announcement;
- The terms and conditions of the Transaction, as set out in the Circular;
- Representations and assumptions made available by, and discussions held with, the management of Conduit Capital;
- Selected macro-economic analysis and forecasts from various South African banks and research institutions;
- Selected publicly available information relating to the industries in which Conduit operates, obtained from Conduit management and public sources;
- Share price information of Conduit over the last 12 months to assess the relative liquidity and relative volatility of Conduit shares;
- Share price information of the listed share portfolios (the “Listed Portfolios”) owned by Conduit Capital (the “Conduit Capital Listed Portfolio”) and Snowball Wealth (the “Snowball Wealth Listed Portfolio”) over the last 12 months to assess the relative liquidity and relative volatility of the shares comprising the Listed Portfolios;
- Thomson Reuters;
- PricewaterhouseCoopers Corporate Finance Valuation Methodology Survey 2015, 7th edition;
- Published market data of Conduit Capital;
- Audited annual financial statements of Conduit Capital for two years ended 31 August 2014 and 10 months ended 30 June 2015;
- Management accounts of Conduit Capital and its operating subsidiaries as at 30 June 2016;
- Management forecasts for Conduit Capital and its operating subsidiaries to 30 June 2021;
- Audited annual financial statements of Snowball Wealth for 3 years ended 31 December 2015;
- Management accounts of Snowball Wealth as 30 June 2016;
- Management accounts of Snowball Wealth as at the Determination Date;
- Published market data of the Listed Portfolios as at the Determination Date; and
- The 30 day VWAP of Conduit Capital and the Listed Portfolios as at the Determination Date.

We have relied upon and assumed the accuracy of the information provided to and obtained by us in deriving our Opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our Opinion, whether in writing or obtained in discussion with Conduit Capital management, 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.

Procedures performed

In arriving at our Opinion we have undertaken the following procedures in evaluating the fairness of the Transaction:

- Considered the rationale for the Transaction, as represented by Conduit Capital management;
- Reviewed the terms and conditions of the Transaction;
- Supplemented our knowledge and understanding of the underlying operating subsidiaries within Conduit Capital as well as the industries in which they operate;
- Held discussions with management on the prospects of the underlying subsidiaries within Conduit Capital;
- Reviewed and analysed the historical financial information of Conduit Capital;
- Assessed the forecast of Conduit Capital's insurance business ("the Insurance Business") as prepared by Conduit Capital management and challenged certain assumptions;
- Prepared a valuation of the Insurance Business using a combination of the discounted cash flow valuation and market multiple valuation methods;
- Determined a value for the Conduit Capital Listed Portfolio by considering certain market metrics as further described in the "Valuation" section;
- Consideration around the value of Conduit Capital using a sum of the parts ("SOTP") valuation, taking cognisance of the discounted cash flow valuation performed on the Insurance Business, and market multiples of comparable companies as well as the value of the Conduit Capital Listed Portfolio;
- Reviewed Conduit Capital's historic traded share prices and trading volumes on the main board of the JSE Limited ("JSE") to ascertain the relative trading activities, liquidity and volatility of the Conduit Capital Shares;
- Reviewed certain publicly available information relating to Conduit Capital and the industries in which it operates that we deemed to be relevant, including company announcements and media articles;
- Performed a net asset value ("NAV") valuation of Snowball Wealth. A NAV method of valuation is normally most appropriate for the valuation of pure investment companies. This valuation approach would be used to value an investment holding company, where the value attributable to such holding company would be determined on a SOTP basis. As such, a net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. Nodus performed a SOTP valuation of Snowball Wealth;
- Determined a value for the Snowball Wealth Listed Portfolio by considering certain market metrics as further described in the "Valuation" section;
- Performed an analysis of other information considered pertinent to our valuation and Opinion;
- Considered the fact that 66.2% of Conduit Capital Shareholders, who can vote at the General Meeting, has provided irrevocable undertakings to vote in favour of the Transaction; and
- Obtained from the management of Conduit Capital a letter of representations in respect of amongst other things the information shared and/or statements made to us and upon which we have relied.

We have not interviewed any of the Conduit Capital Shareholders to obtain their views on the Transaction.

Based on the results of the procedures mentioned above, we determined the fairness of the Transaction to Conduit Capital Shareholders. We believe that the above considerations justify the conclusion outlined below.

Limiting conditions

This Opinion of the Independent Expert is provided to the Board in connection with and for the purposes of the Transaction. The Opinion of the Independent Expert does not purport to cater for each individual Conduit Capital Shareholder's perspective, but rather that of the general body of Conduit Capital Shareholders.

This Opinion of the Independent Expert is provided in terms of the Listings Requirements. It does not constitute a recommendation to any Conduit Capital Shareholder as to how to vote at any Shareholders' meeting relating to the Transaction or on any matter relating to it. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this Opinion of the Independent Expert is used or relied upon for anything other than its intended purpose. Should an individual Conduit Capital Shareholder have any doubts as to what action to take, such Shareholder should consult an independent advisor.

Budgets/projections/forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the forecast period. Accordingly, this 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 actual results will correspond to those projected/forecast by Conduit Capital management. We have compared the projected/forecast financial information to past trends as well as discussed the assumptions inherent therein with management.

The above findings are necessarily based upon the information available to us, the financial, regulatory, market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have assumed that all conditions precedent in the transaction agreements, including any material regulatory and other approvals, if any, will be properly fulfilled/obtained. Subsequent developments may affect our findings, however, we are under no obligation to update, revise or re-affirm such.

The valuation of companies and businesses is not a precise science and conclusions arrived at, will, in many cases, be subjective and dependent on the exercise of individual judgment.

Valuation

Nodus performed an independent valuation of Conduit Capital and Snowball Wealth to determine whether the Transaction represents fair value to the Conduit Capital Shareholders.

For the purposes of our valuation of Conduit Capital we compiled a SOTP valuation by using the income approach (discounted cash flow) valuation as our primary valuation methodology in valuing the Insurance Business. In addition, we used the market approach (based on financial data for comparable publicly traded companies) as a corroborative valuation methodology to support the results of our primary valuation.

The valuation was performed taking cognisance of risk and other market and industry factors affecting the Insurance Business. Additionally, sensitivity analyses were performed considering key assumptions. Prevailing market and industry conditions were also considered in assessing the risk profile of the Insurance Business.

Key internal value drivers included the gross written premiums and claim ratios.

Key external value drivers including gross domestic product growth rates, interest rates, headline inflation rates and prevailing market and industry conditions in respect of the industry in which the Insurance Business operates, were also considered in assessing the forecast cash flows and risk profile of Conduit Capital.

Key internal value drivers to the market approach valuation included an assessment of nonrecurring transactions included in historical results, margins and expected future growth in the business. Prevailing market and industry conditions were also considered as key external value drivers in assessing the risk profile of Conduit Capital, as well as an assessment of market-related earnings and book multiples applicable to comparable companies in the industry in which the Insurance Business operates.

The market in which the Insurance Business operates is broad and there is increased scope to sell a variety of insurance products. Claim ratios are impacted by the amount of claims received viz a viz the insurance premiums received from customers. A 1% annual change in the gross written premiums over the forecast period will result in a 9.7% change in value. Similarly, a 1% annual change in the claim ratios over the forecast period will result in a 2.2% change in value. Company specific risks have been included in the discount rate which has the impact of increasing the discount rate and decreasing the value of the Insurance Business. A 1% change in the discount rate will result in a 2.5% change in value.

The Listed Portfolios represent minority interests in a variety of listed investments and we performed a market valuation thereof as at the Determination Date. In performing the valuation we considered the individual share price closing values as at the Determination Date, the 30 day VWAP prior to the Determination Date, applicable analyst coverage and share liquidity.

Nodus performed a SOTP valuation on Snowball Wealth taking into account the value of the Snowball Wealth Listed Portfolio, on the basis described above, with the exception of the investment held by Snowball Wealth in Conduit Capital. This investment was included at the per share value of our concluded Conduit Capital valuation range. Other assets and liabilities of Snowball Wealth, as at the Determination Date, were included at carrying value.

Assumptions

Our opinion is based on the following key assumptions:

- Current economic, regulatory and market conditions will not change materially;
- Neither Conduit Capital or Snowball Wealth is involved in any material legal proceedings other than those conducted in the ordinary course of business;
- Conduit Capital is, at the date of this Opinion of the Independent Expert, not engaged in any advanced discussions relating to any acquisitions or transactions that will have a significant impact on the value of Conduit Capital, other than the Acquisitions;
- Neither Conduit Capital or Snowball Wealth have material outstanding disputes with the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of Conduit Capital or Snowball Wealth;

- The agreements that have been entered into in terms of the Transaction will be legally enforceable;
- The Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of Conduit Capital;
- Reliance can be placed on the financial information of Conduit Capital and Snowball Wealth;
- For the purposes of this Opinion of the Independent Expert, we assumed Conduit Capital's existing businesses to be ongoing under current business plans and management; and
- Representations made by Conduit Capital management and their advisors during the course of forming this Opinion of the Independent Expert.

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:

- Reliance on audit reports in the financial statements of Conduit Capital and Snowball Wealth;
- Conducting analytical reviews on the historical financial results and the forecast financial information, such as key ratio and trend analyses; and
- Determining the extent to which representations from management were confirmed by documentary and audited financial evidence, as well as our understanding of Conduit Capital and the economic environment in which the Company operates.

Valuation results

In undertaking the valuation exercise of Conduit Capital above, we determined a valuation range of the Conduit Capital Shares of 239 cents to 252 cents per ordinary share with a most likely value of 246 cents per share. Based on the valuation range of the Conduit Capital Shares, the implied consideration due to Snowball Wealth, based on the Snowball Wealth Issue Shares, is R453.2 million to R477.9 million, with a most likely value of R465.6 million (the "Consideration Payable").

In undertaking the valuation exercise of Snowball Wealth above, we determined a valuation range of Snowball Wealth of R458.7 million to R478.5 million, with a most likely value of R468.6 million (the "Snowball Wealth Core Value") .

The Consideration Payable falls within our concluded valuation range of Snowball Wealth and is less than the Snowball Wealth Core Value.

The valuation above is provided solely in respect of this Opinion and should not be used for any other purposes.

Opinion

Nodus has considered the terms and conditions of the Transaction and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Transaction, based on quantitative considerations, are fair to the Conduit Capital Shareholders.

Our Opinion is necessarily based upon the information available to us up to 12 September 2016, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us.

Independence, competence and fees

We confirm that we have no direct or indirect interest in Conduit Capital shares or the Transaction. We also confirm that we have the necessary qualifications and competence to provide the independent opinion on the Transaction.

Furthermore, we confirm that our professional fee of R120 000 (excluding VAT) is not contingent upon the success of the Transaction.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the Circular to be issued to the Shareholders of Conduit Capital in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours faithfully

Johan le Roux CA(SA)

Director: Nodus Capital TS Proprietary Limited

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OPINION ON THE MIDBROOK LANE ACQUISITION BY THE INDEPENDENT EXPERT

"The Directors
Conduit Capital Ltd.
Unit 9, 4 Homestead Avenue
Bryanston, 2194
Johannesburg
South Africa

21 September 2016

Dear Sirs

INDEPENDENT EXPERT OPINION ON THE RELATED PARTY TRANSACTION BETWEEN CONDUIT CAPITAL LIMITED ("CONDUIT CAPITAL" OR THE "COMPANY") AND MIDBROOK LANE (PROPRIETARY) LIMITED ("MIDBROOK LANE")

Introduction

On 11 August 2016, it was announced on SENS (the "Announcement") that Conduit Capital has submitted a non-binding expression of interest to each of the boards of directors of:

- Snowball Wealth (Proprietary) Limited ("Snowball Wealth") in terms of which, subject to the fulfilment or waiver of the conditions precedent as set out in the Circular ("Conditions Precedent"), Conduit Capital will acquire the entire issued share capital in, and claims against Snowball Wealth (if any), from the shareholders of Snowball Wealth ("Snowball Wealth Shareholders"), for a total purchase consideration of approximately R464.61 million as detailed in the Circular ("Snowball Wealth Purchase Consideration"), which consideration is to be settled by way of an issue of Conduit Capital shares ("Consideration Shares") ("Snowball Wealth Acquisition"); and
- Midbrook Lane in terms of which, subject to the fulfilment or waiver of the Conditions Precedent, Conduit Capital will acquire the entire issued share capital in, and claims against Midbrook Lane (if any), from the shareholders of Midbrook Lane ("Midbrook Lane Shareholders"), for a total purchase consideration of approximately R167.65 million as detailed in the Circular ("Midbrook Lane Purchase Consideration"), which consideration is to be settled by way of issue of Consideration Shares ("Midbrook Lane Acquisition" or the "Transaction").

