

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action to take, please immediately consult your broker, Central Securities Depository Participant ("CSDP"), banker, attorney, accountant, tax or other professional advisor.

Action required

1. **No action is required if you want to receive the cash dividend.**
 2. If, instead of the cash dividend, you wish to elect to receive a **capitalisation issue share award** and you are holding certificated Finbond Group Limited ("Finbond") shares, you must complete the accompanying **Form of Election** in respect of all or part of your shareholding in accordance with the instructions contained in the Form of Election and lodge it with, or post it to, the transfer secretaries or fax it to +27 11 459 1872 so as to be received by them by no later than **12:00 on Friday, 2 August 2019**. Forms of Election received after this date and time will not be accepted. You are not required to pay for the shares to which you are entitled in terms of this capitalisation issue share award.
 3. Finbond shareholders who have already **dematerialised** their shares through a CSDP or broker and wish to receive a **capitalisation issue share award** *in lieu* of the cash dividend must **instruct their CSDP or broker** accordingly. This should be done in terms of the agreement in existence between the dematerialised shareholder and the CSDP or broker.
 4. If you have disposed of all your shares in Finbond on or before Thursday, 18 July 2019, but those shares are included in the number shown in Block (2) on the accompanying Form of Election, you should consult your broker or other professional advisor immediately for advice on how to deal with the Form of Election.
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FINBOND GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 2001/015761/06)
Share code: FGL ISIN: ZAE000138095
("Finbond" or "the Company" or "the Group")

CIRCULAR TO FINBOND SHAREHOLDERS

regarding:

the declaration of a cash dividend of 1.55 cents per share, and the election to receive capitalisation issue shares of 0.42922 ordinary shares for every 100 ordinary shares held, *in lieu* of the cash dividend, to be paid or issued to shareholders recorded in the register of the Company at the close of business on Friday, 2 August 2019. If no action is taken by shareholders, they will receive the cash dividend.

IF YOU DO NOT COMPLETE AND SUBMIT THE ATTACHED FORM OF ELECTION, YOU WILL RECEIVE THE CASH DIVIDEND

Sponsor

Grindrod Bank



Date of issue: 10 July 2019

This Circular is available in English only. Copies of this Circular may be obtained from the registered offices of Finbond from Wednesday, 10 July 2019 until Friday, 2 August 2019. The circular will also be available in electronic form on the Company's website www.finbondlimited.com

CORPORATE INFORMATION AND ADVISORS

Directors

Dr van Aardt (*Chief Executive Officer*)
G Labuschagne (*Chief Financial Officer*)
C van Heerden (*Chief Operating Officer*)
Dr M Motlatla^{#*} (*Chairperson*)
H Kotze[#]
D Brits^{#*}
R Xaba^{#*}
Adv N Melville^{#*}
I Wilken-Jonker[#]
Mr P Naude^{#*}

[#] *Non-executive*

^{*} *Independent*

Sponsor

Grindrod Bank Limited
(Registration number 1994/007994/06)
4th Floor, Grindrod Tower
8A Protea Place
Sandton
2194
(P O Box 78011, Sandton, 2146)

Transfer Secretaries

Link Market Services South Africa (Proprietary)
Limited
(Registration number 2000/007239/07)
13th floor
19 Ameshoff Street
Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)

Company Secretary, Registration Number and Registered Office

Mr B Bredenkamp (*B.Com (Accounting), LLB, MBA*)
(Registration number 2001/015761/06)
Rigel Park
446 Rigel Ave South
Erasmusrand
Pretoria, 0181
(PO Box 2127, Brooklyn Square, 0075)

Website: www.finbondlimited.co.za

Date of incorporation: 2 July 2001

Place of Incorporation: Pretoria, South Africa

IMPORTANT DATES AND TIMES

2019

Record date in order to receive the election circular	Friday, 5 July
Declaration and Finalisation announcement for cash dividend and capitalisation issue share award on SENS	Tuesday, 9 July
Circular and form of election posted to shareholders	Wednesday, 10 July
Last day to trade in order to be eligible for cash dividend/capitalisation issue share award	Tuesday, 30 July
Shares trade ex-entitlement	Wednesday, 31 July
Provisional listing of maximum number of shares for the capitalisation issue share award at commencement of trade on the JSE Limited	Wednesday, 31 July
SENS announcement in respect of the cash payment applicable to fractional entitlements, based on the volume weighted average price on Wednesday, 31 July 2019, discounted by 10%, by no later than 11:00	Thursday, 1 August
Last day to elect to receive capitalisation issue share award, forms of election to reach the Transfer Secretaries by 12:00	Friday, 2 August
Record date	Friday, 2 August
Share certificates posted and Cash Dividend payments made, CSDP/broker accounts updated/credited, as applicable on	Monday, 5 August
Announcement of the results of the cash dividend/capitalisation issue share award on SENS	Monday, 5 August
Announcement of the results of the cash dividend/ capitalisation issue share award in the press	Tuesday, 6 August
Adjustment of number of new shares listed on or about	Wednesday, 7 August

