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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**6 NOVEMBER 2017**

**RECOMMENDED CASH OFFER**

**for**

**Aldermore Group PLC ("Aldermore")**

**by**

**FirstRand International Limited, a wholly-owned subsidiary of FirstRand Limited  
("FirstRand Offeror")**

**to be effected by way of scheme of arrangement  
under Part 26 of the Companies Act 2006**

#### **Summary**

- Further to the announcements by FirstRand Ltd and Aldermore on 13 October 2017, the boards of FirstRand Offeror, a wholly-owned subsidiary of FirstRand Ltd, and Aldermore are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by FirstRand Offeror for the entire issued and to be issued ordinary share capital of Aldermore (the "**Offer**"). It is intended that the Offer will be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.
- Under the terms of the Offer, Aldermore Shareholders shall be entitled to receive:  

<b>for each Ordinary Share</b>	<b>313 pence in cash</b>
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- The Offer values the entire issued and to be issued ordinary share capital of Aldermore at approximately £1.1 billion and represents a premium of approximately:
  - 22 per cent. to the Closing Price per Ordinary Share of 256 pence on 12 October 2017 (being the last Business Day prior to the commencement of the Offer Period);
  - 38 per cent. to the 3 month volume weighted average Closing Price per Ordinary Share of 227 pence for the 3 month period ended 12 October 2017 (being the last Business Day prior to the commencement of the Offer Period); and
  - 35 per cent. to the 6 month volume weighted average Closing Price per Ordinary Share of 232 pence for the 6 month period ended 12 October 2017 (being the last Business Day prior to the commencement of the Offer Period).
- The Offer also implies a multiple of 1.8 times Aldermore's reported Net Tangible Book Value of £607.1m as at 30 September 2017.

- If any dividend or other distribution or return of capital is proposed, declared, made, paid or becomes payable by Aldermore in respect of the Ordinary Shares on or after the date of this announcement and prior to the Effective Date, FirstRand Offeror will have the right to reduce the value of the consideration payable for each Ordinary Share by up to the amount per Ordinary Share of such dividend, distribution or return of value.
- The consideration payable under the Offer will be funded from the FirstRand Group's existing cash resources.
- FirstRand Offeror is a wholly-owned subsidiary of FirstRand Investment Holdings Limited, which in turn is a wholly-owned subsidiary of FirstRand Ltd. FirstRand Ltd is South Africa's largest financial services institution by market capitalisation (£15.8 billion at 3 November 2017). Founded almost 20 years ago, the FirstRand Group's track record of superior shareholder value creation relative to peers has been achieved through a combination of organic growth, acquisitions and creating completely new businesses on the back of innovation and disruptive strategies. FirstRand believes in empowering its people and fosters a strong entrepreneurial culture.
- The FirstRand Group's strategy is to protect and build value by achieving a more diversified revenue profile from its segments, products and geographies. In the UK the FirstRand Group owns MotoNovo, one of the leading providers of motor finance for second hand vehicles in the country. Currently 96 per cent. of total group earnings is generated in South Africa, the rest of Africa and India, with 4 per cent. generated from MotoNovo.
- Aldermore is a UK based bank providing award-winning asset finance, invoice finance, mortgage and deposit products to Small and Medium-sized Enterprises, homeowners, landlords and savers. Founded in 2009 by funds advised by AnaCap Financial Partners, Aldermore is listed on the Main Market of the London Stock Exchange, is a constituent of the FTSE 250 leading share index and has total assets of £9.6 billion (at 30 September 2017).
- The FirstRand Group recognises that the existing management team of Aldermore has a deep understanding of the business environment within which Aldermore operates. As such, following the Scheme becoming effective, the FirstRand Group's current UK retail and business/SME operations will be integrated into Aldermore to form a separate pillar. Phillip Monks, Aldermore's CEO will lead the new combined UK business.
- Aldermore has separately released its Q3 2017 Interim Management Statement today.

### **Benefits to the FirstRand Group**

- The FirstRand Group recognises that its business in the UK is currently undiversified from a product and market perspective and that the acquisition of Aldermore will accelerate this diversification process using the strength of Aldermore's position in the SME, Mortgage and Savings markets.
- MotoNovo, which has built meaningful market share in financing second hand vehicles and is organically building a more diversified product set, including personal loans and insurance, will be integrated within Aldermore. Its growth will be supported by Aldermore's funding platform which will only be utilised for the UK lending books. This has the added benefit for the FirstRand Group that capacity currently allocated to MotoNovo from the FirstRand Group's domestic balance sheet can be redeployed into its South African and rest of Africa growth strategies.