The Snowball Wealth Acquisition and the Midbrook Lane Acquisition are collectively referred to hereinafter as "the Acquisitions".

The final Midbrook Lane Purchase Consideration will be based on the net asset value ("NAV") of Midbrook Lane as at 19 July 2016 ("the Determination Date"), determined by reference to the closing prices of the underlying investments on the JSE on the Determination Date.

The Consideration Shares will be issued at the closing price of Conduit Capital's shares on the JSE on the Determination Date, being 245 cents per share. The Midbrook Lane Purchase Consideration therefore equates to 68 428 980 Conduit Capital Shares (the "Midbrook Lane Issue Shares").

As Messrs Sean Riskowitz and Tyrone Moodley, the Chief Executive Officer and a non-executive director of Conduit Capital, respectively, are both shareholders in and the Chairman and Chief Executive Officer of Midbrook Lane, respectively, they are considered to be 'related parties' in terms of paragraphs 10.1(b)(i) and 10.1(b)(vii) of the Listings Requirements of the JSE Limited ("Listings Requirements"). Accordingly, the Transaction is subject to approval by ordinary resolution achieving a majority of the votes cast in favour of such resolution by Conduit Capital Shareholders (excluding Midbrook Lane and its associates) present or represented and voting at the General Meeting.

The Board must, in accordance with paragraph 10.4(f) of the Listings Requirements, appoint an Independent Expert to provide a fairness opinion in relation to the Transaction.

The Acquisitions are subject to the Conditions Precedent detailed in paragraph 3.4 of the Circular, to be dated on or about 29 September 2016 (the "Circular").

Scope

In terms of the Listings Requirements the Company must retain an Independent Expert for purposes of the compilation of a report to the board of directors (the “Board”) and Conduit Capital Shareholders confirming that the terms and conditions of the Transaction are fair to Conduit Capital Shareholders.

Nodus Capital TS Proprietary Limited (“Nodus”) has been appointed by the Board as the Independent Expert to advise on whether the terms and conditions of the Midbrook Lane Acquisition are fair to the Conduit Capital Shareholders.

Responsibility

The compliance with the Listings Requirements is the responsibility of the Board. Our responsibility is to report on the terms and conditions of the Transaction in compliance with the related provisions of the Listings Requirements.

We confirm that our fairness opinion (the “Opinion”) has been provided to the Board for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Conduit Capital Shareholders in relation to the Midbrook Lane Acquisition.

Definition of the term “fair”

The “fairness” of a transaction is based on quantitative issues. A transaction may be said to be fair if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value ceded by the shareholders.

The Midbrook Lane Acquisition may be said to be fair to the Shareholders of Conduit Capital if the value of Midbrook Lane is greater than or equal to the value of the Midbrook Lane Issue Shares issued for the Midbrook Lane Acquisition and, conversely, unfair if the value of Midbrook Lane is less than the value of the Midbrook Lane Issue Shares issued for the Midbrook Lane Acquisition.

Our approach in considering the Transaction

In considering the Transaction, we have independently calculated the fair value of Midbrook Lane and Conduit Capital and compared our calculated fair value of Midbrook Lane to our calculated fair value of the Midbrook Lane Issue Shares.

Sources of information

The principal sources of information used in performing our work include:

- The Announcement;
- The terms and conditions of the Transaction, as set out in the Circular;
- Representations and assumptions made available by, and discussions held with, the management of Conduit Capital;
- Selected macro-economic analysis and forecasts from various South African banks and research institutions;
- Selected publicly available information relating to the industries in which Conduit operates, obtained from Conduit management and public sources;
- Share price information of Conduit over the last 12 months to assess the relative liquidity and relative volatility of Conduit shares;
- Share price information of the listed share portfolios (the “Listed Portfolios”) owned by Conduit Capital (the “Conduit Capital Listed Portfolio”) and Midbrook Lane (the “Midbrook Lane Listed Portfolio”) over the last 12 months to assess the relative liquidity and relative volatility of the shares comprising the Listed Portfolios;
- Thomson Reuters;
- PricewaterhouseCoopers Corporate Finance Valuation Methodology Survey 2015, 7th edition;
- Published market data of Conduit Capital;
- Audited annual financial statements of Conduit Capital for two years ended 31 August 2014 and 10 months ended 30 June 2015;
- Management accounts of Conduit Capital and its operating subsidiaries as at 30 June 2016;
- Management forecasts for Conduit Capital and its operating subsidiaries to 30 June 2021;
- Audited annual financial statements of Midbrook Lane for 3 years ended 31 December 2015;
- Management accounts of Midbrook Lane as 30 June 2016;
- Management accounts of Midbrook Lane as at the Determination Date;
- Published market data of the Listed Portfolios as at the Determination Date; and
- The 30 day VWAP of Conduit Capital and the Listed Portfolios as at the Determination Date.

We have relied upon and assumed the accuracy of the information provided to and obtained by us in deriving our Opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our Opinion, whether in writing or obtained in discussion with Conduit Capital management, 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.

Procedures performed

In arriving at our Opinion we have undertaken the following procedures in evaluating the fairness of the Transaction:

- Considered the rationale for the Transaction, as represented by Conduit Capital management;
- Reviewed the terms and conditions of the Transaction;
- Supplemented our knowledge and understanding of the underlying operating subsidiaries within Conduit Capital as well as the industries in which they operate;
- Held discussions with management on the prospects of the underlying subsidiaries within Conduit Capital;
- Reviewed and analysed the historical financial information of Conduit Capital;
- Assessed the forecast of Conduit Capital's insurance business ("the Insurance Business") as prepared by Conduit Capital management and challenged certain assumptions;
- Prepared a valuation of the Insurance Business using a combination of the discounted cash flow valuation and market multiple valuation methods;
- Determined a value for the Conduit Capital Listed Portfolio by considering certain market metrics as further described in the "Valuation" section;
- Consideration around the value of Conduit Capital using a sum of the parts ("SOTP") valuation, taking cognisance of the discounted cash flow valuation performed on the Insurance Business, and market multiples of comparable companies as well as the value of the Conduit Capital Listed Portfolio;
- Reviewed Conduit Capital's historic traded share prices and trading volumes on the main board of the JSE Limited ("JSE") to ascertain the relative trading activities, liquidity and volatility of the Conduit Capital Shares;
- Reviewed certain publicly available information relating to Conduit Capital and the industries in which it operates that we deemed to be relevant, including company announcements and media articles;
- Performed a net asset value ("NAV") valuation of Midbrook Lane. A NAV method of valuation is normally most appropriate for the valuation of pure investment companies. This valuation approach would be used to value an investment holding company, where the value attributable to such holding company would be determined on a SOTP basis. As such, a net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. Nodus performed a SOTP valuation of Midbrook Lane;
- Determined a value for the Midbrook Lane Listed Portfolio by considering certain market metrics as further described in the "Valuation" section;
- Performed an analysis of other information considered pertinent to our valuation and Opinion;
- Considered the fact that 65.4% of Conduit Capital Shareholders, who can vote at the General Meeting, has provided irrevocable undertakings to vote in favour of the Transaction; and
- Obtained from the management of Conduit Capital a letter of representations in respect of amongst other things the information shared and/or statements made to us and upon which we have relied.

We have not interviewed any of the Conduit Capital Shareholders to obtain their views on the Transaction.

Based on the results of the procedures mentioned above, we determined the fairness of the Transaction to Conduit Capital Shareholders. We believe that the above considerations justify the conclusion outlined below.

Limiting conditions

This Opinion of the Independent Expert is provided to the Board in connection with and for the purposes of the Transaction. The Opinion of the Independent Expert does not purport to cater for each individual Conduit Capital Shareholder's perspective, but rather that of the general body of Conduit Capital Shareholders.

This Opinion of the Independent Expert is provided in terms of the Listings Requirements. It does not constitute a recommendation to any Conduit Capital Shareholder as to how to vote at any Shareholders' meeting relating to the Transaction or on any matter relating to it. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this Opinion of the Independent Expert is used or relied upon for anything other than its intended purpose. Should an individual Conduit Capital Shareholder have any doubts as to what action to take, such Shareholder should consult an independent advisor.

Budgets/projections/forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the forecast period. Accordingly, this 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 actual results will correspond to those projected/forecast by Conduit Capital management. We have compared the projected/forecast financial information to past trends as well as discussed the assumptions inherent therein with management.

The above findings are necessarily based upon the information available to us, the financial, regulatory, market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have assumed that all conditions precedent in the transaction agreements, including any material regulatory and other approvals, if any, will be properly fulfilled/obtained. Subsequent developments may affect our findings, however, we are under no obligation to update, revise or re-affirm such.

The valuation of companies and businesses is not a precise science and conclusions arrived at, will, in many cases, be subjective and dependent on the exercise of individual judgment.

Valuation

Nodus performed an independent valuation of Conduit Capital and Midbrook Lane to determine whether the Transaction represents fair value to the Conduit Capital Shareholders.

For the purposes of our valuation of Conduit Capital we compiled a SOTP valuation by using the income approach (discounted cash flow) valuation as our primary valuation methodology in valuing the Insurance Business. In addition, we used the market approach (based on financial data for comparable publicly traded companies) as a corroborative valuation methodology to support the results of our primary valuation.

The valuation was performed taking cognisance of risk and other market and industry factors affecting the Insurance Business. Additionally, sensitivity analyses were performed considering key assumptions. Prevailing market and industry conditions were also considered in assessing the risk profile of the Insurance Business.

Key internal value drivers included the gross written premiums and claim ratios.

Key external value drivers including gross domestic product growth rates, interest rates, headline inflation rates and prevailing market and industry conditions in respect of the industry in which the Insurance Business operates, were also considered in assessing the forecast cash flows and risk profile of Conduit Capital.

Key internal value drivers to the market approach valuation included an assessment of nonrecurring transactions included in historical results, margins and expected future growth in the business. Prevailing market and industry conditions were also considered as key external value drivers in assessing the risk profile of Conduit Capital, as well as an assessment of market-related earnings and book multiples applicable to comparable companies in the industry in which the Insurance Business operates.

The market in which the Insurance Business operates is broad and there is increased scope to sell a variety of insurance products. Claim ratios are impacted by the amount of claims received viz the insurance premiums received from customers. A 1% annual change in the gross written premiums over the forecast period will result in a 9.7% change in value. Similarly, a 1% annual change in the claim ratios over the forecast period will result in a 2.2% change in value. Company specific risks have been included in the discount rate which has the impact of increasing the discount rate and decreasing the value of the Insurance Business. A 1% change in the discount rate will result in a 2.5% change in value.

The Listed Portfolios represent minority interests in a variety of listed investments and we performed a market valuation thereof as at the Determination Date. In performing the valuation we considered the individual share price closing values as at the Determination Date, the 30 day VWAP prior to the Determination Date, applicable analyst coverage and share liquidity.

