

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* throughout this Circular.

Shareholders are referred to page 2 of this Circular which sets out the detailed action required of Certificated and Dematerialised Shareholders.

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.

If you have disposed of all of your Shares in Conduit Capital, then this Circular, together with the accompanying Form of Instruction, should be forwarded to the purchaser to whom, or the broker, agent, CSDP or banker through whom you disposed of your Shares.

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# 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")

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## CIRCULAR TO SHAREHOLDERS OF CONDUIT CAPITAL

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regarding

- 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;

and enclosing

- a Form of Instruction for use by Certificated Shareholders only.
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**Rights Offer opens at 09:00 on**

**Monday, 30 November 2015**

**Rights Offer closes at 12:00 on**

**Friday, 11 December 2015**

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All the advisers whose names are included in this Circular have given and have not, prior to publication of this Circular, withdrawn their written consents for the inclusion of their names in the form and context in which they appear.

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**Corporate Adviser and Sponsor**

**Merchantec**  
capital

**Legal Advisers**

**CDH**  
CLIFFE DEKKER HOFMEYR

**Underwriter**

**ITHUBA**  
Investments LP

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Date of issue: Tuesday, 24 November 2015

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 Tuesday, 24 November 2015 up to and including Friday, 11 December 2015 or on the Company's website at [www.conduitcapital.co.za](http://www.conduitcapital.co.za). A copy of this Circular, together with the Form of Instruction and other requisite documents referred to in section 99(4)(b) of the Companies Act, were filed and approved by the JSE. This Circular is not an invitation to the public to subscribe for Shares, but is issued in compliance with the Listings Requirements for the purpose of providing information to the public with regard to the Company, and is available in the English language only.

### DISCLAIMER

The Rights Offer does not constitute an offer in any area of jurisdiction in which it is unlawful to make such an offer and in such circumstances, this Circular and accompanying Form of Instruction are distributed for information purposes only.

All transactions arising from the provisions of this Circular and the Form of Instruction shall be governed by and be subject to the laws of South Africa. The Rights Offer may be affected by the laws of the relevant jurisdictions of foreign Shareholders. Such foreign Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions in relation to all aspects of this Circular that may affect them, including the Rights Offer. It is the responsibility of any foreign Shareholder to satisfy himself as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with the Rights Offer, including the obtaining of any governmental, exchange control or other consent or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes or requisite payments due in such jurisdiction. The Rights Offer is further subject to any other applicable laws and regulations, including the Exchange Control Regulations. Any foreign Shareholder who is in doubt as to his position, including without limitation his tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

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## CORPORATE INFORMATION

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### CONDUIT CAPITAL LIMITED

**Date of incorporation:** 2 September 1998

**Place of incorporation:** South Africa

### REGISTERED ADDRESS OF CONDUIT CAPITAL

Conduit Capital Limited  
(Registration number 1998/017351/06)  
Unit 7 Tulbagh  
360 Oak Avenue  
Randburg, 2194  
(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)

### CORPORATE ADVISOR AND SPONSOR

Merchantec Capital  
(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 ADVISOR

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)

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## FORWARD-LOOKING STATEMENT DISCLAIMER

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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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## ACTION REQUIRED BY SHAREHOLDERS IN RELATION TO THE RIGHTS OFFER

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### PLEASE TAKE CAREFUL NOTE OF THE FOLLOWING PROVISIONS REGARDING THE ACTION REQUIRED BY CONDUIT CAPITAL SHAREHOLDERS:

1. If you are in any doubt as to what action to take, you should consult your broker, CSDP, attorney, accountant, banker, or other professional adviser immediately.
2. If you have disposed of all of your Shares in Conduit Capital, then this Circular, together with the accompanying Form of Instruction, should be forwarded to the purchaser of such Shares, or to the broker, agent, CSDP or banker through whom you disposed of your Shares, except that this Circular, together with the Form of Instruction, should not be forwarded or transmitted by you to any person in any territory other than South Africa unless the Rights Offer can lawfully be made to such person in such territory.
3. Shares in companies listed on the JSE can no longer be traded on the JSE unless they have been Dematerialised onto the Strate system. It is therefore suggested that Certificated Shareholders Dematerialise their Documents of Title and replace them with electronic records of ownership. In this regard, Shareholders may contact either a CSDP or broker, details of which are available from Strate at [liaisondesk@strate.co.za](mailto:liaisondesk@strate.co.za) or telephone +27 (0)11 759 5300 or facsimile +27 (0)11 759 5503.
4. Certificated Shareholders wishing to Dematerialise their Shares are advised that the Dematerialisation process can take between 1 (one) and 10 (ten) days, depending on the volumes being processed at the time.

### SHAREHOLDERS WHO HAVE DEMATERIALISED THEIR CONDUIT CAPITAL SHARES

#### Dematerialised Shareholders:

1. will **NOT** receive a "printed" Form of Instruction, but will have their accounts updated with their Rights Offer Entitlement by their CSDP or broker;
2. should timeously instruct their CSDP or broker as to whether they wish to subscribe for all or part of their Rights Offer Entitlement, or sell all or part of their Rights Offer Entitlement or renounce all or part of their Rights Offer Entitlement, in the manner and time stipulated in the Custody Agreement;
3. who do not issue instructions to their CSDP or broker, will result in the CSDP or broker acting in accordance with the Custody Agreement; and
4. should note that Conduit Capital assumes no responsibility and will not be held liable for any failure on the part of their CSDP or broker to notify them of the Rights Offer and to receive instruction in regard thereto.

### SHAREHOLDERS WHO HAVE NOT DEMATERIALISED THEIR CONDUIT CAPITAL SHARES

#### Certificated Shareholders:

1. will have their Letter of Allocation created in electronic form with Computershare Investor Services to ensure that Certificated Shareholders have the same rights and opportunities in respect of the Rights Offer as Dematerialised Shareholders;
2. will receive a printed Form of Instruction in relation to the Letter of Allocation, providing for the sale of all, or part of, the rights embodied in the Form of Instruction, the subscription for Rights Offer Shares in terms thereof, or the renunciation of their rights and must act in accordance with the instructions thereon; and
3. who wish to **subscribe** for all of the Rights Offer Entitlement, must complete **Blocks (5) and (6)** of the Form of Instruction in accordance with the instructions contained therein, attach their cheques, banker's draft or EFT swift reference number for the appropriate amount and lodge same with the Transfer Secretaries as set out below:

#### **Hand deliveries to:**

Conduit Capital Limited  
c/o Computershare Investor Services  
Ground Floor, 70 Marshall Street  
Johannesburg, 2001

#### **Faxed to:**

**(only in the case where payment is by way of EFT)**  
Conduit Capital Limited  
c/o Computershare Investor Services Proprietary Limited  
+27 (0)11 688 5210

#### **Postal deliveries to:**

Conduit Capital Limited  
c/o Computershare Investor Services  
PO Box 61763  
Marshalltown, 2107

#### **Emailed to:**

**(only in the case where payment is by way of EFT)**  
[corporate.events@computershare.co.za](mailto:corporate.events@computershare.co.za)

so as to reach the Transfer Secretaries by no later than **12:00** on Friday, 11 December 2015.