- The FirstRand Group will work closely with Aldermore's management team to identify growth opportunities that Aldermore can explore under the FirstRand Group's ownership. The FirstRand Group already sees the potential to broaden the business model of the combined platform. The FirstRand Group also believes further UK growth can be unlocked through (a) cross-selling the current product offerings across the MotoNovo and Aldermore customer bases and (b) in the longer term, developing further financial services offerings.
- Aldermore and MotoNovo are both highly profitable businesses delivering returns above FirstRand Group hurdles and FirstRand believes it can unlock further value from the combined platform in the short to medium term through applying its proven practices in financial resource management.

### **Recommendation**

- The Aldermore Directors, who have been so advised by J.P. Morgan Cazenove, RBC Capital Markets and Lazard & Co., Limited as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing advice to the Aldermore Directors, J.P. Morgan Cazenove, RBC Capital Markets and Lazard & Co., Limited have taken into account the commercial assessments of the Aldermore Directors. In addition, the Aldermore Directors consider the terms of the Offer to be in the best interests of the Aldermore Shareholders as a whole.
- Accordingly, the Aldermore Directors intend to recommend unanimously that Aldermore Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting as all Aldermore Directors holding Ordinary Shares have irrevocably undertaken to do so in respect of their own Ordinary Shares, being a total of 3,860,132 Ordinary Shares (representing, in aggregate, approximately 1.1 per cent. of the ordinary share capital of Aldermore in issue on 3 November 2017 (being the latest practicable date prior to this announcement)).

### **Irrevocable Undertakings**

- FirstRand Offeror has also received irrevocable undertakings from funds advised by AnaCap Financial Partners to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting in respect of 86,685,988 Ordinary Shares (representing, in aggregate, approximately 25.1 per cent. of the ordinary share capital of Aldermore in issue on 3 November 2017 (being the latest practicable date prior to this announcement)).
- FirstRand Offeror has therefore received irrevocable undertakings in respect of 90,546,120 Ordinary Shares (representing, in aggregate, approximately 26.3 per cent. of the ordinary share capital of Aldermore in issue on 3 November 2017 (being the latest practicable date prior to this announcement)).
- Further details of these irrevocable undertakings are set out in Appendix III to this announcement.

### **Offer Conditions and structure of the Offer**

- The Offer will be conditional, among other things, on: (i) approval by the requisite majorities of Aldermore Shareholders at the Court Meeting and the General Meeting; (ii) the requisite regulatory approvals from the Prudential Regulation Authority, the Financial

Conduct Authority and the South African Registrar of Banks being obtained; and (iii) a Trigger Event not having occurred in relation to the AT1 Securities.

- The Offer will be put to Aldermore Shareholders at the Court Meeting and at the General Meeting. In order to become effective, the Scheme must be approved by a majority in number of the Aldermore Shareholders voting at the Court Meeting, either in person or by proxy, representing at least 75 per cent. in value of the Ordinary Shares voted. In addition, a special resolution implementing the Scheme must be passed by Aldermore Shareholders representing at least 75 per cent. of votes cast at the General Meeting.
- The Scheme Document, containing further information about the Offer and notices of the Court Meeting and the General Meeting and the Forms of Proxy, shall be published as soon as practicable and, in any event, within 28 days of the date of this announcement, unless FirstRand Offeror and Aldermore otherwise agree, and the Panel consents, to a later date.

### Advisers

- Credit Suisse and Rand Merchant Bank are acting as financial advisers to FirstRand Offeror and FirstRand Ltd in respect of the Offer. DLA Piper is acting as legal adviser to FirstRand Offeror and FirstRand Ltd.
- J.P. Morgan Cazenove and RBC Capital Markets are providing financial advice and corporate broking services and are acting as Lead Financial Advisers to Aldermore in relation to the Offer. Lazard & Co., Limited is acting as Financial Adviser to Aldermore in relation to the Offer. Linklaters LLP is acting as legal adviser to Aldermore.