Nodus performed a SOTP valuation on Midbrook Lane taking into account the value of the Midbrook Lane Listed Portfolio, on the basis described above. Other assets and liabilities of Midbrook Lane, as at the Determination Date, were included at carrying value.

Assumptions

Our opinion is based on the following key assumptions:

- Current economic, regulatory and market conditions will not change materially;
- Neither Conduit Capital or Midbrook Lane is involved in any material legal proceedings other than those conducted in the ordinary course of business;
- Conduit Capital is, at the date of this Opinion of the Independent Expert, not engaged in any advanced discussions relating to any acquisitions or transactions that will have a significant impact on the value of Conduit Capital, other than the Acquisitions;
- Neither Conduit Capital or Midbrook Lane have material outstanding disputes with the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of Conduit Capital or Midbrook Lane;
- The agreements that have been entered into in terms of the Transaction will be legally enforceable;
- The Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of Conduit Capital;

- Reliance can be placed on the financial information of Conduit Capital and Midbrook Lane;
- For the purposes of this Opinion of the Independent Expert, we assumed Conduit Capital's existing businesses to be ongoing under current business plans and management; and
- Representations made by Conduit Capital management and their advisors during the course of forming this Opinion of the Independent Expert.

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:

- Reliance on audit reports in the financial statements of Conduit Capital and Midbrook Lane;
- Conducting analytical reviews on the historical financial results and the forecast financial information, such as key ratio and trend analyses; and
- Determining the extent to which representations from management were confirmed by documentary and audited financial evidence, as well as our understanding of Conduit Capital and the economic environment in which the Company operates.

Valuation results

In undertaking the valuation exercise of Conduit Capital above, we determined a valuation range of the Conduit Capital Shares of 239 cents to 252 cents per ordinary share with a most likely value of 246 cents per share. Based on the valuation range of the Conduit Capital Shares, the implied consideration due to Midbrook Lane, based on the Midbrook Lane Issue Shares, is R163.5 million to R172.4 million, with a most likely value of R167.9 million (the "Consideration Payable").

In undertaking the valuation exercise of Midbrook Lane above, we determined a valuation range of Midbrook Lane of R162.8 million to R170.5 million, with a most likely value of R166.6 million (the "Midbrook Lane Core Value").

The Consideration Payable falls within our concluded valuation range of Midbrook Lane.

The valuation above is provided solely in respect of this Opinion and should not be used for any other purposes.

Opinion

Nodus has considered the terms and conditions of the Transaction and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Transaction, based on quantitative considerations, are fair to the Conduit Capital Shareholders.

Our Opinion is necessarily based upon the information available to us up to 12 September 2016, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us.

Independence, competence and fees

We confirm that we have no direct or indirect interest in Conduit Capital shares or the Transaction. We also confirm that we have the necessary qualifications and competence to provide the independent opinion on the Transaction.

Furthermore, we confirm that our professional fee of R120 000 (excluding VAT) is not contingent upon the success of the Transaction.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the Circular to be issued to the Shareholders of Conduit Capital in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours faithfully

Johan le Roux CA(SA)

Director: Nodus Capital TS Proprietary Limited

Building 2

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2196"

HISTORICAL FINANCIAL INFORMATION OF SNOWBALL WEALTH FOR THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 31 DECEMBER 2014 AND 31 DECEMBER 2013

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 31 December

	Note	Audited 2015 R'000	Audited 2014 R'000	Audited 2013 R'000
ASSETS				
Non-current assets				
Investments held at fair value	3	648 135	403 377	194 213
Current assets				
Current tax receivable		–	5	13
Cash and cash equivalents	4	1 551	343	5 644
		1 551	348	5 657
TOTAL ASSETS		649 686	403 725	199 870
EQUITY AND LIABILITIES				
Equity				
Share capital and premium	5	112 006	97 488	66 612
Retained income		408 795	238 434	103 446
		520 801	335 922	170 058
Liabilities				
Non-current liabilities				
Long term loans	6	5 014	6 846	6
Investments sold short	7	23 300	–	–
Deferred tax	8	89 318	52 921	21 682
		117 632	59 767	21 688
Current liabilities				
Loans from shareholders	9	–	–	7 980
Current tax payable		130	–	–
Trade and other payables	10	25	196	25
Shareholders for dividend	11	11.098	7 840	119
		11 253	8 036	8 124
Total liabilities		128 885	67 803	29 812
TOTAL EQUITY AND LIABILITIES		649 686	403 725	199 870

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the years ended 31 December

		Audited 2015	Audited 2014	Audited 2013
	Note	R'000	R'000	R'000
Revenue	12	223 010	175 456	18 394
Operating expenses		(607)	(455)	(391)
Operating profit		222 403	175 001	18 003
Finance costs	13	(226)	(398)	(12)
Profit before taxation		222 177	174 603	17 991
Taxation		(40 719)	(31 775)	(3 037)
Profit for the year		181 458	142 828	14 954
Other comprehensive income		–	–	–
Total comprehensive income		181 458	142 828	14,954

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the years ended 31 December

	Share capital and premium	Retained income	Total
	R'000	R'000	R'000
Balance at 1 January 2013	39 877	88 612	128 489
Total comprehensive income for the year	–	14 954	14 954
Issue of shares	26 735	–	26 735
Dividends paid	–	(120)	(120)
Balance at 1 January 2014	66 612	103 446	170 058
Total comprehensive income for the year	–	142 828	142 828
Issue of shares	30 876	–	30 876
Dividends paid	–	(7 840)	(7 840)
Balance at 1 January 2015	97 488	238 434	335 922
Total comprehensive income for the year	–	181 458	181 458
Issue of shares	14 518	–	14 518
Dividends paid	–	(11 097)	(11 097)
Balance at 31 December 2015	112 006	408 795	520 801

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended 31 December

		Audited 2015	Audited 2014	Audited 2013
	Note	R'000	R'000	R'000
Cash flows from operating activities				
Cash used in operations	15	(778)	(284)	(505)
Interest income	12	146	244	236
Dividends received	12	3 480	3 905	1 353
Finance costs	13	(226)	(398)	(12)
Tax paid		(4 187)	(527)	(1 454)
Net cash from (used in) operating activities		(1 565)	2 940	(382)
Cash flows from investing activities				
Purchase of financial assets		(79 679)	(43 720)	(51 344)
Proceeds on sale of financial assets		52 523	11 164	20 536
Net cash used in investing activities		(27 156)	(37 857)	(30 808)
Cash flows from financing activities				
Proceeds from share issue		6 634	30 756	26 735
Movement in long term loans		(1 832)	6 840	6
Movement in shareholders loans		–	(7 980)	7 980
Proceeds from investments sold short		25 127	–	–
Dividends paid		–	–	(2 779)
Net cash from financing activities		29 929	29 616	31 942
Total cash movement for the year		1 208	(5 301)	752
Cash at the beginning of the year		343	5 644	4 892
Total cash at end of the year		1 551	343	5 644

COMMENTARY

2015 was a volatile year for global emerging markets and the South African economy. The rand continued its major downward trend (in line with other emerging market currencies) to end the year 33.9% weaker against the dollar. The economic environment in the country is weak, business confidence is the lowest since 1993 and global investors are extremely anxious. The ratings agencies downgraded South Africa's credit rating and threatened to downgrade it further to "junk" in the next ratings cycle. Commodity markets experienced major downward pressure in pricing and valuations which drove capital away from emerging markets. These conditions created the perfect economic storm, which was compounded by the unexpected removal of South Africa's Finance Minister in November. Despite the attempt to restore credibility by reappointing a respected former Finance Minister, investor confidence was badly shaken. The performance of the JSE in dollar terms (down 24.0%) masked the destruction that occurred in many sectors, which was significantly worse than even the index suggests.

Snowball Wealth's investment strategy is to be a long-term and, where suitable, anchor shareholder in support of excellent companies with great management teams. In spite of the difficult economic environment in South Africa, all of Snowball Wealth's investments continue to grow their inherent intrinsic value and earnings power. The volatility witnessed in November and December was unlike anything seen since 2009, and we were fortunate to be able to deploy capital at incredibly attractive prices into our best ideas.

The strategy of investing in excellent businesses at reasonable prices delivered a strong result under the circumstances. From an economic viewpoint 2016 is expected to be not much different from the second half of 2015 and investment returns are expected to be flat, at best. We however believe that the company's investment portfolio is now perfectly positioned to achieve exceptional growth over the medium to long term.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements, which are the responsibility of the Directors, have been prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act 71 of 2008, are consistent with those applied in the annual financial statements of Conduit Capital for the financial year ended 30 June 2015. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / held to maturity investment

The company assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain based on the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.2 Financial instruments Classification

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. For financial instruments which are not at fair value through profit or loss, classification is re-assessed in an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

The directors of Snowball Wealth Proprietary Limited has used their professional judgement in valuing the shares at year end at a price that a willing buyer and/or seller will pay for the shares.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Shareholders deposits and placements by banks are initially recognised at fair value and subsequently measured at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.4 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.5 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.6 Revenue

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

Where the company has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of cash dividend is recognised as a gain in the statement of comprehensive income.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

1.7 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

2. NEW STANDARDS AND INTERPRETATIONS

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the entity's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's financial statements.

2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2016 or later periods.

The impact of these standards is not material to the fair presentation of the financial statements and as a consequence, none of these standards and interpretation are detailed here.

	Audited 2015 R'000	Audited 2014 R'000	Audited 2013 R'000
3. INVESTMENTS HELD AT FAIR VALUE			
At fair value through profit and loss – held for trading			
Listed investments – Local			
Investec Private Client Securities	648 135	403 377	194 213
Non-current assets			
At fair value through profit or loss – held for trading	648 135	403 377	194 213
Fair value hierarchy of financial assets at fair value through profit or loss			
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.			
Level 1 – represents those assets which are measured using unadjusted quoted prices for identical assets.			
Level 2 – applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).			
Level 3 – applies inputs which are not based on observable market data.			
Level 1			
Total Level 1 investments	648 135	403 377	194 213
4. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of:			
– Bank balances	44	83	84
– Balances in trading account (Investec Private Client Securities)	1 507	260	5 560
	1 551	343	5 644
5. SHARE CAPITAL AND PREMIUM			
Authorised			
10 000 100 Ordinary “A” class shares of 1 cent each	100	100	100
100 Ordinary “B” class shares of 1 cent each	–	–	–
	100	100	100
Ordinary “B” class shares represent the shares allotted to the founders and management of the company. These shares attract annual performance dividend as per note 9.			
Reconciliation of number of shares issued ('000):			
“A” shares	2 343	2 005	1 655
“B” shares	–	–	–
Capitalisation dividends	55	1	37
Issue of shares	39	338	313
	2 437	2 344	2 005
Issued			
2 437 279 Ordinary “A” class shares of 1 cents each	24	23	20
10 Ordinary “B” class shares of 1 cents each	–	–	–
Share premium	111 982	97 465	66 592
	112 006	97 488	66 612