Notes:

1. No shares will be dematerialised or rematerialised between Wednesday 31 July 2019 and Friday, 2 August 2019 (both days inclusive). All times quoted in this circular are South African times.
2. Finbond shareholders who have already dematerialised their shares through a CSDP or broker must not complete the Form of Election but should instruct their CSDP or broker as to their capitalisation issue share award election. Dematerialised shareholders are required to notify their duly appointed CSDP or broker of their capitalisation issue share award election in the manner and time stipulated in the agreement governing the relationship between the shareholder and his/her/its CSDP or broker.



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CIRCULAR TO FINBOND SHAREHOLDERS

1. INTRODUCTION

In the announcement regarding the Company's audited results for the year ended 28 February 2019 published on the Securities Exchange News Service ("SENS") on 31 May 2019 and in the press on 4 June 2019, and the announcement regarding the terms of the capitalisation issue share award published on SENS on 9 July 2019, shareholders were advised that the directors declared a cash dividend from retained earnings of 1.55 cents per share. However, shareholders will be entitled to elect to receive a capitalisation issue share award alternative in the form of the issue of fully paid Finbond shares in the ratio of 0.42922 ordinary shares for every 100 ordinary shares held, to ordinary shareholders recorded in the Finbond register on the record date, being Friday, 2 August 2019.

2. THE ELECTION TO RECEIVE CAPITALISATION ISSUE SHARES *IN LIEU* OF RECEIVING THE CASH DIVIDEND

2.1 Terms of the capitalisation issue share award

- 2.1.1 Subject to the terms contained in this circular and the accompanying Form of Election, ordinary shareholders recorded in the register of Finbond at the close of business on the record date will receive a cash dividend of 1.55 cents per share, provided that such shareholders have not elected to instead receive the capitalisation issue share award in respect of all or part of their shareholdings. The new ordinary shares to be issued pursuant to the elections received under the capitalisation issue share award will be issued at the issue price as described in paragraph 2.1.4 below, as fully paid-up by way of capitalisation of retained earnings and will, upon their issue, rank *pari passu* in all respects with the other Finbond shares then in issue.
- 2.1.2 Based on the 954 012 017 ordinary shares in issue (of 0,0001 cents each) as at 3 July 2019 being the last practicable date before the finalisation of this circular ("last practicable date") excluding the 30 267 314 treasury shares and the cash dividend of 1.55 cents per share, the maximum cash dividend will amount to R14 318 043. This maximum amount is clearly subject to the extent to which elections are made by shareholders to instead receive the capitalisation issue share award.
- 2.1.3 The **ratio of entitlement** of shareholders in respect of the capitalisation issue share award will be **0.42922 capitalisation issue shares for every 100 Finbond shares held** at the record date ("the ratio of entitlement"). Therefore, based on the shares in issue as at the last practicable date, excluding the 30 267 314 treasury shares, of 923 744 703, the maximum number of potential capitalisation issue shares that will be issued by the Company, if all shareholders elect to receive such capitalisation issue shares, is 3 964 899 shares.
- 2.1.4 The ratio of entitlement is based on the volume weighted average traded price per Finbond share on the JSE over the **five trading days up to and including Wednesday, 12 June 2019** of 361.12 cents per share, which will be the issue price per Finbond share ("the issue price").

2.2 Fractions

The settlement and clearing system (Strate) used by the JSE does not permit fractions and fractional entitlements. Accordingly, where a shareholder's entitlement to new ordinary shares calculated in accordance

with the above formula gives rise to a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded down to the nearest whole number resulting in allocations of whole securities and a cash payment to the shareholder for the fraction. This payment at the volume weighted average price of an ordinary Finbond share traded on the JSE on Tuesday, 30 July 2019, discounted by 10%, will be announced on SENS on Thursday, 1 August 2019.