Computershare Investor Services will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or non-receipt of faxed or emailed Forms of Instruction or owing to Forms of Instruction being forwarded to any other facsimile or email address other than those provided above. Forms of Instruction shall be deemed to be received on the date reflected in Computershare's electronic or facsimile systems. Notwithstanding anything to the contrary, it is the responsibility of a Shareholder to ensure that his Form of Instruction is received by Computershare Investor Services.

4. will receive certificated share certificates in respect of the Rights Offer Shares;
5. will only be able to trade their Rights Offer Shares on the JSE once they have been Dematerialised (this could take between 1 (one) and 10 (ten) days, depending on the volume being processed at the time);
6. who wish to **sell** all or part of the rights allocated to them in terms of the Rights Offer must complete **Form A** on the enclosed Form of Instruction and return it to the Transfer Secretaries in accordance with the instructions contained therein so as to reach the Transfer Secretaries by no later than **12:00** on Friday, 4 December 2015. Computershare Investor Services will endeavour to procure the sale of the Rights Offer Entitlement on the JSE on behalf of such certificated rights recipients and will remit the proceeds in accordance with the payment instructions reflected in the Form of Instruction, net of brokerage charges and associated expenses. Neither Computershare Investor Services, nor any broker appointed by it, will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sales, the price obtained or any failure to sell such rights; and
7. who wish to **renounce** their Rights Offer Entitlement in favour of any named Renouncee must complete **Form B** on the enclosed Form of Instruction and the Renouncee must complete **Form C** on the enclosed Form of Instruction and return it to the Transfer Secretaries in accordance with the instructions contained therein so as to reach the Transfer Secretaries by no later than **12:00** on Friday, 11 December 2015, together with a cheque, banker's draft or EFT swift reference number indicating the EFT payment for the appropriate amount.

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## IMPORTANT DATES AND TIMES IN RELATION TO THE RIGHTS OFFER

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2015

Rights Offer Declaration Data announcement released on SENS	Friday, 9 October
Rights Offer Finalisation announcement released on SENS	Tuesday, 17 November
Last day to trade in Conduit Capital Shares in order to settle trades by the Record Date for the Rights Offer and to qualify to participate in the Right Offer ( <i>cum</i> entitlement) on	Friday, 20 November
Listing of and trading in the Letters of Allocation on the JSE under JSE code CNDN and ISIN ZAE000210654 commences at 09:00 on	Monday, 23 November
Conduit Capital Shares commence trading ex-rights on the JSE at 09:00 on	Monday, 23 November
Circular and Form of Instruction posted to Certificated Shareholders	Tuesday, 24 November
Record date for the Rights Offer for purposes of determining the Conduit Capital Shareholders entitled to participate in the Rights Offer at the close of business on	Friday, 27 November
Rights Offer opens at 09:00 on	Monday, 30 November
Holders of Dematerialised Conduit Capital Shares will have their accounts at their CSDP or broker automatically credited with their Letters of Allocation on	Monday, 30 November
Holders of Certificated Conduit Capital Shares will have their Letters of Allocation credited to an electronic register at the Transfer Secretaries on	Monday, 30 November
Circular distributed to Dematerialised Shareholders, who have elected to receive such documents	Tuesday, 1 December
Last day to trade in Letters of Allocation in order to settle trades by the Record Date for the Letters of Allocation and participate in the Rights Offer at the close of business on	Friday, 4 December
Last day for Form of Instruction to be lodged with the Transfer Secretaries by holders of Certificated Conduit Capital Shares wishing to <b>sell</b> all or part of their Rights Offer Entitlement by 12:00 on	Friday, 4 December
Listing and trading of Rights Offer Shares commences on the JSE at 09:00 on	Monday, 7 December
Last day for Form of Instruction to be lodged with the Transfer Secretaries by holders of Certificated Conduit Capital Shares wishing to <b>subscribe</b> for or <b>renounce</b> all or part of their Rights Offer Entitlement by 12:00 on (see note 2)	Friday, 11 December
Record date for Letters of Allocation	Friday, 11 December
Rights Offer closes at 12:00 and payment to be made on	Friday, 11 December
CSDP/broker accounts credited with Rights Offer Shares and debited with the payments due in respect of holders of Dematerialised Conduit Capital Shares on	Monday, 14 December
Rights Offer Share certificates in terms of the Rights Offer posted to holders of Certificated Conduit Capital Shares via registered post on or about	Monday, 14 December
Results of Rights Offer announced on SENS on	Monday, 14 December

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### Notes:

1. All references to dates and times are to local dates and times in South Africa.
2. Holders of Dematerialised Conduit Capital Shares are required to notify their CSDP or broker of the action they wish to take in respect of the Rights Offer in the manner and by the time stipulated in the agreement governing the relationship between the Dematerialised Shareholder and his CSDP or broker.
3. Conduit Capital share certificates may not be Dematerialised or rematerialised between Monday, 23 November 2015 and Friday, 27 November 2015, both days inclusive.
4. CSDPs effect payment in respect of holders of Dematerialised Rights Offer Shares on a delivery versus payment basis.
5. To the extent that the rights are accepted, Dematerialised Shareholders will have their accounts at their CSDP or broker automatically credited with their rights and Certificated Shareholders will have their rights credited to an account at Computershare Investor Services.
6. Rights Offer share certificates to be issued in terms of the Rights Offer will be posted to persons entitled thereto, by registered post, at the risk of the Certificated Shareholders concerned.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular and the annexures hereto, unless the context otherwise indicates, 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:

<b>“Board” or “Directors”</b>	the board of directors of Conduit Capital at the Last Practicable Date whose details are set out in paragraph 8 of this Circular;
<b>“Business Day”</b>	any day other than a Saturday, Sunday or a public holiday in South Africa;
<b>“Certificated Share”</b>	a Conduit Capital Share that has not been Dematerialised, title to which is evidenced by a Document of Title;
<b>“Certificated Shareholder”</b>	a Conduit Capital Shareholder who holds Certificated Shares;
<b>“Circular”</b>	this bound document, dated 24 November 2015, including the annexures hereto and incorporating a Form of Instruction;
<b>“Common Monetary Area”</b>	South Africa, the Republic of Namibia and Kingdoms of Lesotho and Swaziland;
<b>“Companies Act”</b>	the Companies Act, 2008 (Act 71 of 2008), as amended;
<b>“Computershare Investor Services” or “Transfer Secretaries”</b>	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa;
<b>“Conduit Capital” or “the Company”</b>	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 main board of the JSE;
<b>“Conduit Capital Shareholders” or “Shareholders”</b>	holders of Conduit Capital Shares;
<b>“Conduit Capital Shares” or “Shares”</b>	ordinary shares of one cent each in the authorised and issued share capital of Conduit Capital;
<b>“Constantia”</b>	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;
<b>“CSDP”</b>	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;
<b>“Custody Agreement”</b>	the agreement which regulates the relationship between the CSDP or broker and each beneficial holder of dematerialised shares;
<b>“Dematerialisation”</b>	the process by which Certificated Shares are converted into electronic format as Dematerialised Shares and recorded in Conduit Capital’s Uncertificated Securities Register;
<b>“Dematerialised Share”</b>	a Conduit Capital Share that has been Dematerialised or has been issued in Dematerialised form, and recorded in Conduit Capital’s Uncertificated Securities Register;
<b>“Dematerialised Shareholder”</b>	a Conduit Capital Shareholder who holds Dematerialised Shares;
<b>“Designated Bank Account”</b>	the bank account, the details of which will be provided on request from the corporate actions department of Computershare Investor Services, contactable during ordinary business hours on +27(0)86 110 0634;
<b>“Documents of Title”</b>	share certificates, certified transfer deeds, balance receipts and/or any other form of acceptable document of title acceptable to Conduit Capital in respect of Conduit Capital Shares;
<b>“EFT”</b>	Electronic Funds Transfer;
<b>“Exchange Control Regulations”</b>	the Exchange Control Regulations, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;



<b>“Financial Markets Act”</b>	Financial Markets Act, 2012 (Act 19 of 2012), as amended;
<b>“Form of Instruction”</b>	the enclosed form of instruction in respect of a Letter of Allocation reflecting entitlement of Certificated Shareholders, and on which Certificated Shareholders must indicate to the Transfer Secretaries, whether they wish to take up, renounce or sell all or part of the Rights Offer Entitlement;
<b>“Group” or “Conduit Capital Group”</b>	Conduit Capital and its Subsidiaries;
<b>“IFRS”</b>	International Financial Reporting Standards;
<b>“JSE”</b>	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;
<b>“Last Practicable Date”</b>	Friday, 6 November 2015, being the last practicable date prior to the finalisation of this Circular;
<b>“Letters of Allocation”</b>	the renounceable (nil paid) letters of allocation issued by Conduit Capital in electronic form conferring the right to subscribe for Rights Offer Shares pursuant to the Rights Offer;
<b>“Listings Requirements”</b>	the Listings Requirements of the JSE, as amended from time to time by the JSE;
<b>“Merchantec Capital” or “Sponsor”</b>	Merchantec Proprietary Limited (Registration number 2008/027362/07), a private company duly registered and incorporated under the laws of South Africa;
<b>“Midbrook”</b>	Midbrook Lane Proprietary Limited (Registration number 2011/112842/07), a private investment company incorporated in accordance with the laws of South Africa, of which Mr S M Riskowitz is the founder and an executive director;
<b>“Mr S M Riskowitz”</b>	the Chief Executive Officer of Conduit Capital;
<b>“Non-resident”</b>	a person whose registered address is outside the Common Monetary Area;
<b>“Offer Period”</b>	the period of the Rights Offer, which opens at 09:00 on Monday, 30 November 2015 and closes on Friday, 11 December 2015;
<b>“Protea Asset Management”</b>	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;
<b>“Rand” or “R”</b>	South African Rand, the official currency of South Africa;
<b>“Ratio”</b>	the ratio of 29.25347 Rights Offer Shares for every 100 Shares held on the Record Date for the Rights Offer;
<b>“Record Date for the Letters of Allocation”</b>	Friday, 11 December 2015, being the last day for Shareholders to be recorded in the Register in order for Shareholders and/or their Renounees to be entitled to subscribe for the Rights Offer Shares;
<b>“Record Date for the Rights Offer”</b>	close of business on Friday, 27 November 2015, being the last day for Shareholders to be recorded in the Register in order for Shareholders to be entitled to participate in the Rights Offer;
<b>“Register”</b>	Conduit Capital’s securities register, including the Uncertificated Securities Register;
<b>“Renounee”</b>	the person in whose favour a Shareholder, who has received a Letter of Allocation, has renounced their Rights Offer Entitlement;
<b>“Rights Offer”</b>	the fully underwritten renounceable rights offer by Conduit Capital to its Shareholders in terms of which Shareholders obtain the entitlement to subscribe for the Rights Offer 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 on the Record Date for the Rights Offer;
<b>“Rights Offer Entitlement”</b>	a Shareholder’s entitlement to subscribe for new Shares in the ratio of 29.25347 Rights Offer Shares for every 100 Shares held on the Record Date for the Rights Offer, which entitlement arises as a result of the Rights Offer;
<b>“Rights Offer Shares”</b>	the 75 000 000 new Shares, offered to Shareholders pursuant to the Rights Offer;
<b>“Rights Offer Participant”</b>	a Shareholder entitled to participate in the Rights Offer;
<b>“Riskowitz Capital Management”</b>	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;



<b>“SENS”</b>	the Stock Exchange News Service of the JSE;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“Strate”</b>	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;
<b>“Subscription Price”</b>	200 cents per Rights Offer Share, payable on subscription for the Rights Offer Shares;
<b>“Subsidiary”</b>	a subsidiary as defined in the Companies Act;
<b>“Uncertificated Securities Register”</b>	the record of Dematerialised Shares administered and maintained by a CSDP and which forms part of the Register;
<b>“Underwriter” or “Ithuba Investments”</b>	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. 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;
<b>“Underwriting Agreement”</b>	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, in terms of which Ithuba Investments, as the ultimate underwriter, has irrevocably undertaken to subscribe for all the Rights Offer Shares that are not taken up by Conduit Capital Shareholders and/or their renounees in terms of the Rights Offer;
<b>“United States” or “US”</b>	the United States of America; and
<b>“VWAP”</b>	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")

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## DIRECTORS

### **Executive**

S M Riskowitz (*Chief Executive Officer*)

L E Louw (*Financial Director*)

R L Shaw

G Toet

### **Non-executive**

R S Napier<sup>^</sup> (*Chairman*)

D J Harpur<sup>^</sup>

J Mahlangu<sup>^</sup>

T C Moodley

B Scott<sup>^</sup>

N R Xaba<sup>^</sup>

<sup>^</sup>*Independent*

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## CIRCULAR TO CONDUIT CAPITAL SHAREHOLDERS

### 1. INTRODUCTION

On 9 October 2015, it was announced on SENS that Conduit Capital intends to raise R150 000 000 from its Shareholders by way of a fully underwritten renounceable rights offer, in terms of which Conduit Capital will offer a total of 75 000 000 Rights Offer Shares to Shareholders.