	Audited 2015 R'000	Audited 2014 R'000	Audited 2013 R'000
6. LONG TERM LOANS			
Held at amortised cost			
Investec Facility	5 014	6 846	6
(R20 million secured facility, which bears interest at prime less 0.5%, with a repayment term of 24 months)			
The following special conditions apply to the Investec facility:			
– Execution of a joint and several continuing guarantee by Leo Chih Hau Chou limited to R20 million plus interest and costs, in favour of Investec in a form acceptable by Investec;			
– Execution of a cession in security and pledge in account 2760205 by Snowball Wealth (Pty) Ltd of Portfolio of shares, held by Investec Securities (Pty) Ltd for an amount of R160 million in favour of Investec in a form acceptable to Investec. Investec shall be entitled to call for alternative/additional security in the event of a reduction in the value of the asset/s pledged; and			
– Conclusion of a margin call agreement between the borrower and Investec in terms of which Investec shall be entitled to demand additional security or additional repayments should the value of the security reduce below R80 million.			
7. INVESTMENTS SOLD SHORT			
At fair value through profit or loss			
Government Bonds	23 300	–	–
(Bears interest at 7.25% and expires in 2020)			
8. DEFERRED TAX			
Deferred tax liability			
Taxation on unrealised gain	89 318	52 921	21 682
Reconciliation of deferred tax liability			
At beginning of the year	52 921	21 682	20 099
Originating and reversing temporary difference	36 397	31 239	1 583
	89 318	52 921	21 682
9. LOANS FROM SHAREHOLDERS			
L Chou	–	–	449
L Chang	–	–	4
F Chang	–	–	3
J Zhang	–	–	499
Syigma Investments and Consulting Proprietary Limited	–	–	7 025
	–	–	7 980
The loans from shareholders represent funds received for shares to be issued during January 2014.			
Fair value of loans from shareholders			
The carrying amount of loans from shareholders approximates its fair value.			
10. TRADE AND OTHER PAYABLES			
Trade payables	–	171	–
Audit fee accrual	25	25	25
	25	196	25

	Audited 2015 R'000	Audited 2014 R'000	Audited 2013 R'000
11. SHAREHOLDERS FOR DIVIDEND			
Syigma Investments and Consulting Proprietary Limited "B" shares	11 098	7 840	119
12. REVENUE (INVESTMENT INCOME)			
Local dividends income	3 480	3 905	1 353
Interest received	146	244	236
Unrealised gain on securities	195 176	167 523	8 488
Realised gain on securities	24 208	3 784	8 317
	223 010	175 456	18 395
13. FINANCE COSTS			
Local interest expense	226	398	12
14. TAXATION			
Major components of the tax expense			
Current			
Local income tax – current period	4 322	536	1 454
Deferred			
Originating and reversing temporary differences	36 397	31 239	1 583
	40 719	31 775	3 037
Reconciliation of the tax expense			
Reconciliation between applicable tax rate and average effective tax rate			
Applicable tax rate	28.00%	28.00%	28.00%
Dividends received	(0.44%)	(0.60%)	(2.11%)
Fair value adjustments	(8.22%)	(9.00%)	(13.21%)
Deferred tax asset not raised	–%	–%	(0.27%)
Non-taxable portion of taxable capital gain or realised profit	(1.01%)	(0.20%)	4.47%
	18.33%	18.20%	16.88%
15. CASH USED IN OPERATIONS			
Profit before taxation	222 177	174 603	17 991
Adjustments for:			
Finance costs	226	398	12
Unrealised gain on securities	(195 176)	(167 523)	(8 488)
Realised gain on securities	(24 208)	(3 784)	(8 317)
Dividend Received	(3 480)	(3 905)	(1 353)
Interest Received	(146)	(244)	(236)
Shareholders for dividends	–	–	(120)
Changes in working capital:			
Trade and other payables	(171)	171	6
	(778)	(284)	(505)

	Audited 2015 R'000	Audited 2014 R'000	Audited 2013 R'000
16. RELATED PARTIES			
Relationships			
Shareholder: Sygma Investments and Consulting Proprietary Limited			
Related party transactions			
Dividends paid to related parties			
Sygma Investments and Consulting Proprietary Limited	11 097	7 840	120
Administration fees paid to related parties			
Sygma Investments and Consulting Proprietary Limited	68	68	68

17. DIRECTORS' EMOLUMENTS

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

18. RISK MANAGEMENT

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 6 cash and cash equivalents disclosed in note 4, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years
At 31 December 2015		
Long term loans	1 605	3 409
Trade and other payables	25	–
At 31 December 2014		
Long term loans	1 605	5 241
Trade and other payables	196	–
At 31 December 2013		
Long term loans	6	–
Trade and other payables	25	–
Loans from shareholders	7 981	–

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Financial assets exposed to credit risk at year end were as follows:

	2015	2014	2013
Cash and cash equivalents	1 551	343	5 644
Investments held at fair value	648 135	403 377	194 213

INDEPENDENT REPORTING ACCOUNTANTS' AUDIT REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SNOWBALL WEALTH FOR THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 31 DECEMBER 2014 AND 31 DECEMBER 2013

"The Board of Directors
Conduit Capital Limited
PO Box 97
Melrose Arch
2076

21 September 2016

Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR

Introduction

We have audited the historical financial information of Snowball Wealth (Pty) Ltd ("Snowball") for the year ended 31 December 2015 and reviewed the historical financial information of Snowball for the years ended 31 December 2014 and 31 December 2013 as set out in Annexure 5 of the circular to be issued on or about 29 September 2016 ("the circular") in compliance with the JSE Limited ("JSE") Listings Requirements.

Directors' Responsibility for the Historical Financial Information

The directors are responsible for the preparation, contents and presentation of the circular and the fair presentation of the historical financial information in accordance with International Financial Reporting Standards. This responsibility includes: designing implementing and maintaining internal control relevant to the preparation and fair representation of financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the historical financial information of Snowball for the financial year ended 31 December 2015, included in the circular, based on our audit of the financial information for the financial year ended 31 December 2015 and our review of the financial information for the financial years ended 31 December 2014 and 31 December 2013.

Scope of the audit

We conducted our audit of the historical financial information for the year ended 31 December 2015 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and report the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Scope of the review

We conducted our review of the historical financial information of Snowball for the financial years ended 31 December 2014 and 31 December 2013 in accordance with the International Standards on Review Engagements 2400, "Engagements to review financial statements". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the historical financial information is free of material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit in respect of the financial years ended 31 December 2014 and 31 December 2013 and, accordingly, we do not express an audit opinion in respect of these periods.

Audit opinion

In our opinion, the historical financial information of Snowball for the financial year ended 31 December 2015 presents fairly, in all material respects, for the purposes of the circular, the financial position of Snowball at that date in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Review conclusion

Based on our review nothing has come to our attention that causes us to believe that the historical financial information of Snowball for the years ended 31 December 2014 and 31 December 2013 are not fairly presented, in all material respects, for the purposes of the circular, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the circular to the shareholders of Conduit Capital Limited in the form and context in which it appears.

Grant Thornton Cape Inc.

Bernard van der Walt
Director
Practice number 970879-0000
Registered Auditors
Chartered Accountants (SA)
6th Floor,
119 Hertzog Boulevard
Foreshore
Cape Town
8001"

CORPORATE GOVERNANCE STATEMENT

Extracts of Conduit Capital's Corporate Governance Statement pertaining to the Company's reporting in terms of paragraph 3.84 of the Listings Requirements, as included in the 2015 Integrated Annual Report, are set out below.

"The directors fully support the principles of good corporate governance established by the Code of Corporate Practices and Conduct of the King III Report on Corporate Governance for South Africa, 2009 ("King III") and are committed to the implementation thereof.

During the period under review, there has been compliance with King III in all material aspects.

STRUCTURE OF THE BOARD

As at the signature date the Board of Directors ("the Board") consisted of ten members. The directors have a wide range of skills and the majority have financial services experience. Any changes to the composition of the Board are approved by the Board as a whole. All executive directors and non-executive directors are subject to re-election in accordance with the provisions of the Company's Memorandum of Incorporation ("Mol").

New directors will be nominated by the Nominations Committee and appointed by the Board, as and when required. All directors so appointed are required to step down at the next General or Annual General Meeting of shareholders ("AGM") in order for them to be re-elected by the shareholders. An abridged CV of the nominated director is sent to shareholders with the notice 21 days before the AGM. At the AGM, shareholders vote by separate resolution to determine whether the director will be re-elected.

The capacity of the directors can be categorised as follows:

- | | |
|---------------------|---|
| • Ronald Napier | Independent non-executive director and Chairman |
| • Sean Riskowitz | Chief Executive Officer |
| • David Harpur | Independent non-executive director |
| • Lourens Louw | Financial director |
| • Jabulani Mahlangu | Independent non-executive director |
| • Tyrone Moodley | Non-executive director |
| • Barry Scott | Independent non-executive director |
| • Robert Shaw | Executive director |
| • Gavin Toet | Executive director |
| • Rosetta Xaba | Independent non-executive director |

The following directors resigned from the Board since publication of the previous Integrated Report:

- | | |
|---------------------|---|
| • Reginal Berkowitz | Independent non-executive director and Chairman |
| • Jason Druian | Chief Executive Officer |
| • Richard Bruyns | Independent non-executive director |
| • Scott Campbell | Independent non-executive director |
| • Günther Steffens | Independent non-executive director |

In accordance with the terms of the Mol the following directors will retire at the forthcoming AGM:

- | | |
|---------------------|------------------------------------|
| • David Harpur | Independent non-executive director |
| • Jabulani Mahlangu | Independent non-executive director |

Both directors, being eligible to do so, have made themselves available for re-election.

The Board is aware that, during most of the period under review, independent non-executive directors did not represent a majority on the Board. The Board's independence was however and will in future continue to be maintained by:

- keeping separate the roles of the Chairman and the Chief Executive Officer;
- ensuring functioning Board committees are comprised mainly of independent non-executive directors;
- all directors, with permission of the Board, being entitled to seek independent professional advice on the Group's affairs at the Group's expense;

- all directors having access to the advice and the services of the Company Secretary; and
- the appointment or dismissal of the Company Secretary being decided by the Board as a whole and not by one individual director.

The Board does not conduct regular appraisals of its members and committees. Consideration is being given to implement this going forward.

Not all directors are shareholders of the Company. Details of directors' shareholdings are reflected on page 78 of the Integrated Report.

The Board has appointed the following committees to assist in the performance of its duties:

- Audit and Risk Committee;
- Investment Committee;
- Nominations Committee;
- Remuneration Committee; and
- Social and Ethics Committee.

ATTENDANCE AT BOARD MEETINGS

Five formal Board meetings were held since publication of the previous Integrated Report. The Chairman and other non-executive directors also meet regularly with the executive management on an informal basis in order to keep abreast of developments within the Group. The attendance of formal Board meetings is set out below:

Name	2 Mar '15	10 Mar '15	23 Mar '15	19 May '15	22 Sep '15
Berkowitz, Reginald	P	P	P	–	–
Bruyns, Richard	P	P	P	P	–
Campbell, Scott	P	P	P	–	–
Druian, Jason	P	P	P	–	–
Harpur, David	–	–	–	P	P
Louw, Lourens	P	P	P	P	P
Mahlangu, Jabulani	–	–	–	P	P
Moodley, Tyrone	–	–	–	P	P
Napier, Ronald	–	–	–	P	P
Riskowitz, Sean	–	–	–	P	P
Scott, Barry	–	–	–	P	P
Shaw, Robert	P	P	A	P	P
Steffens, Günther	P	P	P	–	–
Toet, Gavin	P	P	P	P	P
Xaba, Rosetta	–	–	–	P	P
Number of Board members	8	8	8	11	10
Number present	8	8	7	11	10

Key:

P Present/Participated

A Apology/Absent

– Not a director at the time

AUDIT AND RISK COMMITTEE

During the period under review the Audit Committee and the Risk Committee have been merged into a single Audit and Risk Committee.

The Audit and Risk Committee consists of three independent non-executive directors. Since publication of the previous Integrated Report, the committee (and its predecessors) have met twice with executive management and the auditors to review accounting, auditing and financial reporting matters in order to ensure that an effective control environment is maintained in the Group. The committee also monitors proposed changes in accounting policies, reviews the internal

audit and risk management functions and reviews the implications of major transactions from an accounting and risk management point of view.

The Audit and Risk Committee receives a high level of co-operation from directors, management and staff and is satisfied that controls and systems within the Group have been adhered to and, where necessary, improved during the period under review.