Commenting on the Offer, Johan Burger, Chief Executive Officer of FirstRand Ltd said:

*“We are very pleased that the Board of Aldermore, one of the UK’s leading specialist lenders, will be recommending our Offer. The transaction is the latest step in our strategy of protecting and building shareholder value by achieving a more diversified revenue profile and we believe it will provide the platform to fulfil our growth objectives in the UK. It will allow the FirstRand Group to allocate more financial resources to our operations in Africa, whilst diversifying earnings in the UK.*

*The team at Aldermore have built a fantastic bank in a short period of time and we look forward to working closely with them to identify further growth opportunities. Aldermore, under the leadership of Phillip Monks, joins our multi-branded portfolio of leading financial services franchises; First National Bank, Rand Merchant Bank, WesBank and Ashburton Investments. FirstRand’s unique operating model and organisational culture empowers the management teams of these franchises to formulate and execute on their respective growth plans within the group’s strategic framework. This approach has resulted in a track record of superior growth and returns.*

*In making this offer FirstRand carefully considered how current and potential macroeconomic future scenarios in the UK could impact the broader business. We are very comfortable that the financial impact of this transaction is supportive of FirstRand’s previous guidance to shareholders on growth, returns, capital position and dividend policy.”*

Commenting on the Offer, Danuta Gray, Interim Chairman of Aldermore, said:

*“Since we were founded in 2009, Aldermore’s success has been built upon offering straightforward products and a superior service to small businesses, landlords, homeowners and savers. Operating*

*as a specialist player in carefully selected markets is an approach that has resonated with customers and delivered strong risk adjusted returns for shareholders.*

*In considering FirstRand's offer the Aldermore Board believes it represents an opportunity for Shareholders to realise an immediate and certain cash value in Aldermore that may otherwise be unlocked over time. Looking ahead we see further strategic opportunities Aldermore can capitalise on with the financial strength and backing the FirstRand Group will provide.”*

Commenting on the Offer, Phillip Monks, Chief Executive Officer of Aldermore, said:

*“We set out to provide a real alternative that would challenge the status quo in banking and it's been a remarkable journey. There are now 1,000 colleagues serving over 230,000 customers and together we have built one of the UK's leading specialist banks, with lending to small businesses and individuals totalling £8.4 billion at the end of the third quarter.*

*The Offer reflects our strong track record of delivery and FirstRand's confidence in Aldermore to continue delivering on its sustainable growth strategy. Through its own portfolio of leading financial services franchises, the FirstRand Group has demonstrated its ability to successfully integrate entrepreneurial businesses and we believe there is a strong strategic and cultural fit for customers, colleagues and wider stakeholders. With the backing of FirstRand Group's considerable resources and wider capabilities, we will be able to accelerate the delivery of our strategy and further expand the products and services we offer customers. Our vision has always been to bring more competition to UK banking, and the support of the FirstRand Group will enable us to continue to do just that.”*

***This summary should be read in conjunction with the full text of this announcement and its appendices. The Offer shall be subject to the Conditions and further terms that are set out in Appendix I to this announcement and to the full terms and conditions which shall be set out in the Scheme Document. Appendix II to this announcement contains the sources of information and bases of calculations of certain information set out in this announcement. Appendix III to this announcement contains further details of the irrevocable undertakings. Appendix IV to this announcement contains definitions of certain terms used in this summary and in this announcement. The appendices form part of this announcement.***

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**IMPORTANT NOTICES**

*Credit Suisse International which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK is acting as financial adviser exclusively for FirstRand Offeror and FirstRand Ltd and no one else in connection with the matters set out in this announcement. In connection with such matters, Credit Suisse International will not regard any other person as their client, nor will they be responsible to anyone other than FirstRand Offeror and FirstRand Ltd for providing the protections afforded to clients of Credit Suisse International or for providing advice in relation to the contents of this announcement or any other matter referred to herein. Neither Credit Suisse International nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or*

*otherwise) to any person who is not a client of Credit Suisse in connection with this announcement, any statement contained herein or otherwise.*

*Rand Merchant Bank, which is authorised by the South African Registrar of Banks, is acting as financial adviser exclusively for FirstRand Offeror and FirstRand Ltd and no one else in connection with the matters set out in this announcement. In connection with such matters, Rand Merchant Bank will not regard any other person as their client, nor will they be responsible to anyone other than FirstRand Offeror and FirstRand Ltd for providing the protections afforded to clients of Rand Merchant Bank or for providing advice in relation to the contents of this announcement or any other matter referred to herein.*

*J.P. Morgan Limited, which conducts its UK investment banking business as J.P. Morgan Cazenove, is authorised and regulated by the Financial Conduct Authority in the United Kingdom. J.P. Morgan Cazenove is acting exclusively as financial adviser to Aldermore and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters set out in this announcement and will not be responsible to anyone other than Aldermore for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, or for providing advice in relation to the contents of this announcement or any other matter referred to herein.*

*RBC Europe Limited (trading as RBC Capital Markets), which is authorised in the United Kingdom by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting solely for Aldermore and no one else in connection with the matters set out or referred to in this announcement and will not regard any other person as its client in relation to the matters in this announcement. RBC Capital Markets will not be responsible to anyone other than Aldermore for providing the protections afforded to clients of RBC Capital Markets, or for providing advice in connection with the matters referred to herein.*