The purpose of this Circular and Form of Instruction is to furnish Conduit Capital Shareholders with the relevant information pertaining to the Rights Offer and the implications thereof in accordance with the Listings Requirements.

In terms of the Rights Offer, Conduit Capital Shareholders recorded in the Register at the close of trade on Friday, 27 November 2015 will be entitled to subscribe for the Rights Offer Shares in the ratio of 29.25347 Rights Offer Shares for every 100 Shares held, at a subscription price of 200 cents per Rights Offer Share. Only whole numbers of Shares will be issued and Conduit Capital Shareholders will be entitled to a rounded number of Shares, as set out in paragraph 4 below, once the Ratio has been applied.

### 2. PURPOSE OF THE RIGHTS OFFER

The purpose of the Rights Offer is to provide Conduit Capital with additional capital in the amount of R150 000 000 to enable the Company to pursue insurance and investment related opportunities, some of which have already been identified.

### 3. NATURE OF THE BUSINESS OF CONDUIT CAPITAL AND PROSPECTS

Conduit Capital is an investment holding company listed on the Main Board of the JSE with the goal of developing a high quality, diversified insurance group complemented by a non-insurance value-oriented investment programme. Other than 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 over the last 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.

Numerous opportunities, via different distribution channels, will be a focus for Constantia in the short- to medium-term. The proceeds of the Rights Offer will, by order of preference, be used first to support internal growth in existing insurance operations. Should no sufficiently attractive opportunities exist, Conduit Capital will seek acquisitions in the realm of insurance or non-insurance businesses. The Group will also look to acquire publicly traded securities for the dual purpose of supporting its insurance operations and earning superior long-term returns on capital.

With a view to creating more than a Rand value for every Rand invested, the Board is of the opinion that the opportunities which the Group wishes to pursue in terms of this capital raising initiative, is in line with the objective of compounding intrinsic value per Share at a high rate over the long-term.

## **4. PARTICULARS OF THE RIGHTS OFFER**

### **4.1 Terms of the Rights Offer**

- 4.1.1 Conduit Capital Shareholders recorded in the Register at the close of business on Friday, 27 November 2015, are offered Rights Offer Shares at a subscription price of 200 cents per Rights Offer Share in the ratio of 29.25347 Rights Offer Shares for every 100 Conduit Capital Shares held, on the terms and conditions as set out herein and in the accompanying Form of Instruction. Only whole numbers of Shares will be issued and Conduit Capital Shareholders will be entitled to rounded numbers of Shares once the Ratio has been applied.
- 4.1.2 The Subscription Price represents 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. Conduit Capital will raise a maximum amount of R150 000 000 in terms of the Rights Offer.
- 4.1.3 The Record Date for purposes of determining which Shareholders are entitled to participate in the Rights Offer is Friday, 27 November 2015.
- 4.1.4 Upon their issue, the Rights Offer Shares will rank pari passu in all respects with the existing Conduit Capital Shares.
- 4.1.5 The Letters of Allocation in respect of the Rights Offer are negotiable and will be listed on the JSE on Monday, 23 November 2015 under the JSE code CNDN and ISIN ZAE000210654. The Rights Offer Shares cannot be traded before such Shares are listed on the JSE on Monday, 7 December 2015.
- 4.1.6 The Rights Offer does not constitute an offer in any area of jurisdiction in which it is unlawful to make such an offer and in such circumstances, this Circular and accompanying Letter of Allocation are distributed for information purposes only.
- 4.1.7 The enclosed Form of Instruction contains details of the rights to which holders of Certificated Shares are entitled, as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those rights. Holders of Dematerialised Shares will be advised of the rights to which they are entitled as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those rights by their CSDP or broker in terms of the Custody Agreement entered into between such Dematerialised Shareholders and their CSDP or broker.

- 4.1.8 The Subscription Price is payable in full, in Rand, by qualifying Shareholders holding Certificated Shares on acceptance of the Rights Offer. CSDPs will make payment, on a delivery versus payment basis, in respect of qualifying Shareholders holding Dematerialised Shares who have accepted the Rights Offer. Qualifying Shareholders holding Dematerialised Shares who have accepted the Rights Offer must ensure that the necessary funds are deposited with the relevant CSDP or broker, as the case may be.

## **4.2 Opening and closing dates of the Rights Offer**

The Rights Offer will open at **09:00** on Monday, 30 November 2015 and will close at **12:00** on Friday, 11 December 2015.

## **4.3 Minimum subscription**

- 4.3.1 The Rights Offer is fully underwritten and is not conditional on a minimum subscription.

## **4.4 Underwriting**

- 4.4.1 The Rights Offer has been fully underwritten by the Underwriter, Ithuba Investments, 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.
- 4.4.2 In terms of the Underwriting Agreement, an amount equal to 1.5% of the quantum of the Rights Offer is payable by Conduit Capital to Ithuba Investments in consideration for the commitments provided in terms of the Underwriting Agreement.
- 4.4.3 Disinterested members of the Board have made due and careful enquiry to confirm that the Underwriter can meet its underwriting commitments in terms of the Underwriting Agreement.
- 4.4.4 Details of the Underwriter, as required in terms of the Listings Requirements, are set out in Annexure 3 to this Circular.
- 4.4.5 There have been no commissions, discounts or brokerages paid or payable in respect of underwriting within the preceding three years.

## **4.5 Entitlement**

- 4.5.1 Shareholders will have the right to subscribe for 29.25347 Rights Offer Shares for every 100 Conduit Capital Shares held on the Record Date for the Rights Offer.
- 4.5.2 The allocation of Rights Offer Shares will be such that Shareholders will not be allocated a fraction of a Rights Offer Share and as such, any Rights Offer Entitlement to receive a fraction of a Rights Offer Share which:
- is less than one-half of a Rights Offer Share, will be rounded down to the nearest whole number; and
  - is equal to or greater than one-half of a Rights Offer Share, but less than a whole Rights Offer Share will be rounded up to the nearest whole number.
- 4.5.3 The entitlement of a Certificated Shareholder as reflected in the appropriate block in the Form of Instruction which accompanies and forms part of this Circular, is dependent on their deemed existing holdings at the close of business on Friday, 27 November 2015.
- 4.5.4 Shareholders are referred to the table of entitlement set out in Annexure 3 to this Circular for their entitlement to the Rights Offer Shares.
- 4.5.5 Certificated Shareholders will have their Rights Offer Entitlement credited to an account in electronic format held at the Company's Transfer Secretaries, which will be administered by the Company's Transfer Secretaries on their behalf. The Enclosed Form of Instruction reflects the Rights Offer Shares for which the Certificated Shareholder is entitled to subscribe. The procedures that these Shareholders should follow for the acceptance, sale or renunciation of their Rights Offer Entitlements are reflected in the Form of Instruction.
- 4.5.6 Dematerialised Shareholders will have their Rights Offer Entitlements credited to their account by their CSDP or broker, in electronic form. The CSDP or broker will advise Dematerialised Shareholders of the procedure they need to follow for the acceptance, sale or renunciation of their Rights Offer Entitlement in accordance with their Custody Agreements.
- 4.5.7 The Letters of Allocation to which the Form of Instruction relates are negotiable and may be traded on the JSE.