The committee will continue to monitor and appraise internal operating structures, controls and systems to ensure that these are maintained and continue contributing to the ongoing functioning of the Company.

The Audit and Risk Committee sets the principles and approves the use of the external auditors for non-audit services. A report by the committee has been provided on page 25 of the Integrated Report.

In addition to its statutory responsibilities, the Audit and Risk Committee has executed its duties over the past financial period in accordance with its charter. These duties included, *inter alia*, satisfying itself that the Financial Director is adequately experienced and qualified and satisfying itself of the experience and the independence of the Company Secretary.

Attendance at Committee meetings

Name	Audit	Risk	Audit & Risk
	19 May '15	18 May '15	22 Sep '15
Alberts, Renner	–	P	*
Bruyns, Richard	P	*	–
Harpur, David	P	P	P
Louw, Lourens	*	P	*
Mahlangu, Jabulani (<i>Chairman</i>)	P	P	P
Moodley, Tyrone	*	*	*
Napier, Ronald	*	*	*
Riskowitz, Sean	*	*	*
Scott, Barry	*	*	*
Shaw, Robert	*	*	*
Toet, Gavin	*	P	*
Xaba, Rosetta	*	*	P
Number of committee members	3	5	3
Number present	3	5	3

Key:

P Present/Participated

A Apology/Absent

* Not a committee member, but attended by invitation

– Not required to attend

Review of Management and Financial controls

The directors and the Audit and Risk Committee continuously review the management and financial controls of the Group to ensure that:

- an effective system of internal controls and accounting records is maintained for the Group; and
- the assets of the Group are safeguarded and appropriately insured.

Internal Audit

An internal audit function has been established at Group level. The insurance operations are audited by its own internal audit department, while the function for the non-insurance operations has been outsourced to Grant Thornton: Business Risk Services.

The internal audit department reports on the findings of the internal audit function to the chairman of the Audit and Risk Committee.

Internal control

The effectiveness of the internal control system is monitored through management overviews. The Board is responsible for the Group's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to select and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statements preparation and asset safeguarding.

The controls throughout the Group concentrate on critical risk, and these areas are closely monitored. Continued reviews and reporting structures enhance the control environment. Nothing has come to the attention of the Board to indicate that a material breakdown in the controls within the Group has occurred during the period under review.

NOMINATIONS COMMITTEE

In prior years a single committee, the Nominations and Remuneration Committee, dealt with Board nominations and directors' remuneration. During the period under review the functions were split and a separate Nominations Committee was established.

The Nominations Committee considers and nominates to the directors and shareholder's candidates for appointment to the main and subsidiary Boards. The committee members are all independent non-executive directors and it is being chaired by the Group Chairman. The CEO and other directors attend committee meetings by invitation. The committee met once during the past ten months in order to consider the appointment of a new Group CEO.

Attendance at Nominations Committee meetings

Name	26 Jun '15
Napier, Ronald (<i>Chairman</i>)	P
Harpur, David	P
Mahlangu, Jabulani	P
Louw, Lourens	*
Moodley, Tyrone	*
Scott, Barry	*
Shaw, Robert	*
Toet, Gavin	*
Xaba, Rosetta	*
Number of committee members	3
Number present	3

Key:

P Present/Participated

* Not a committee member, but attended by invitation

REMUNERATION COMMITTEE

Prior to the establishment of a separate Nominations Committee, the appointment of directors to the main and subsidiary Boards, as well as the Group's remuneration policies and philosophy were determined by the Nominations and Remuneration committee. The reconstituted Remuneration Committee's main responsibilities are to:

- consider, review and make recommendations to the Board concerning the remuneration policies and principles of the Group; and
- review and approve the remuneration and terms of employment of the executive directors and senior employees of the Group.

All the Group's executive directors have service contracts, the salient details of which are disclosed on page 21 of the Integrated Report.

During the period under review the committee comprised only independent non-executive directors. The CEO and other directors attend committee meetings by invitation. The committee met twice during the past ten months. Details of directors' remuneration have been provided on pages 20 – 22 and 40 of the Integrated Report.

Attendance at Nominations and Remuneration Committee meetings

Name	18 May '15	26 Jun '15
Harpur, David (<i>Chairman</i>)	P	P
Mahlangu, Jabulani	P	P
Napier, Ronald	P	P
Bruyns, Richard	*	-
Louw, Lourens	*	*
Moodley, Tyrone	*	*
Napier, Ronald	*	-
Riskowitz, Sean	*	*
Scott, Barry	*	*
Shaw, Robert	*	*
Toet, Gavin	*	*
Xaba, Rosetta	*	*
Number of committee members	3	3
Number present	3	3

Key:

P Present/Participated

A Apology/Absent

* Not a committee member, but attended by invitation

- Not required to attend

SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee assesses the Group's various social and ethics related activities against the five areas of responsibility as outlined in its terms of reference and the Companies Act, identifies developmental areas for each of the areas of responsibility and then enables the formulation of an action plan to address these matters in respect of each of the areas. The committee met once during the past ten months and all members were present.

INVESTMENT COMMITTEE

The Investment Committee's main responsibilities are to:

- consider, review and make recommendations to the Board concerning the capital allocation strategy of the Group as a whole, while being cognisant of any limitations imposed on individual Group companies by statutory bodies; and
- oversee the implementation of the Group's approved capital allocation strategy and ensure that restrictions imposed by statutory bodies are conformed to.

The Committee has executive and non-executive directors as members and met twice during the period under review. All members were present at both meetings.

EMPLOYMENT EQUITY AND PRACTICES

The Group is committed to providing equal opportunities for its employees regardless of their ethnic origin or gender.

The directors are of the view that affirmative action, structured in an economically viable and self-sustaining manner, is an essential and integral part of a sound employment strategy. Where applicable, employment equity policies have been formalised and, where required, plans have been submitted to the Department of Labour.

ENVIRONMENT

The Group is committed to pursuing sound environmental policies in all aspects of its business and seeks to encourage and promote good environmental practice among its employees and within the community in which it operates."

PROVISIONS OF THE MEMORANDUM OF INCORPORATION PERTAINING TO DIRECTORS

The relevant provisions of the Memorandum of Incorporation of Conduit Capital pertaining to the Directors are set out below.

26. COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

- 26.1** The Board must comprise at least 4 (four) Directors (which shall include the minimum number of directors that the Company must have to satisfy any requirement in terms of the Act, to appoint an audit committee and a social and ethics committee) and the Shareholders shall be entitled, by ordinary resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate. **[LR 10.16(a)]**
- 26.2** Subject to clause 26.10.1, all Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 of the Act shall be competent. **[LR 10.16(b)] [LR 10.16(h)]**
- 26.3** Every person holding office as a Director, prescribed officer, company secretary or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of Schedule 5 to the Act, continue to hold that office.
- 26.4** In any election of Directors
- 26.4.1** the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and
- 26.4.2** in each vote to fill a vacancy
- 26.4.2.1** each vote entitled to be exercised may be exercised once; and
- 26.4.2.2** the vacancy is filled only if a majority of the votes exercised support the candidate.
- 26.5** The Company shall only have elected Directors and there shall be no appointed or *ex officio* Directors as contemplated in section 66(4) of the Act.
- 26.6** Apart from satisfying the qualification and eligibility requirements set out in section 69 of the Act, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.
- 26.7** A Director shall cease to hold office as such if he:
- 26.7.1** becomes insolvent, or assigns his estate for the benefit of his creditors, or suspends payment or files a petition for the liquidation of his affairs, or compounds generally with his creditors; or
- 26.7.2** becomes of unsound mind; or
- 26.7.3** (unless he is not required to hold a qualification share) has not duly qualified himself within 2 (two) months of his appointment or if he ceases to hold the required number of shares to qualify him for office; or
- 26.7.4** is prohibited from being, is removed as or is disqualified from acting as a director of a company in terms of the Act;
- 26.7.5** absents himself from meetings of the Board for six consecutive months without the leave of the other Directors and is not represented at such meetings during such 6 (six) months by an alternate director, and the directors resolve that his office shall be vacated, provided that the Directors shall have the power to grant any director leave of absence for an indefinite period; or
- 26.7.6** has given 1 (one) month's (or with the permission of the Directors, a lesser period) notice in writing of his intention to resign; or
- 26.7.7** is removed by an ordinary resolution adopted at a general meeting by persons entitled to exercise voting rights in an election of that director, in accordance with the provisions of section 71 of the Act.

- 26.8** No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 26.88 – **[LR 10.16(k)]**
- 26.8.1** at each annual general meeting referred to in clause 20.4, 1/3 (one third) of the Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office, provided that if a Director is appointed as managing Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors; **[LR 10.16(g)]**
- 26.8.2** the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;
- 26.8.3** a retiring Director may be re-elected, provided he is eligible for election; **[LR 10.16(g)]**
- 26.8.4** the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 25; **[LR 10.16(g)]**
- 26.8.5** if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 20.13 to 20.16 (inclusive) will apply *mutatis mutandis* to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall, to the extent that the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, be deemed to have been re-elected at such adjourned meeting until the next annual general meeting of the Company.
- 26.9** The Board shall, through its nomination committee (if so constituted in terms of clause 33), provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. Sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the Director is to be proposed to allow nominations to reach the Company's office from any part in the Republic. **[LR 10.16(g) & (h)]**
- 26.10** The Board has the power to
- 26.10.1** fill any vacancy on the Board on a temporary basis, as set out in section 68(3) of the Act, provided that such appointment must be confirmed by the Shareholders, in accordance with clause 24.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i) of the Act; and **[LR 10.16(c)]**
- 26.10.2** exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1) of the Act,
- and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 26.
- 26.11** The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
- 26.12** Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed,

drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.

- 26.13** All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.
- 26.14** If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 26.10.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation. **[LR 10.16(d)]**
- 26.15** The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 26.14, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) of the Act or of summoning general meetings of the Company, but not for any other purpose. **[LR 10.16(d)]**
- 26.16** A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine. **[LR 10.16(e)]**
- 26.17** A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors. **[LR 10.16(e)]**
- 26.18** Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) of the Act and the qualifications contained in section 75(3) of the Act, comply with all of the provisions of section 75 of the Act in the event that they (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the Board.

27. ALTERNATE DIRECTORS

- 27.1** Any Director shall have the power to nominate another person approved by the Board to act as alternate Director in his place during his absence or inability to act as such Director, and on such appointment being made, the alternate Director shall, in all respects, be subject to the terms and conditions existing with reference to the other Directors of the Company. A person may be appointed as alternate to more than one Director. Where a person is alternate to more than one Director or where an alternate Director is a Director, he shall have a separate vote, on behalf of each Director he is representing in addition to his own vote, if any.
- 27.2** The alternate Directors, whilst acting in the place of the Directors who appointed them, shall exercise and discharge all the duties and functions of the Directors they represent. The appointment of an alternate Director shall cease on the happening of any event which, if he were a Director, would cause him to cease to hold office in terms of this Memorandum of Incorporation or if the Director who appointed him ceases to be a Director, or gives notice to the secretary of the Company that the alternate Director representing him shall have ceased to do so. An alternate Director shall look to the Director who appointed him for his remuneration.

28. DIRECTORS' MEETINGS

- 28.1** Save as may be provided otherwise herein, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 28.2** The Directors may elect a chairperson and a deputy chairperson and determine the period for which each is to hold office. The chairperson, or in his absence the deputy chairperson, shall be entitled to preside over all

meetings of Directors. If no chairperson or deputy chairperson is elected, or if at any meeting neither is present or willing to act as chairperson thereof within 10 (ten) minutes of the time appointed for holding the meeting, the Directors present shall choose 1 (one) of their number to be chairperson of such meeting. **[LR 10.16(i)]**

28.3 In addition to the provisions of section 73(1) of the Act, any Director shall at any time be entitled to call a meeting of the Directors.