2.3 Section 46 and 47 of the Companies Act, No 71 of 2008

A resolution of the board of directors has been passed authorising the distribution and confirming that the company has passed the solvency and liquidity test and that, since the test was done, there have been no material changes to the financial position of the Group.

2.4 Nominee companies

Arrangements have been made with the transfer secretaries to treat applications from nominee companies as separate applications on the submission of a breakdown of the beneficial owners of shares registered in the name of the nominee companies.

2.5 Tax implications

The cash dividend will be paid out of retained earnings and subject to South African Dividends Withholding Tax ("Dividends Tax") at a rate of 20%, resulting in a net cash dividend of 1.24 cents per share, unless the relevant shareholder is exempt from Dividends Tax or is entitled to a reduced rate in terms of the applicable double tax agreement.

The capitalisation issue share award is not subject to Dividends Tax. However, there are possible tax implications, for both resident as well as non-resident shareholders, of electing to receive shares under the capitalisation issue share award and shareholders are advised to obtain their own professional advice in this regard.

The company's income tax reference number is 9194313145. At the last practicable date the company had 954 012 017 ordinary shares in issue, of which 30 267 314 are held as treasury shares by Finbond Property Finance.

3. PROCEDURE FOR SHAREHOLDERS WHO ELECT TO RECEIVE THE CAPITALISATION ISSUE SHARE AWARD

- 3.1 Shareholders, who are holding certificated Finbond shares and wish to elect to receive the capitalisation issue share award, must complete the attached Form of Election in accordance with the instructions contained therein and lodge it with, or post it to Link Market Services South Africa (Proprietary) Limited, 13th floor, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) or fax it to +27 86 674 4381 so as to be received by them by no later than 12:00 on Friday, 2 August 2019.
- 3.2 Shareholders who have already dematerialised their Finbond shares through a CSDP or broker **must not** complete the Form of Election attached but should instruct their CSDP or broker as to their election in the manner and time stipulated by the CSDP or broker.
- 3.3 Shareholders may make the election in respect of all or any of their shares held on the record date. If an election is made in respect of part of a shareholding, shareholders will receive the cash dividend in respect of the ordinary shares for which the election to receive the capitalisation issue share award is not made, subject to any fractions arising which will be dealt with as set out in paragraph 2.2 above.

4. POSTING OF SHARE CERTIFICATES, DISTRIBUTION CHEQUES AND UPDATING/CREDITING OF CSDP OR BROKER ACCOUNTS

- 4.1 Share certificates, where applicable, in respect of the capitalisation issue share award and dividend cheques will be posted to certificated shareholders by registered post and ordinary mail, respectively, at the risk of such shareholders, on or about Monday, 5 August 2019 to their registered addresses or in accordance with instructions given to the transfer secretaries.
- 4.2 Dematerialised shareholders' CSDP/broker accounts will be credited/updated, according to the election made, on Monday, 5 August 2019.

5. LISTING OF NEW FINBOND SHARES

Application has been made to the JSE for the maximum possible number of capitalisation issue shares to be issued in terms of the capitalisation issue share award to be listed with effect from the commencement of business on Wednesday, 31 July 2019. An adjustment of the capitalisation issue shares listed will be made on or about Wednesday, 7 August 2019, in accordance with the actual elections made. The maximum amount to be capitalised from income reserves of Finbond in order to be able to issue the capitalisation issue shares as fully paid up will be R14 318 042.

6. EXCHANGE CONTROL

The following summary is intended as a guide only and is therefore not comprehensive. If you are in any doubt in regard hereto, please consult your CSDP, broker, attorney, accountant, banker or other professional adviser immediately.

Please note that shareholders may not elect, directly or indirectly, to receive the capitalisation issue share award if they are subject to regulations of overseas jurisdictions which do not permit them to receive the capitalisation issue share award unless certain exemptions from requirements of those jurisdictions are applicable. Restrictions must be applied at beneficial owner level, therefore, should an instruction be received to elect the capitalisation issue share award, it will be deemed that the beneficial owner is entitled to participate in such award.