## **4.6 Procedure for acceptance of the Rights Offer**

Full details of the procedure for acceptance by Certificated Shareholders are contained in paragraph 3 of the accompanying Form of Instruction or in the case of Dematerialised Shareholders, as advised by their CSDP or broker.

The following should be noted:

- 4.6.1 acceptances are irrevocable and may not be withdrawn;
- 4.6.2 Dematerialised Shareholders must contact their CSDP or broker with regard to the procedure to be followed for acceptance of their Rights Offer Entitlement, and must act in accordance with the instructions received from their CSDP or broker; and
- 4.6.3 Certificated Shareholders should note the following:
  - 4.6.3.1 acceptances by Certificated Shareholders may only be made by means of the accompanying Form of Instruction;
  - 4.6.3.2 any instruction to sell or renounce all or parts of the Rights Offer Entitlement must be done in accordance with the requirements set out in paragraph 4.8 below and may only be made by means of the accompanying Form of Instruction;
  - 4.6.3.3 Certificated Shareholders who wish to subscribe for only a portion of their Rights Offer Entitlement must indicate the number of Rights Offer Shares for which they wish to subscribe on the accompanying Form of Instruction;
  - 4.6.3.4 payment of the Rand value of the subscription price may be made:
    - 4.6.3.4.1 by cheque (crossed “not transferable” and with the words “or bearer” deleted) payable to **“Conduit Capital Limited – Rights Offer”**;
    - 4.6.3.4.2 by banker’s draft (drawn on a registered bank) payable to **“Conduit Capital Limited – Rights Offer”**; or
    - 4.6.3.4.3 by EFT into the Designated Bank Account (details of which is available from the corporate actions department of Computershare Investor Services, contactable during ordinary business hours on +27 (0) 86 110 0634);
  - 4.6.3.5 properly completed Forms of Instruction together with the cheque, or banker’s draft or EFT swift reference number (in accordance with paragraph 4.6.3.4 above) must be received from Certificated Shareholders by the Transfer Secretaries at the address referred to in paragraph 4.9.2 by not later than **12:00** on Friday, 11 December 2015. Certificated Shareholders are advised to take into consideration postal delivery times when posting their Form of Instruction, as no postal deliveries will be accepted after **12:00** on Friday, 11 December 2015. Each cheque or banker’s draft will be deposited immediately upon receipt for collection;
  - 4.6.3.6 payment referred to in paragraph 4.6.3.4 will, when the cheque or banker’s draft has been paid and/or the EFT cleared into the Designated Bank Account, constitute an irrevocable acceptance of the Rights Offer upon the terms and conditions set out in this Circular and the accompanying Form of Instruction and may not be withdrawn. Should any cheque or banker’s draft be subsequently dishonoured, Conduit Capital may, in its sole discretion, and without prejudice to any rights that the Company may have, regard the Form of Instruction as null and void or take such steps in regard thereto as they deem fit; and
  - 4.6.3.7 if any Form of Instruction and cheque, banker’s draft or EFT is not received and cleared as set out above, the Rights Offer Entitlement will be deemed to have been declined by the Shareholder to whom the Form of Instruction is addressed and the right to subscribe for the Rights Offer Shares offered to such Shareholder or renounced in favour of his Renounee in terms of such Form of Instruction, will lapse, no matter who then holds it.

**PLEASE NOTE THAT SHOULD YOUR CHEQUE, BANKER’S DRAFT OR EFT SWIFT REFERENCE NUMBER NOT ACCOMPANY THAT FORM OF INSTRUCTION, THE TRANSFER SECRETARIES WILL TREAT YOUR APPLICATION AS INVALID.**

#### **4.7 Excess applications for Rights Offer Shares**

Excess applications will not be permitted.

#### **4.8 Sale or Renunciation of Rights Offer Entitlement**

- 4.8.1 Dematerialised Shareholders must contact their CSDP or broker with regard to the procedure to be followed in respect of the sale or renunciation of their Rights Offer Entitlement.
- 4.8.2 Certificated Shareholders who wish to sell all or part of their Rights Offer Entitlement as reflected in the Form of Instruction, must complete **Form A** of the Form of Instruction and return it to the Transfer Secretaries in accordance with the instructions contained therein, to be received by no later than **12:00** on Friday, 4 December 2015. The Transfer Secretaries will endeavour to procure the sale of the Rights Offer Entitlement on the JSE on behalf of such Certificated Shareholder and will remit the proceeds in accordance with the payment instructions reflected in the Form of Instruction, net of brokerage charges and associated expenses.

Neither the Transfer Secretaries, any broker appointed by them nor Conduit Capital will have any obligation nor will any of these parties be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sales, the price obtained, or any failure to sell such Rights Offer Entitlement. References in this paragraph to Certificated Shareholders include references to the person or persons executing the Form of Instruction and any person or persons on whose behalf such person or persons executing the Form of Instruction is/are acting and in the event of more than one person executing the Form of Instruction, the provisions of this paragraph shall apply to them, jointly and severally.

- 4.8.3 Certificated Shareholders who wish to sell all or part of their Rights Offer Entitlement will be liable for the costs as set out in Form A of the Form of Instruction.
- 4.8.4 Certificated Shareholders who do not wish to sell all or part of their Rights Offer Entitlement as reflected in the Form of Instruction and who do not wish to subscribe for any of the Rights Offer Shares offered in terms of the Form of Instruction, but who wish to renounce their Rights Offer Entitlement, must complete **Form B** of the Form of Instruction and return it to the Transfer Secretaries in accordance with the instructions contained therein to be received by no later than **12:00** on Friday, 11 December 2015.

#### 4.9 Payment

- 4.9.1 Payment of the Rand value of the Subscription Price may be made:
- by cheque (crossed “not transferable” and with the words “or bearer” deleted) payable to **“Conduit Capital Limited – Rights Offer”**;
  - by banker’s draft (drawn on a registered bank) payable to **“Conduit Capital Limited – Rights Offer”**; or
  - by EFT into the Designated Bank Account (details of which is available from the corporate actions department of Computershare Investor Services, contactable during ordinary business hours on +27 (0) 86 110 0634).