28.4 The Board has the power to:

28.4.1 consider any matter and/or adopt any resolution other than at a meeting contemplated in section 74 of the Act and, accordingly, any decision that could be voted on at a meeting of the Board may instead be adopted by the written consent of a majority of the Directors, given in person or by Electronic Communication, provided that each Director has received notice of the matter to be decided. Such resolution, inserted in the minute book, shall be as valid and effective as if it has been passed at a meeting of directors. Any such resolution may consist of several documents and shall be deemed to have been passed on the date on which it was signed by the last director who signed it (unless a statement to the contrary is made in that resolution); **[LR 10.16(j)]**

28.4.2 conduct a meeting entirely by Electronic Communication, or to provide for participation in a meeting by Electronic Communication, as set out in section 73(3) of the Act, provided that, as required by such section, the Electronic Communication facility employed ordinarily enables all persons participating in the meeting to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the meeting; **[LR 10.16(j)]**

28.4.3 determine the manner and form of providing notice of its meetings contemplated in section 73(4) of the Act, provided that;

28.4.3.1 the notice period for the convening of any meeting of the Board will be at least 7 (seven) days unless the decision of the Directors is required on an urgent basis which justifies a shorter period of notice, in which event the meeting may be called on shorter notice. The decision of the chairperson of the Board, or failing the chairperson for any reason, the decision of any (two) directors as to whether a matter should be decided on an urgent basis, and the period of notice to be given, shall be final and binding on the directors;

28.4.3.2 an agenda of the matters to be discussed at the meeting shall be given to each Director, together with the notice referred to in clause 28.4.3.1;

28.4.4 proceed with a meeting despite a failure or defect in giving notice of the meeting, as provided in section 73(5) of the Act,

and the powers of the Board in respect of the above matters are not limited or restricted by this Memorandum of Incorporation.

28.5 The quorum requirement for a Directors' meeting (including an adjourned meeting), the voting rights at such a meeting, and the requirements for approval of a resolution at such a meeting are as set out in section 73(5) of the Act, subject only to clause 28.5.5, and accordingly

28.5.1 if all of the Directors of the Company

28.5.1.1 acknowledge actual receipt of the notice convening a meeting; or

28.5.1.2 are present at a meeting; or

28.5.1.3 waive notice of a meeting,

the meeting may proceed even if the Company failed to give the required notice of that meeting or there was a defect in the giving of the notice;

28.5.2 a majority of the Directors must be present at a meeting before a vote may be called at any meeting of the Directors;

28.5.3 each Director has 1 (one) vote on a matter before the Board;

28.5.4 a majority of the votes cast in favour of a resolution is sufficient to approve that resolution;

28.5.5 in the case of a tied vote

28.5.5.1 the chairperson may not cast a deciding vote in addition to any deliberative vote; and

28.5.5.2 the matter being voted on fails. **[LR 10.16(i)]**

28.6 Resolutions adopted by the Board

28.6.1 must be dated and sequentially numbered; and

28.6.2 are effective as of the date of the resolution, unless any resolution states otherwise.

28.7 Any minutes of a meeting, or a resolution, signed by the chairperson of the meeting, or by the chairperson of the next meeting of the Board, are evidence of the proceedings of that meeting, or the adoption of that resolution, as the case may be.

28.8 Minutes of all board meetings, resolutions and directors' declarations shall be kept in accordance with the provisions of section 24 of the Act.

29. DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE

29.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in sections 66(8) and (9) of the Act, and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.

29.2 Any Director who:

29.2.1 serves on any executive or other committee; or

29.2.2 devotes special attention to the business of the Company; or

29.2.3 goes or resides outside South Africa for the purpose of the Company; or

29.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,

may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine. **[LR 10.16(f)]**

29.3 The Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with:

29.3.1 the business of the Company; and

29.3.2 attending meetings of the Directors or of committees of the Directors of the Company. **[LR 10.16(f)]**

29.4 The Board may, as contemplated in and subject to the requirements of section 45 of the Act, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2) of the Act, and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

30. MANAGING DIRECTOR

30.1 The Directors may from time to time appoint 1 (one) or more of their body to the office of Managing Director for such term and at such remuneration as they may think fit (subject only to the requirements of sections 66(8) and (9) of the Act), and may revoke such appointment subject to the terms of any agreement entered into in any particular case, provided that the period of office of a managing Director appointed in terms of an agreement shall be for a maximum period of 5 (five) years at any one time. A Director so appointed shall be subject to retirement in the same manner as the other Directors except during the period of his agreement, and his appointment shall terminate if he ceases for any reason to be a Director.

30.2 Subject to the provisions of any contract between himself and the Company, a managing Director shall be subject to the same provisions as to disqualification and removal as the other Directors of the Company.

- 30.3** The Directors may from time to time entrust to and confer upon a managing Director for the time being such of the powers exercisable in terms of this Memorandum of Incorporation by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as they think expedient; and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

31. INDEMNIFICATION OF DIRECTORS

- 31.1** The Company may

31.1.1 advance expenses to a Director or directly or indirectly indemnify a Director in respect of the defence of legal proceedings, as set out in section 78(4) of the Act;

31.1.2 indemnify a Director in respect of liability as set out in section 78(5) of the Act; and/or

31.1.3 purchase insurance to protect the Company or a Director as set out in section 78(7) of the Act, and the power of the Company in this regard is not limited, restricted or extended by this Memorandum of Incorporation.

- 31.2** The provisions of clause 31.1 shall apply *mutatis mutandis* in respect of any former Director, prescribed officer or member of any committee of the Board, including the audit committee.

32. BORROWING POWERS

- 32.1** The Directors may from time to time exercise all of the powers of the Company to:

32.1.1 borrow for the purposes of the Company such sums as they think fit; and

32.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.

- 32.2** For the purposes of clause 32.1, the borrowing powers of the Company shall be unlimited.

PROVISIONS OF THE MEMORANDUM OF INCORPORATION PERTAINING TO SHARE CAPITAL

The relevant provisions of the Memorandum of Incorporation of Conduit Capital pertaining to the share capital are set out below.

8. ISSUE OF SHARES AND VARIATION OF RIGHTS

- 8.1** The Company is authorised to issue
- 8.1.1** 500 000 000 ordinary par value Shares of R0,01 each, of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to – **[LR 10.5(a)]**
 - 8.1.1.1** vote on any matter to be decided by the Shareholders of the Company and to 1 (one) vote in respect of each Share held by a Shareholder in the case of a vote by means of a poll and to vote at every general meeting or annual general meeting, in person or by proxy; **[LR 10.5(b)]**
 - 8.1.1.2** participate proportionally in any distribution made by the Company; and
 - 8.1.1.3** receive proportionally the net assets of the Company upon its liquidation;
- 8.2** Any amendment to the Memorandum of Incorporation, including without limitation any amendment to
- 8.2.1** increase or decrease the number of authorised Shares of any class of the Company's Shares; or **[LR 10.5(d)(iv)]**
 - 8.2.2** consolidate and reduce the number of the Company's issued and authorised Shares of any class; or **[LR 10.5(d)(v)]**
 - 8.2.3** subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital; or **[LR 10.5(d)(vi)]**
 - 8.2.4** reclassify any classified Shares that have been authorised but not issued; or
 - 8.2.5** classify any unclassified Shares that have been authorised but not issued; or
 - 8.2.6** determine the preferences, rights, limitations or other terms of any Shares, **[LR 10.5(d)(ii)]** must be approved by the Shareholders by way of a special resolution. **[LR 10.5(d)]**
- 8.3** The Company may from time to time by special resolution and amendment to the Memorandum of Incorporation, and in accordance with the requirements of the Act, convert all of its ordinary Share capital consisting of Shares having a par value into stated capital constituted by Shares of no par value. **[LR 10.5(d)(viii)]**
- 8.4** Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share. The variation of any preferences, rights, limitations and other terms associated with any class of Shares as set out in this Memorandum of Incorporation may be enacted only by an amendment of this Memorandum of Incorporation approved by special resolution of the ordinary Shareholders. If any amendment of the Memorandum of Incorporation relates to the variation of any preferences, rights, limitation and other Share terms attaching to any other class of Shares already in issue, that amendment must not be implemented without a special resolution, taken by the holders of Shares in that class at a separate meeting. In such instances, the holders of such Shares will be allowed to vote at the meeting of ordinary Shareholders subject to clause 22.2. No resolution of Shareholders of the company shall be proposed or passed, unless a special resolution of the holders of the Shares in that class approve the amendment. **[LR 10.5 (c) and (e)]**

- 8.5** The authorisation and classification of shares, the creation of any class of shares, the conversion of one class of shares into one or more other classes, the consolidation of securities, the sub-division of securities, the change of the name of the company, the increase of the number of Shares, and, subject to clause 8.4, the variation of any preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the ordinary Shareholders and in accordance with the JSE Listings Requirements, to the extent required, save if such an amendment is ordered by a court in terms of sections 16(1)(a) and 16(4) of the Act. **[LR 10.5(d)(i), LR 10.5(d)(ii), LR 10.5(d)(iii), LR 10.5(d)(iv), LR 10.5(d)(v), LR 10.5(d)(vi), LR 10.5(d)(vii), LR 10.5(e) & LR 10.9(c)]**
- 8.6** No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7) of the Act. **[LR 10.5(g)]**
- 8.7** The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation. **[LR 10.2(a)]**
- 8.8** The Board may, subject to clause 8.13 and the further provisions of this clause 8.8, resolve to issue Shares of the Company at any time, but
- 8.8.1** only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation; and
- 8.8.2** only to the extent that such issue has been approved by the Shareholders in general meeting, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, in accordance with the JSE Listings Requirements, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company or for 15 (fifteen) months from the date of the ordinary resolution, whichever is the earlier, and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting. **[LR 10.1]**
- 8.9** Alterations of share capital, authorised shares and rights attaching to a class/es of Shares; all issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition to the foregoing provisions, be in accordance with the JSE Listings Requirements. **[LR 10.9(a) and (c)]**
- 8.10** All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must, notwithstanding the provisions of section 40(5) of the Act, but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such Securities. **[LR 10.2(a)]**
- 8.11** Subject to section 40(5) to (7), when the Company has received the consideration approved by the Board for the issuance of any Shares
- 8.11.1** those Shares are fully paid up (section 40(4)(a)); and
- 8.11.2** the Company must issue those Shares and cause the name of the holder to be entered onto the Company's Securities Register in accordance with sections 49 to 56 of the Act (section 40(4)(b)). For the sake of clarity, at the time when the Company has received the consideration approved by the Board for the issuance of Shares, such Shares shall at that time, in the absence of anything to the contrary specified in the resolution to issue such Shares as to the timing of the issue, be treated as having been issued by the Company.
- 8.12** Subject to what may be authorised by the Act, the JSE Listings Requirements and at meetings of Shareholders in accordance with clause 8.14, and subject to clause 8.15, the Board may only issue unissued Shares if such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine, unless such Shares are issued for the acquisition of assets by the Company. **[LR 10.1]**

- 8.13** Notwithstanding the provisions of clauses 8.2, 8.9, 8.14 and 8.15, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3) of the Act, require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.
- 8.14** Notwithstanding the provisions of clause 8.12, the Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE, if so required under the JSE Listings Requirements, and comply with the JSE Listings Requirements. **[LR 10.1]**
- 8.15** Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation (as is set out in clause 8.12), no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.