In terms of the Exchange Control Regulations of the Republic of South Africa:

6.1 In the case of certificated shareholders:

- any share certificate that might be issued to non-resident shareholders will be endorsed “non-resident”;
- any new share certificates and cash dividend payments based on emigrants’ shares controlled in terms of the Exchange Control Regulations will be forwarded to the authorised dealer in foreign exchange controlling their blocked assets. The election by emigrants for the above purpose must be made through the authorised dealer in foreign exchange controlling their blocked assets. Such new share certificates will be endorsed “non-resident”; and
- cash dividend payments due to non-residents are freely transferable from South Africa. In respect of all non-residents of the common monetary area (collectively the Republic of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland), the cash dividend payments due will be sent to the registered address of the shareholder concerned or in accordance with instructions given to the Transfer Secretaries.

6.2 In the case of dematerialised shareholders:

- any shares issued to emigrants from the common monetary area and all other non-residents of the common monetary area, will be credited to their CSDP or Broker’s account and a “nonresident” annotation will appear in the CSDP or Broker’s register;
- any cash dividend paid to emigrants from the common monetary area, will be credited to their CSDP or Broker’s accounts which will arrange for the same to be credited directly to the shareholder’s blocked Rand account held by that shareholder’s authorised dealer and held to the order of that authorised dealer; and
- any cash dividend paid to non-resident shareholders who are not emigrants from the common monetary area, will be credited directly to the bank account nominated for the relevant shareholders, by their duly appointed CSDP or Broker. Non-resident and emigrant dematerialised shareholders will have all aspects relating to exchange control managed by their CSDP or Broker.

By order of the Board

FINBOND GROUP LIMITED
Dr W van Aardt
Chief Executive Officer

Pretoria
10 July 2019

TABLE OF ENTITLEMENT

The following table sets out the number of new Finbond shares to which shareholders will be entitled, should the shareholders elect to receive the capitalisation issue share award. Shareholders shall be entitled to receive 0.42922 capitalisation issue shares for every 100 Finbond shares held, as illustrated below:

<i>Number of Shares held</i>	<i>Number of shares entitled to</i>	<i>Number of Finbond Shares held</i>	<i>Number of shares entitled to</i>
1	0,00429	1,000,000	4 292,20000
10	0,04292	2,000,000	8 584,40000
100	0,42922	3,000,000	12 876,60000
500	2,14610	4,000,000	17 168,80000
1,000	4,29220	5,000,000	21 461,00000
5,000	21,46100	6,000,000	25 753,20000
10,000	42,92200	7,000,000	30 045,40000
15,000	64,38300	8,000,000	34 337,60000
20,000	85,84400	9,000,000	38 629,80000
25,000	107,30500	10,000,000	42 922,00000
30,000	128,76600	20,000,000	85 844,00000
35,000	150,22700	30,000,000	128 766,00000
40,000	171,68800	40,000,000	171 688,00000
45,000	193,14900	50,000,000	214 610,00000
50,000	214,61000	60,000,000	257 532,00000
55,000	236,07100	70,000,000	300 454,00000
60,000	257,53200	80,000,000	343 376,00000
65,000	278,99300	90,000,000	386 298,00000
70,000	300,45400	100,000,000	429 220,00000
75,000	321,91500		
80,000	343,37600		
85,000	364,83700		
90,000	386,29800		
95,000	407,75900		
100,000	429,22000		
200,000	858,44000		
300,000	1 287,66000		
400,000	1 716,88000		
500,000	2 146,10000		
600,000	2 575,32000		
700,000	3 004,54000		
800,000	3 433,76000		
900,000	3 862,98000		

IMPORTANT: If you are in doubt as to how to deal with this Form of Election, you should consult your CSDP, Broker, banker, legal adviser, accountant, banker or other professional adviser immediately.

This Form of Election requires your immediate attention, however is only for use if you hold Finbond Group Limited ("Finbond") shares in certificated form.

Finbond shareholders who have already dematerialised their shares through a CSDP or broker must not complete this Form of Election but should instruct their CSDP or broker as to their capitalisation issue share award election in the manner and time stipulated in the agreement governing their relationship.

If you have disposed of all your shares in Finbond on or before Tuesday, 30 July 2019, this Form of Election should be handed to the purchaser of such shares or the broker or agent through whom you have disposed of such shares.



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Election offered to Finbond shareholders recorded in the register at the close of business on Friday, 2 August 2019 to receive, instead of a cash dividend of 1.55 cents per share, a capitalisation issue share award of 0.42922 shares for every 100 shares held on the record date, payable or issued as the case may be on Monday, 5 August 2019.