- 4.9.2 A cheque, a banker’s draft or EFT swift reference number for the amounts payable in accordance with paragraph 4.9.1 above, together with a properly completed Form of Instruction, must be lodged by Certificated Shareholders with the Transfer Secretaries, as follows:

**Hand deliveries to:**

Conduit Capital Limited  
c/o Computershare Investor Services  
Ground Floor, 70 Marshall Street  
Johannesburg, 2001

**Postal deliveries to:**

Conduit Capital Limited  
c/o Computershare Investor Services  
PO Box 61763  
Marshalltown, 2107

**Faxed to:**

**(only in the case where payment is by way of EFT)**  
Conduit Capital Limited  
c/o Computershare Investor Services Proprietary Limited  
+27 (0)11 688 5210

**Emailed to:**

**(only in the case where payment is by way of EFT)**  
corporate.events@computershare.co.za

so as to reach the Transfer Secretaries by no later than **12:00** on Friday, 11 December 2015.

Computershare Investor Services will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or non-receipt of faxed or emailed Forms of Instruction or owing to Forms of Instruction being forwarded to any other facsimile or email address other than those provided above. Forms of Instruction shall be deemed to be received on the date reflected in Computershare’s electronic or facsimile systems. Notwithstanding anything to the contrary, it is the responsibility of a Shareholder to ensure that his Form of Instruction is received by Computershare Investor Services.

- 4.9.3 Please note that the Transfer Secretaries will effect delivery of share certificates against payment and should a cheque, banker’s draft or EFT swift reference number not accompany the Form of Instruction, the application will be treated as invalid.
- 4.9.4 No acknowledgement of receipt will be given for a cheque, banker’s draft or EFT received in accordance with the Rights Offer.
- 4.9.5 “Blocked Rand” may be used by emigrants and non-residents of the Common Monetary Area for payment in terms of the Rights Offer. In this regard, reference should be made to paragraph 4.10 which deals with Exchange Control Regulations.
- 4.9.6 Dematerialised Shareholders must timeously instruct their CSDP or broker as to the action they must take to enable the CSDP or broker to act on their behalf in terms of the agreement entered into between such Dematerialised Shareholders and the CSDP or broker.



## 4.10 Exchange Control Regulations

The following guideline is not a comprehensive statement of Exchange Control Regulations. If Shareholders or their Renounees are in any doubt as to the action they must take, they are advised to consult their professional advisers immediately.

In terms of the Exchange Control Regulations of South Africa, non-residents of the Common Monetary Area:

*“will be allowed to:*

- take up rights allocated in terms of the offer;*
- purchase letters of allocation on the JSE Limited; and*
- subscribe for new ordinary shares arising from letters of allocation purchased on the JSE Limited; and*
- purchase excess shares which have been applied for in terms of the offer (if applicable)\*,*

*provided that payment is received in foreign currency or in Rand from a Non-Resident Account.*

*All applications by non-residents for the above purposes must be made through an Authorised Dealer in foreign exchange. Shares subsequently re-materialised and issued in certificated form, will be endorsed “Non-Resident”.*

*Where a right in terms of the offer falls due to a former resident of the Common Monetary Area, which right is based on shares controlled in terms of the Exchange Control Regulations, only emigrant’s blocked funds may be used to take up this right. In addition, emigrant’s blocked funds may also be used to:*

- purchase letters of allocation on the JSE Limited; and*
- subscribe for new ordinary shares arising from the letters of allocation purchased on the JSE Limited; and*
- purchase excess shares which have been applied for in terms of the offer (if applicable)\*.*

*Applications by emigrants using emigrant’s blocked funds for the above purposes must be made through the Authorised Dealer in foreign exchange controlling their blocked assets. Any shares issued pursuant to the use of emigrant blocked funds will be credited to their blocked share accounts at the Central Securities Depository Participant controlling their blocked portfolios. The sale proceeds of letters of allocation, if applicable, will be returned to the authorised dealer in foreign exchange for credit to such emigrants’ blocked accounts.”*

*\* The right to apply for Rights Offer Shares in excess of qualifying Shareholders’ entitlements will not apply.*

## 4.11 Restricted jurisdictions

- 4.11.1 Shareholders should note that the Rights Offer does not constitute an offer in any jurisdiction in which it is unlawful to make such an offer and in such circumstances, this Circular and Form of Instruction should not be forwarded or transmitted by you to any person in any territory other than where it is lawful to make such an offer.
- 4.11.2 Shareholders should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the Rights Offer, or trade their entitlement. To the extent that foreign Shareholders are not entitled to participate in the Rights Offer, such foreign Shareholders should not take up their Rights Offer Entitlement or trade in their Rights Offer Entitlement and should allow their rights in terms of the Rights Offer to lapse.
- 4.11.3 Without prejudice to the generality of the foregoing, the Rights Offer Shares have not been and will not be registered with the U.S. Securities and Exchange Commission under the U.S. Securities Act of 1933 or any U.S. state securities laws. Accordingly, the Rights Offer Shares may not be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States or to, or for the account or benefit of, United States persons, except pursuant to exemptions from the U.S. Securities Act. This Circular and the accompanying documents are not being, and must not be, mailed or otherwise distributed or sent in, into or from the United States. This Circular does not constitute an offer of any securities for sale in the United States or to United States persons.

## 4.12 South African law

All transactions arising from the provisions of this Circular and the accompanying Form of Instruction shall be governed by and be subject to the laws of South Africa.

## 4.13 Tax consequences

Shareholders are advised to consult their professional advisers regarding the tax implications of the Rights Offer.

## 4.14 Documents of Title

- 4.14.1 Share certificates to be issued to Certificated Shareholders pursuant to the Rights Offer will be posted to persons entitled thereto by registered post, at the risk of the Shareholders concerned, on or about Monday, 14 December 2015.
- 4.14.2 Certificated Shareholders receiving new Certificated Shares must note 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.



4.14.3 Dematerialised Shareholders will have their accounts updated at their CSDP or broker in respect of the Rights Offer Shares to be issued to them on or about Monday, 14 December 2015.

4.14.4 CSDPs will effect payment on a “delivery versus payment method” in respect of the holders of Dematerialised Conduit Capital Shares.

## 5. JSE LISTINGS

The JSE has granted listings for:

5.1 Nil paid Letters of Allocation in respect of 75 000 000 Rights Offer Shares from the commencement of trade on Monday, 23 November 2015, to the close of trade on Friday, 4 December 2015, both days inclusive; and

5.2 75 000 000 Rights Offer Shares from the commencement of trade on Monday, 7 December 2015.

## 6. INTENDED USE OF FUNDS

The Company will use the net proceeds of the Rights Offer to pursue insurance and investment related opportunities, some of which have already been identified.

## 7. SHARE CAPITAL

### Authorised and issued share capital

The authorised and issued share capital of Conduit Capital before and after the Rights Offer is set out in the table below.

<b>Before the Rights Offer</b>	<b>R'000</b>
<b>Authorised share capital</b>	
500 000 000 ordinary shares of one cent each	
<b>Issued share capital</b>	
256 379 818 ordinary Shares of one cent each	2 564
Share premium	174 140
<b>Total issued share capital</b>	<b>176 704</b>

**Note:** Conduit Capital has 3 221 treasury shares in issue held by Conduit Management Services Proprietary Limited, which will not follow its rights in terms of the Rights Offer.