15. CAPITALISATION SHARES [LR 10.6]

- 15.1** Provided such transaction(s) has/have been approved by the JSE, if so required under the JSE Listings Requirements, (and the JSE Listings Requirements have been complied with), the Board shall, in accordance with section 47 of the Act, have the power or authority to –
- 15.1.1** approve the issue of any authorised Shares, as capitalisation Shares, on a *pro rata* basis to the Shareholders of one or more classes of Shares; or
 - 15.1.2** to issue Shares of one class as capitalisation Shares in respect of Shares of another class; or
 - 15.1.3** to resolve to permit Shareholders, that are entitled, to elect to receive a cash payment in lieu of a capitalisation Share.
- 15.2** The Board may not resolve to offer a cash payment in lieu of awarding a capitalisation Share, as contemplated in clause 15.1.3, unless the Board –
- 15.2.1** has considered the Solvency and Liquidity Test as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and
 - 15.2.2** is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution.

18. ACQUISITION BY THE COMPANY OF ITS OWN SHARES

- 18.1** Subject to the JSE Listings Requirements, the provisions of section 48 of the Act and the further provisions of this clause 18 –
- 18.1.1** the Board may determine that the Company acquire a number of its own Shares; and
 - 18.1.2** the board of any subsidiary of the Company may determine that such subsidiary acquire Shares of the Company, but
 - 18.1.2.1** not more than 10% (ten percent), in aggregate, of the number of issued Shares of any class may be held by, or for the benefit of, all of the subsidiaries of the Company, taken together; and
 - 18.1.2.2** no voting rights attached to those Shares may be exercised while the Shares are held by that subsidiary and it remains a subsidiary of the Company.

- 18.2** Any decision by the Company to acquire its own Shares must satisfy the JSE Listings Requirements and the requirements of section 46 of the Act and, accordingly, the Company may not acquire its own Shares unless –
- 18.2.1** for as long as it is required in terms of the JSE Listings Requirements, the acquisition has been approved by a special resolution of the Shareholders in terms of the JSE Listings Requirements, whether in respect of a particular repurchase or generally approved by Shareholders and unless such acquisition otherwise complies with the relevant paragraphs of section 5 of the JSE Listings Requirements (or such other sections as may be applicable from time to time); **[LR 10.9(b)]**
- 18.2.2** either the acquisition
- 18.2.2.1** is pursuant to an existing legal obligation of the Company, or a court order; or
- 18.2.2.2** has been authorised in terms of a resolution passed by the Board, authorising the acquisition;
- 18.2.3** it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition; and
- 18.2.4** the Board, by resolution, has acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition.
- 18.3** A decision of the Board referred to in clause 18.1.1 –
- 18.3.1** must be approved by a special resolution of the Shareholders if any Shares are to be acquired by the Company from a Director or prescribed officer of the Company, or a person related to a Director or prescribed officer of the Company; and
- 18.3.2** is subject to the requirements of sections 114 and 115 of the Act if, considered alone, or together with other transactions in an integrated series of transactions, it involves the acquisition by the Company of more than 5% (five percent) of the issued Shares of any particular class of the Company's Shares.
- 18.4** Notwithstanding any other provision of this Memorandum of Incorporation, the Company may not acquire its own Shares, and no subsidiary of the Company may acquire Shares of the Company if, as a result of that acquisition, there would no longer be any Shares of the Company in issue other than –
- 18.4.1** Shares held by one or more subsidiaries of the Company; or
- 18.4.2** convertible or redeemable Shares.

36. DISTRIBUTIONS

- 36.1** Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution –
- 36.1.1** is pursuant to an existing legal obligation of the Company, or a court order; or
- 36.1.2** is authorised by resolution of the Board and in compliance with the JSE Listings Requirements, provided that such resolution does not provide for capital to be repaid upon the basis that it may be called up again. **[LR 10.8]**
- 36.2** No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.
- 36.3** Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.
- 36.4** The Directors may from time to time declare and pay to the Shareholders such interim distributions as the Directors consider to be appropriate.
- 36.5** Dividends are declared by Directors in accordance with the Act. **[LR 10.17(a)]**

- 36.6** All unclaimed distributions will be held by or on behalf of the Company for the benefit of the Shareholder concerned until claimed, provided that distributions unclaimed for a period of 3 (three) years from the date on which they were declared may be declared forfeited by the Board for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit. All unclaimed monies, other than distributions, that are due to any Shareholder/s shall be held by the Company in trust for an indefinite period until lawfully claimed by such Shareholder/s, subject to the laws of prescription. **[LR 10.17(c)]**
- 36.7** Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to –
- 36.7.1** the holder at his registered address; or
- 36.7.2** in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or
- 36.7.3** such person and at such address as the holder or joint holders may in writing direct.
- 36.8** Should the Directors determine that any payments to Shareholders is to be made by cheque or warrant, then the Directors shall be entitled to suppress the issue of cheques or warrants with a value lower than R50.00 to any one Shareholder. The unpaid dividend will be retained in the Company's unclaimed dividend account and once the accumulated amount exceeds R50.00, such payment may be claimed by the Shareholder by submitting a written claim.
- 36.9** Every such cheque or warrant shall –
- 36.9.1** be made payable to the order of the person to whom it is addressed; and
- 36.9.2** be sent at the risk of the holder or joint holders.
- 36.10** The Company shall not be responsible for the loss in transmission of any cheque or warrant or of any document (whether similar to a cheque or warrant or not) sent by post as aforesaid.
- 36.11** A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a Share held by such holder or joint holders.
- 36.12** When such cheque or warrant is paid, it shall discharge the Company of any further liability in respect of the amount concerned.
- 36.13** A distribution may also be paid in any other way determined by the Directors, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.
- 36.14** Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part –
- 36.14.1** by the distribution of specific assets; or
- 36.14.2** by the issue of Shares, debentures or securities of the Company or of any other company; or
- 36.14.3** in cash; or
- 36.14.4** in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.
- 36.15** Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.
- 36.16** The Directors may –
- 36.16.1** determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and
- 36.16.2** vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.
- 36.17** Any distribution must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date. **[LR 10.17(b)]**

VENDORS

The following tables detail the disclosure requirements relating to the vendors of material assets to Conduit Capital and its Subsidiaries, being the Snowball Wealth Shareholders and the Midbrook Lane Shareholders, during the three years preceding the publication of this Circular.

Snowball Wealth Shareholders	Address	Total % shareholding in Snowball Wealth
L C H Chou	401 The Equinox, 154 Main Road, Sea Point, Cape Town, 8005	38.6
Syigma Investments and Consulting Proprietary Limited	401 The Equinox, 154 Main Road, Sea Point, Cape Town, 8005	15.7
Appias Proprietary Limited	401 The Equinox, 154 Main Road, Sea Point, Cape Town, 8005	12.0
Great Africa 999 Investment Proprietary Limited	Postnet Suite 651, Private Bag X3, Northriding, 2162	4.5
D J Solomon	17 Brummervlei Road, Constantia, Cape Town, 7806	3.3
Other minority shareholders		25.9
Total		100

Notes:

1. The Snowball Wealth Purchase Consideration, being an amount of R464.61 million, will be settled by way of the issue of 189 635 102 Conduit Capital Shares to each of the Snowball Wealth Shareholders, pro rata, to their shareholding in Snowball Wealth. No goodwill is payable in respect of the Snowball Wealth Acquisition.
2. Neither Snowball Wealth nor any of its Subsidiaries acquired any material assets during the three years preceding the Last Practicable Date, other than in the ordinary course of business.
3. The Snowball Wealth Shareholders have not guaranteed the book debts. The Snowball Wealth Acquisition Agreement contains warranties which are usual for transactions of this nature.
4. Warranties in respect of the Snowball Wealth Acquisition are normal for acquisitions of such nature.
5. The Snowball Wealth Acquisition Agreement contains no restraints.
6. There are no liabilities for accrued taxation that will be settled in terms of the Snowball Wealth Acquisition Agreement.
7. Other than in their capacity as holders of Conduit Capital Shares, no Director or promoter of Conduit Capital (or any partnership, syndicate or other association in which a promoter or Director had an interest) has any beneficial interest, direct or indirect in the Snowball Wealth Acquisition.
8. No cash or securities have been paid or benefit given within the three preceding years of this Circular or is proposed to be paid or given, to any promoter (not being a Director).
9. Pursuant to the implementation of the Snowball Wealth Acquisition, the Snowball Wealth Sale Shares will be transferred into the name of Conduit Capital.

Midbrook Lane Shareholders	Address	Total % shareholding in Midbrook Lane
C Moodley	P.O. Box 257, Witkoppen 2068	25.5
V Riskowitz	P.O. Box 41159, Craighall, 2024	10.2
T C Moodley	P.O. Box 257, Witkoppen 2068	8.9
Hillside International Holdings	12 Castle Street, St Helier, Jersey, JE2 3RT	8.6
S M Riskowitz	P.O. Box 41159, Craighall, 2024	8.2
Other minority shareholders		38.6
Total		100

Notes:

1. The Midbrook Lane Purchase Consideration, being an amount of R167.65 million, will be settled by way of the issue of 68 428 980 Conduit Capital Shares to each of the Midbrook Lane shareholders, pro rata, to their shareholding in Midbrook Lane. No goodwill is payable in respect of the Midbrook Lane Acquisition.
2. Neither Midbrook Lane nor any of its Subsidiaries acquired any material assets during the three years preceding the Last Practicable Date, other than in the ordinary course of business.
3. The Midbrook Lane Shareholders have not guaranteed the book debts. The Midbrook Lane Agreement contains warranties which are usual for transactions of this nature.
4. Warranties in respect of the Midbrook Lane Acquisition are normal for acquisitions of such nature.
5. The Midbrook Lane Acquisition Agreement contains no restraints.
6. There are no liabilities for accrued taxation that will be settled in terms of the Midbrook Lane Acquisition Agreement.
7. Other than in their capacity as holders of Conduit Capital Shares, no Director or promoter of Conduit Capital (or any partnership, syndicate or other association in which a promoter or Director had an interest), other than Messrs S M Riskowitz and T C Moodley, has any beneficial interest, direct or indirect in the Midbrook Lane Acquisition.
8. No cash or securities have been paid or benefit given within the three preceding years of this Circular or is proposed to be paid or given, to any promoter (not being a Director).
9. Pursuant to the implementation of the Midbrook Lane Acquisition, the Midbrook Lane Sale Shares will be transferred into the name of Conduit Capital, or its nominated subsidiary.

SHARE PRICE HISTORY OF CONDUIT CAPITAL

The highest, lowest and closing prices of the Company's Shares, together with the aggregated monthly volumes, traded on the JSE for each of the 12 months preceding the Last Practicable Date are set out in the table below.

Month ended	High (cents)	Low (cents)	Close (cents)	Volume
30 September 2015	390	250	307	4 777 143
31 October 2015	369	300	350	1 854 183
30 November 2015	365	255	270	4 883 648
31 December 2015	290	215	285	6 708 143
31 January 2016	285	230	255	3 724 878
28 February 2016	300	231	300	3 542 118
31 March 2016	320	250	250	2 937 925
30 April 2016	280	242	250	1 897 267
31 May 2016	278	246	270	579 977
30 June 2016	275	247	275	2 149 046
31 July 2016	275	220	247	5 144 137
31 August 2016	315	248	300	2 539 924

The highest, lowest and closing prices of the Company's Shares, together with the daily volumes, traded on the JSE for the 30 Business Days preceding the Last Practicable Date are set out in the table below.