IF YOU HOLD YOUR FINBOND SHARES IN CERTIFICATED FORM AND YOU WISH TO RECEIVE A CAPITALISATION ISSUE SHARE AWARD FOR ALL OR PART OF YOUR SHAREHOLDING YOU MUST COMPLETE THIS FORM OF ELECTION AND RETURN IT TO LINK MARKET SERVICES (PROPRIETARY) LIMITED. IF YOU WISH TO RECEIVE THE CASH DIVIDEND YOU NEED NOT COMPLETE AND RETURN THIS FORM OF ELECTION AND NO FURTHER ACTION IS REQUIRED

FORM OF ELECTION

NO LATE POSTAL DELIVERIES WILL BE ACCEPTED

To: The Transfer Secretaries
Link Market Services South Africa (Proprietary) Limited
(Registration number 2000/007239/07)
13th floor
19 Ameshoff Street
Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)

I/We

Regarding the election of a capitalisation issue share award instead of the cash dividend

- hereby irrevocably, and on the terms and conditions contained in the Form of Election and in the circular, elect to accept the capitalisation issue share award of 0.42922 shares for every 100 shares held, in respect of the number of ordinary shares reflected in Block (3) overleaf and on the terms and conditions contained in this Form of Election and in the accompanying circular; instead of the capitalization issue share award;
- Acknowledge that the Form of Election is applicable only in respect of the Finbond Shares of which I/we was/were the registered holder(s) at the close of business on the record date, being Friday 2 August 2019; and
- Acknowledge that I/we am/are not entitled to a cash dividend of 9.91 cents per share, in respect of the number of ordinary shares reflected in Block (3) overleaf, held or deemed to be held, by me/us at the close of business on the record date being Friday, 2 August 2019 in respect of which I/we have elected to accept the capitalization issue share award alternative.

Date

Signature

Assisted by me (where applicable)

Telephone number including area
code and international code if outside
South Africa
Email address:

(Home)

(Work)

Cellphone number

The Transfer Secretaries
Link Market Services South Africa (Proprietary) Limited

(Registration number 2000/007239/07) 13th floor 19 Ameshoff Street Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000)	Serial number <div style="border: 1px solid black; height: 30px; width: 100%;"></div>
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<u>Name and address of Finbond Shareholder</u>

Account number	Number of Finbond Shares deemed to be held at the close of business on Friday, 2 August 2019	Maximum cash dividend to which you are entitled
	(2)	

Number of Finbond shares for which the capitalisation issue share award is elected – the remaining cash dividend payment will be calculated by the transfer secretaries.	
The maximum number of shares for which the capitalisation issue share award can be made is reflected in Block (2) above	
(3)	
Date of signature	Signature

Instructions on how to complete the Form of Election:

1. For the terms and conditions of this election, refer to the accompanying circular.
2. If you elect to receive a capitalisation issue share award in respect of all or part of your shareholding, you should complete Block (3) above in accordance with the instructions herein and lodge this Form of Election with Link Market Services South Africa (Proprietary) Limited, 13th floor, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) or fax it to +27 86 674 4381 so as to be received by them by no later than 12:00 on Friday, 2 August 2019.

The non-receipt of Forms of Election by 12:00 on Friday, 2 August 2019 will be construed by Finbond as indicating that such shareholders do not wish to receive a capitalisation issue share award *in lieu* of the cash dividend.

NOTES:

1. The election may be made in respect of all or any of the Finbond certificated ordinary shares registered in the name of the shareholder at the close of business on Friday, 2 August 2019.
2. Any person who is required to sign this Form of Election and who is under legal disability shall be assisted by such person's husband, wife, guardian or legal representatives, as the case may be who shall also sign this Form of Election.
3. In order to be valid, this Form of Election must be properly completed and lodged with or posted to the transfer secretaries of Finbond at the appropriate address indicated above or fax it to +27 86 674 4381 so as to reach them by no later than 12:00 on Friday, 2 August 2019. Late deliveries of this Form of Election will not be accepted.
4. Finbond reserves the right in its discretion to:
 - treat as invalid (in which case the cash dividend will be paid) any Form of Election not complying with the terms of the capitalisation issue share award election or any instruction contained herein;
 - require proof of the authority of the person signing this Form of Election where such proof has not yet been lodged with or recorded by Link Market Services (Proprietary) Limited
5. Fractional entitlements to capitalisation issue shares will not be allocated, but will be dealt with as explained in paragraph 2.2 of the circular.