<b>After the Rights Offer</b>	<b>R'000</b>
<b>Authorised share capital</b>	
500 000 000 ordinary shares of one cent each	
<b>Issued share capital</b>	
331 379 818 ordinary Shares of one cent each	3 314
Share premium	323 390
<b>Total issued share capital</b>	<b>326 704</b>

Following the Rights Offer, Conduit Capital will have 3 221 treasury shares in issue held by Conduit Management Services Proprietary Limited.

## 8. DIRECTORS

### 8.1 Directors' information

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, Constantia Life Limited and Constantia Life and Health Assurance Company Limited), whose details are set out below, will not change as a result of the Rights Offer:

<b>Directors of Conduit Capital</b>	<b>Capacity</b>
Sean Michael Riskowitz	Chief Executive Officer
Lourens Erasmus Louw	Financial Director
Robert Lindsey Shaw	Executive Director
Gavin Toet	Executive Director
Ronald Stuart Napier	Independent Non-executive Director
David James Harpur	Independent Non-executive Director
Jabulani Mahlangu	Independent Non-executive Director
Tyrone Christie Moodley	Non-executive Director
Barry Scott	Independent Non-executive Director
Ntabose Rosetta Xaba	Independent Non-executive Director

<b>Directors of major Subsidiaries</b>	<b>Capacity</b>
Robert Lindsey Shaw	Executive director and Chief Executive Officer
Lourens Erasmus Louw	Executive director
Gavin Toet	Executive director
Stephen Richard Bruyns	Independent Non-executive director
Timothy John Fearnhead	Independent Non-executive director
Jabulani Mahlangu	Independent Non-executive director
Tyrone Christie Moodley	Non-executive director
Dudzile Patricia Mthimunye-Hluyo	Independent Non-executive director

## 8.2 Directors' interests in securities

As at the Last Practicable Date, the following Directors (and their associates as detailed in Notes 1 and 3 below), held, directly or indirectly, approximately 17.39% of the total issued share capital of Conduit Capital as follows:

### 8.2.1 Directors and associates

<b>Director</b>	<b>Beneficial</b>		<b>Total shares</b>	<b>Total %</b>
	<b>Direct</b>	<b>Indirect</b>		
<b>Executive Director</b>				
S M Riskowitz <sup>1</sup>	–	–	–	–
L E Louw	3 800 000	–	3 800 000	1.48
R L Shaw	516 688	–	516 688	0.20
G Toet	1 841 236	–	1 841 236	0.72
<b>Non-executive Director</b>				
R S Napier	–	–	–	–
D J Harpur	–	–	–	–
J Mahlangu	–	–	–	–
T C Moodley <sup>1</sup>	–	–	–	–
B Scott	–	–	–	–
N R Xaba	–	–	–	–
	<b>6 157 924</b>	<b>–</b>	<b>6 157 924</b>	<b>2.40</b>

#### Notes:

- Messrs S M Riskowitz and T C Moodley were appointed to the Board on 31 March 2015 and 19 May 2015, respectively. 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, 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 38 431 333 Conduit Capital Shares.
- Save as set out in paragraph 8.2.2 below, there has been no change in the aforementioned interests of the Directors and their associates between the preceding financial year, being 31 August 2014, and the Last Practicable Date.
- Of the 44 589 257 Shares (which, in applying the Ratio, equates to 13 043 905 rights) held by Directors (and their associates) as at 9 October 2015, being the date of the Rights Offer declaration date announcement, 65.20% (being 8 504 261 rights) in respect thereof, indicated an intention to follow their rights, while 9.33% (being 1 216 406 rights) in respect thereof indicated an intention to sell their rights in terms of the Rights Offer as follows:

<b>Director</b>	<b>Rights to be followed</b>	<b>Rights to be sold</b>
S M Riskowitz's associates	7 919 261	–
L E Louw	325 000	786 632
R L Shaw	50 000	101 149
G Toet	210 000	328 625
<b>Total</b>	<b>8 504 261</b>	<b>1 216 406</b>

## 8.2.2 Former Directors

As at 31 August 2014, being the date of the preceding financial year, the following Directors who resigned during the last 18 months prior to the Last Practicable Date ("Former Directors") (and their associates), held, directly or indirectly, approximately 11.87% of the total issued share capital of Conduit Capital as follows:

Director	Beneficial		Total shares	Total %
	Direct	Indirect		
R S Berkowitz <sup>1</sup>	350 000	–	350 000	0.14
S M Campbell <sup>1</sup>	48 000	2 523 000	2 571 000	1.00
J D Druian <sup>2</sup>	24 934 041	2 587 734	27 521 775	10.73
	<b>25 332 041</b>	<b>5 110 734</b>	<b>30 442 775</b>	<b>11.87</b>

### Notes:

1. Messrs R S Berkowitz and S M Campbell resigned on 31 March 2015.
2. Mr J D Druian resigned on 23 March 2015.
3. On 24 March 2015, Midbrook, Protea Asset Management and Riskowitz Capital Management acquired 2 559 990 Shares from Former Director, Mr J D Druian, thereby increasing their shareholding from 13.99% to 14.99%.
4. As far as Conduit Capital is aware, as at the Last Practicable Date, Messrs R S Berkowitz, S M Campbell and J D Druian (and their associates) held Nil, 34 400 and 77 392 Conduit Capital Shares, respectively.

## 8.3 Directors' remuneration

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

## 8.4 Directors' service contracts

Each of the Executive Directors has concluded service contracts with terms and conditions that are standard for such appointments, which service contracts are available for inspection as set out in paragraph 12 below.

## 8.5 Directors' interest in share options

The Directors have no interests in share options.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given in paragraph 8.1 above, collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and certify that, to the best of their knowledge and belief that 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 this Circular contains all information required by law and the Listings Requirements.

## 10. EXPERTS' CONSENTS

The Corporate Adviser and Sponsor, Legal Advisers and the Transfer Secretaries have consented in writing to act in the capacities stated and to their names being stated in this Circular and have not withdrawn their consents prior to publication of this Circular.