Day ended	High (cents)	Low (cents)	Close (cents)	Volume
5 August 2016	290	270	289	35 935
8 August 2016	290	285	290	26 228
10 August 2016	290	275	275	59 836
11 August 2016	284	275	284	23 325
12 August 2016	284	270	270	147 866
15 August 2016	280	266	266	37 346
16 August 2016	315	300	300	110 658
18 August 2016	310	290	300	63 522
19 August 2016	310	300	310	31 026
22 August 2016	305	300	301	22 501
23 August 2016	304	300	302	34 534
24 August 2016	305	285	300	41 849
25 August 2016	305	299	299	5 100
26 August 2016	–	–	299	–
29 August 2016	300	285	300	27 265
30 August 2016	300	299	300	33 277
31 August 2016	300	300	300	400
1 September 2016	–	–	300	–
2 September 2016	294	285	285	14 878
5 September 2016	290	286	286	8 046
6 September 2016	300	287	300	21 784
7 September 2016	300	300	300	15 613
8 September 2016	290	290	290	18 754
9 September 2016	292	285	285	33 246
12 September 2016	300	285	300	18 900
13 September 2016	300	299	300	32 044
14 September 2016	285	285	285	55 987
15 September 2016	290	290	290	4 950
16 September 2016	300	285	300	2 000

Source: JSE

NOTICE OF GENERAL MEETING

The definitions and interpretations commencing on page 6 of the Circular to which this notice of General Meeting is attached, apply *mutatis mutandis* to this notice of General Meetings and to the special and ordinary resolutions ("Resolutions") set out herein.

If you are in any doubt as to what action you should take in respect of the following Resolutions, please consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that a General Meeting of Shareholders of the Company will be held at 10:00 on Friday, 28 October 2016 at the office of Constantia Insurance Company, Unit 5, Training Room, 360 Oak Avenue, Randburg, 2194, to consider, and, if deemed fit, to pass, with or without modification, the following Resolutions.

The Board has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the General Meeting is Friday, 21 October 2016. Accordingly, the last day to trade Conduit Capital Shares in order to be recorded in the Company's securities register to be entitled to vote will be Tuesday, 18 October 2016.

SPECIAL RESOLUTION NUMBER 1 – CONVERSION OF PAR VALUE SHARES TO NO PAR VALUE SHARES

"RESOLVED THAT, in accordance with the provisions of regulation 31(6) of the Companies Regulations, all of the authorised and issued ordinary Shares of the Company having a par value of one cent each be and are hereby converted to ordinary Shares having no par or nominal value, on the basis that each ordinary Share having no par value shall have the same rights and privileges as those currently attaching to the ordinary par value Shares, with effect from the date of filing of the relevant notice of amendment with the Companies and Intellectual Property Commission."

Explanatory note

Special Resolution Number 1 is required to be approved in order to enable the conversion of the Company's ordinary par value Shares into no par value Shares to align the Company's share capital with the Companies Act.

Shareholders should refer to the report prepared by the directors of the Company and set out in paragraph 5.22 of the Circular, which has been prepared in respect of the proposed conversion of the ordinary par value shares into ordinary shares of no par value, in accordance with Regulation 31(5) of the Companies Regulations, 2011.

In terms of Regulation 31(8)(b) a copy of this notice and more specifically notice of this Special Resolution Number 1, together with the report by the board of Directors contemplated in regulation 31(7) and set out in paragraph 5.22 of the Circular, will be filed with the South African Revenue Service.

SPECIAL RESOLUTION NUMBER 2 – INCREASE IN AUTHORISED SHARE CAPITAL

"RESOLVED THAT, subject to the passing of Special Resolution Number 1 and in accordance with the provisions of section 36(2)(a) of the Companies Act, the authorised share capital of the Company comprising 500 000 000 no par value Shares be and is hereby increased by the creation of an additional 1 000 000 000 no par value Shares, with effect from the date of filing of the relevant notice of amendment with the Companies and Intellectual Property Commission."

Explanatory note

Special Resolution Number 2 is required to be approved in order to increase the authorised share capital of the Company so as to provide for the issue of the Consideration Shares, as well as potential future Share-based transactions, as and when required.

SPECIAL RESOLUTION NUMBER 3 – AMENDMENTS TO THE COMPANY'S MEMORANDUM OF INCORPORATION

"RESOLVED THAT, subject to the passing of Special Resolution Numbers 1 and 2 and in accordance with the provisions of section 16(1)(c) of the Companies Act, the Memorandum of Incorporation of the Company be and is hereby amended, with effect from the date of filing of the relevant notice of amendment with the Companies and Intellectual Property Commission, by substituting "500 000 000 ordinary par value Shares of R0.01 each" in clause 8.1.1 of the Company's Memorandum of Incorporation with "1 500 000 000 ordinary no par value Shares".

Explanatory note

Special Resolution Number 3 is required to be approved in order to give effect to the amendments to the Company's Memorandum of Incorporation pertaining to the conversion of the Company's ordinary par value Shares into no par value Shares and the increase in the authorised share capital of the Company.

ORDINARY RESOLUTION NUMBER 1 – SNOWBALL WEALTH ACQUISITION

“RESOLVED THAT, subject to the passing of Special Resolution Numbers 1, 2, 3 and 4, the Snowball Wealth Acquisition be and is hereby approved as a category 1 Related Party transaction in terms of the Listings Requirements.”

Explanatory note

The Snowball Wealth Acquisition constitutes a category 1 Related Party transaction in terms of the Listings Requirements and accordingly, is subject to approval thereof by Shareholders by way of an ordinary resolution.

In addition Snowball Wealth is, in terms of the Listings Requirements, categorised as a material shareholder of Conduit Capital, and the Snowball Wealth Acquisition also constitutes a Related Party transaction in terms of the Listings Requirements.

The Shares held by Snowball Wealth, as a Related Party in terms of the Listings Requirements, and its associates, are accordingly precluded from voting on Ordinary Resolution Number 1. However, as Shareholders in Conduit Capital, they may be taken into account in determining a quorum for purposes of the General Meeting.

ORDINARY RESOLUTION NUMBER 2 – MIDBROOK LANE ACQUISITION

“RESOLVED THAT, subject to the passing of Special Resolution Numbers 1, 2, 3 and 5, the Midbrook Lane Acquisition be and is hereby approved as a Related Party transaction in terms of the Listings Requirements.”

Explanatory note

In terms of the Listings Requirements

- T C Moodley is categorised as a Related Party by virtue of being a Director of the Company;
- S M Riskowitz is categorised as a Related Party by virtue of being a Director of the Company.

The Midbrook Lane Acquisition accordingly constitutes a Related Party transaction in terms of the Listings Requirements and is subject to approval by Shareholders by way of an ordinary resolution. In addition the Shares held by Messrs S M Riskowitz and T C Moodley, and their associates, are precluded from voting on Ordinary Resolution Number 2. However, as Shareholders in Conduit Capital, they may be taken into account in determining a quorum for purposes of the General Meeting.

SPECIAL RESOLUTION NUMBER 4 – APPROVAL TO ISSUE THE SNOWBALL WEALTH CONSIDERATION SHARES IN TERMS OF SECTION 41(3) OF THE COMPANIES ACT

“RESOLVED THAT, the Board be and is hereby authorised, in accordance with the provisions of section 41(3) of the Companies Act, to issue the Snowball Wealth Consideration Shares.”

Explanatory note

In accordance with the provisions of section 41(3), read with section 65(11)(e) of the Companies Act, a special resolution is required to be approved by shareholders in the event that the voting power of a class of shares that are to be issued as a result of a transaction will exceed 30% of the voting power of that class of shares held by shareholders immediately prior to the transaction.

The issue of the Snowball Wealth Consideration Shares contemplates an issue by the Company of more than 30% of the Company's Shares, excluding treasury Shares, currently in issue, and such issue accordingly requires the approval of shareholders in terms of section 41(3) of the Companies Act.

SPECIAL RESOLUTION NUMBER 5 – APPROVAL TO ISSUE THE MIDBROOK LANE CONSIDERATION SHARES IN TERMS OF SECTION 41(1) OF THE COMPANIES ACT

“RESOLVED THAT, the Board be and is hereby authorised, to the extent required in terms of the provisions of section 41(1) of the Companies Act, to issue such number of the Midbrook Lane Consideration Shares to those Midbrook Lane Shareholders falling within the ambit of section 41(1) of the Companies Act, being Directors of the Company, as is necessary to settle the portion of the Midbrook Lane Consideration Shares payable to such Midbrook Lane Shareholders.”

Explanatory note

In accordance with the provisions of section 41(1), read with section 65(11)(d) of the Companies Act, a special resolution is required to be approved by shareholders in the event that shares are issued to (a) a director, future director, prescribed officer or future prescribed officer of the company; (b) person related or inter-related to the company, or to a director or prescribed officer of the company; or (c) nominee of a person contemplated in (a) or (b).

Special Resolution Number 5 authorises the issue of such number of the Midbrook Lane Consideration Shares to those Midbrook Lane Shareholders falling within the ambit of section 41(1) of the Companies Act, being Messrs S M Riskowitz and T C Moodley, who are Directors of the Company.

ORDINARY RESOLUTION NUMBER 3 – AUTHORITY GRANTED TO DIRECTORS

“Resolved that each Director of Conduit Capital be and is hereby individually authorised, on behalf of Conduit Capital, to enter into, sign and/or despatch any and all such agreements, documents and notices, as may be necessary, expedient or desirable (in each case in the opinion of such Director) and do all such other things and procure the doing of all such things as may be necessary for or incidental to the implementation of the conversion of par value Shares to no par value Shares, the increase in the authorised share capital, the amendments to the Company’s Memorandum of Incorporation, the Acquisitions and the issue of the Consideration Shares, and should any such agreements, documents or notices have been signed, or any such action taken before the date of this resolution, such signature or action be and is hereby ratified and approved.”

Explanatory note

The adoption of this Ordinary Resolution Number 3 will authorise any Director of the Company to execute all documents and do all such further acts and things as he may in his discretion consider appropriate to implement and give effect to the Resolutions set out in this notice of General Meeting.

It must be noted that Shares held by the Company’s trust or share scheme or Subsidiaries will not have their votes taken into account for JSE Listings Requirements resolution approval purposes.

VOTING AND PROXIES

For an Ordinary Resolution to be adopted at the General Meeting, it must be supported by more than 50% of the voting rights exercised on the Resolution, excluding any Related Party/ies and associates, as the case may be.

For a Special Resolution to be adopted at the General Meeting, it must be supported by more than 75% of the voting rights exercised on the Resolution, excluding any Related Party/ies and associates, as the case may be.

A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a Shareholder of the Company. For the convenience of registered Shareholders of the Company, a form of proxy is enclosed herewith.

The attached form of proxy is only to be completed by those Shareholders who:

- hold Shares in Conduit Capital in Certificated form; or
- are recorded on the electronic sub-register in “own name” Dematerialised form.

Shareholders who have Dematerialised their Shares through a CSDP or broker without “own name” registration and who wish to attend the General Meeting, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the General Meeting in person or by proxy and vote.

If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Shareholders who hold Dematerialised Shares which are registered in their name or if they are the registered holder of Certificated Shares may attend the General Meeting in person, alternatively, they may appoint a proxy or proxies, who need not be a Shareholder of the Company to represent them at the General Meeting by completing the attached form of proxy in accordance with the instructions it contains. Forms of proxy should be forwarded to reach the Transfer Secretaries, Computershare Investor Services Proprietary Limited, at least 48 hours, excluding Saturdays, Sundays and South African public holidays, before the time of the General Meeting. Any form of proxy not delivered by this time may be handed to the Chairperson of the General Meeting immediately before the appointed proxy exercises any of the Shareholder’s votes at the General Meeting.

Meeting participants, which include proxies, are required to provide identification reasonably satisfactory to the Chairperson of the General Meeting before being entitled to attend, participate in or vote a Shareholders’ meeting. The Company will regard the presentation of participants’ original drivers’ licences, identity documents or passports to be satisfactory “identification”.

By order of the Board

CIS Company Secretaries Proprietary Limited

Company Secretary

Johannesburg

29 September 2016

Registered office

Unit 9, 4 Homestead Avenue, Bryanston, 2191
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