## 11. COSTS

The total estimated costs of the Rights Offer, which amount to approximately R3.2 million excluding VAT, are detailed in the table below:

Nature of cost	Paid/Payable to	Estimated amount (R)
Sponsor and Corporate Adviser fees	Merchantec Capital	600 000
Legal fees	Cliffe Dekker Hofmeyr	120 000
Fee pertaining to the commitments provided in terms of the Underwriting Agreement	Ithuba Investments	2 250 000
JSE documentation fee	JSE	24 344
JSE listing fee	JSE	110 390
Transfer Secretaries, Strate and Exchange Control fees	Computershare Investor Services Services, Strate and FirstRand Bank	50 000
Printing, publication and distribution	Tascom and Castle Graphics	45 000
<b>Total</b>		<b>3 199 734</b>

## 12. 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 this Circular, during normal business hours from Tuesday, 24 November 2015 up to and including Friday, 11 December 2015:

- the Memorandum of Incorporation of the Conduit Capital and its Subsidiaries;
- copies of the audited annual financial results of Conduit Capital for the three financial years ended 30 June 2015, 31 August 2014 and 31 August 2013;
- a copy of the underwriting agreement dated 27 October 2015, and subsequent addendum thereto dated 16 November 2015;
- copies of the written consent letters referred to in paragraph 10 above;
- this Circular and the Form of Instruction;
- powers of attorney signed by the Directors; and
- copies of the Executive Directors' service contracts referred to in paragraph 8.4 above.

**SIGNED BY L E LOUW AND G TOET, 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**

**L E LOUW**

*Financial Director*

**G TOET**

*Executive Director*

24 November 2015

Johannesburg

## TABLE OF ENTITLEMENT

The following table sets out the number of Rights Offer Shares to which a Shareholder is entitled.

<b>Number of Conduit Capital Shares held</b>	<b>Entitlement</b>	<b>Number of Conduit Capital Shares held</b>	<b>Entitlement</b>	<b>Number of Conduit Capital Shares held</b>	<b>Entitlement</b>
1	0	6 000	1 755	11 000 000	3 217 882
2	1	7 000	2 048	12 000 000	3 510 416
3	1	8 000	2 340	13 000 000	3 802 951
4	1	9 000	2 633	14 000 000	4 095 486
5	1	10 000	2 925	15 000 000	4 388 021
6	2	20 000	5 851	16 000 000	4 680 555
7	2	30 000	8 776	17 000 000	4 973 090
8	2	40 000	11 701	18 000 000	5 265 625
9	3	50 000	14 627	19 000 000	5 558 159
10	3	60 000	17 552	20 000 000	5 850 694
20	6	70 000	20 477	21 000 000	6 143 229
30	9	80 000	23 403	22 000 000	6 435 763
40	12	90 000	26 328	23 000 000	6 728 298
50	15	100 000	29 253	24 000 000	7 020 833
60	18	200 000	58 507	25 000 000	7 313 368
70	20	300 000	87 760	26 000 000	7 605 902
80	23	400 000	117 014	27 000 000	7 898 437
90	26	500 000	146 267	28 000 000	8 190 972
100	29	600 000	175 521	29 000 000	8 483 506
200	59	700 000	204 774	30 000 000	8 776 041
300	88	800 000	234 028	31 000 000	9 068 576
400	117	900 000	263 281	32 000 000	9 361 110
500	146	1 000 000	292 535	33 000 000	9 653 645
600	176	2 000 000	585 069	34 000 000	9 946 180
700	205	3 000 000	877 604	35 000 000	10 238 715
800	234	4 000 000	1 170 139	36 000 000	10 531 249
900	263	5 000 000	1 462 674	37 000 000	10 823 784
1 000	293	6 000 000	1 755 208	38 000 000	11 116 319
2 000	585	7 000 000	2 047 743	39 000 000	11 408 853
3 000	878	8 000 000	2 340 278	40 000 000	11 701 388
4 000	1 170	9 000 000	2 632 812	50 000 000	14 626 735
5 000	1 463	10 000 000	2 925 347	60 000 000	17 552 082

## SHARE TRADING HISTORY OF CONDUIT CAPITAL

The highest, lowest and closing price of shares of Conduit Capital on the JSE for each month commencing from 1 October 2014 to 30 September 2015 and aggregated monthly volume is as follows:

<b>Month ended</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume</b>
31 October 2014	170	133	164	7 946 361
30 November 2014	165	145	157	1 173 565
31 December 2014	160	150	155	2 323 581
31 January 2015	155	146	148	1 823 883
28 February 2015	175	147	165	21 555 576
31 March 2015	230	165	225	57 263 514
30 April 2015	250	210	250	3 595 677
31 May 2015	280	235	245	4 434 061
30 June 2015	269	200	220	4 934 180
31 July 2015	265	215	235	4 395 761
31 August 2015	265	230	240	5 036 439
30 September 2015	390	250	307	4 777 143

The highest, lowest and closing price of shares of Conduit Capital on the JSE, for the last 30 trading days, for each day commencing from 28 September 2015 to 6 November 2015 (being the Last Practicable Date prior to the finalisation of this Circular) and the daily volume are as follows:

<b>Month ended</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume</b>
28 September 2015	390	345	385	187 434
29 September 2015	372	308	320	128 089
30 September 2015	313	290	307	93 812
1 October 2015	307	300	307	41 082
2 October 2015	310	300	300	25 592
5 October 2015	310	300	302	65 518
6 October 2015	315	300	315	28 347
7 October 2015	320	310	310	88 167
8 October 2015	320	320	320	33 989
9 October 2015	330	320	320	42 726
12 October 2015	342	315	342	90 648
13 October 2015	350	342	350	34 783
14 October 2015	365	345	365	45 860
15 October 2015	369	360	366	17 405
16 October 2015	369	350	350	29 262
19 October 2015	363	350	350	39 768
20 October 2015	361	345	345	44 673
21 October 2015	351	345	350	1 136 700
22 October 2015	360	345	350	14 012
23 October 2015	361	360	361	3 625
26 October 2015	368	361	362	18 677
27 October 2015	365	360	365	12 475
28 October 2015	365	355	365	19 960
29 October 2015	365	350	355	6 950
30 October 2015	365	345	350	13 964
2 November 2015	350	321	323	84 613
3 November 2015	340	321	340	155 460
4 November 2015	350	326	350	30 800
5 November 2015	342	333	340	44 550
6 November 2015	334	330	330	44 000

Source: JSE

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## INFORMATION ON THE UNDERWRITER

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The Rights Offer is underwritten by Ithuba Investments. Details pertaining to the Underwriter as required by the Listings Requirements are set out below:

### 1. NATURE OF BUSINESS

Ithuba Investments 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.

### 2. DIRECTORS

Not applicable.

### 3. COMPANY SECRETARY

Not applicable.

### 4. DATE AND PLACE OF INCORPORATION

8 June 2015, Delaware, the United States

### 5. REGISTRATION NUMBER

Not applicable.

### 6. REGISTERED OFFICE

3 Columbus Circle, 15th Floor  
New York, NY 10019  
United States

### 7. AUDITORS

Patke & Associates, Ltd.  
300 Village Green Drive, Suite 210  
Lincolnshire  
Illinois, 60069  
United States

### 8. BANKERS

Deutsche Bank Securities, Inc.  
345 Park Avenue – 14th Floor  
New York, NY 10154  
United States

### 9. AUTHORISED SHARE CAPITAL

Not applicable.

### 10. ISSUED SHARE CAPITAL

Not applicable.