*Lazard & Co., Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser to Aldermore and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Aldermore for providing the protections afforded to clients of Lazard & Co., Limited nor for providing advice in relation to the matters referred to in this announcement. Neither Lazard & Co., Limited nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard & Co., Limited in connection with this announcement, any statement contained herein or otherwise.*

*This announcement is for information purposes only and is not intended to, and does not constitute, or form part of any offer, invitation, inducement or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of or exercise rights in respect of any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise. The Offer will be made solely through the Scheme Document and the accompanying Forms of Proxy (or by any other document by which the Offer is made), which will together contain the full terms and conditions of the Offer, including details of how to vote in favour of or accept the Offer. Any decision in respect of, or other response to, the Offer should be made only on the basis of the information contained in the Scheme Document or any document by which the Offer is made.*

#### *Overseas Shareholders*

*The availability of the Offer to Overseas Shareholders and the distribution of this announcement in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those*

*jurisdictions and therefore persons into whose possession this announcement comes should inform themselves of, and observe, any such restrictions.*

*The Offer relates to shares of a United Kingdom company and is proposed to be effected by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable in the United Kingdom to schemes of arrangement, which differ from the requirements of the US proxy solicitation and tender offer rules or the laws of other jurisdictions outside the United Kingdom.*

*FirstRand Offeror reserves the right to elect, with the consent of the Panel and subject to the terms of the Cooperation Agreement, to implement the Acquisition by way of a Takeover Offer. In such event, the Takeover Offer will be made in compliance with all applicable laws and regulations, including the United States tender offer rules, to the extent applicable. Such takeover would be made in the United States by FirstRand Offeror and no one else. In addition to any such Takeover Offer, FirstRand Offeror, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, Ordinary Shares outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and would comply with applicable law, including the US Exchange Act.*

*Unless otherwise determined by FirstRand Offeror or required by the Takeover Code, and permitted by applicable law and regulation, the Offer shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction. Accordingly, any person (including without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this announcement, the Scheme Document or any accompanying document to any jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action. If any Overseas Shareholder remains in any doubt, it should consult an appropriate independent professional adviser in its relevant jurisdiction without delay. In particular, the ability of persons who are not resident in the United Kingdom to vote their Ordinary Shares at the Court Meeting or the General Meeting or to execute and deliver Forms of Proxy appointing another to vote their Ordinary Shares in respect of the Court Meeting or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located.*

*Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person. This document has been prepared for the purposes of complying with the law of England and Wales and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this document and the accompanying documents had been prepared in accordance with the laws of jurisdictions outside of England and Wales.*

*This announcement is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.*

*The settlement of the Offer consideration will be subject to South African Exchange Control Regulations, 1961. Shareholders who are South African residents or who are otherwise subject to the South African Exchange Control Regulations must satisfy themselves as to the full observance of such regulations. Any Shareholder that is in any doubt about the impact of the South African*



*Exchange Control Regulations he should consult an appropriate professional adviser without delay.*

#### *Purchases*

*In accordance with normal UK practice and subject to the provisions of the Takeover Code, FirstRand Offeror or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase Ordinary Shares, other than pursuant to the Offer, until the date on which the Scheme (or Offer, if applicable) becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK and will be reported to a Regulatory Information Service.*

#### *Forward-Looking Statements*

*This announcement contains statements about the FirstRand Group and Aldermore that are or may be forward-looking statements which are prospective in nature. All statements other than statements of historical facts may be forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "targets", "plans", "believes", "expects", "aims", "intends", "will", "should", "could", "would", "may", "anticipates", "estimates", "synergy", "cost-saving", "projects", "goal" or "strategy" or words or terms of similar substance or the negative thereof. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the FirstRand Group's or Aldermore's operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on the FirstRand Group's or Aldermore's business.*

*These forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this announcement. All subsequent oral or written forward-looking statements attributable to the FirstRand Group or Aldermore or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. The FirstRand Group and Aldermore disclaim any obligation to update any forward-looking or other statements contained in this announcement, except as required by applicable law.*

#### *No Profit Forecasts or Estimates*

*No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for FirstRand Ltd or Aldermore, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for FirstRand Ltd or Aldermore, as appropriate.*

#### *Disclosure Requirements of the Takeover Code*

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of*

*the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified.*

*An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

#### *Information Relating to Aldermore Shareholders*

*Please be aware that addresses, electronic addresses and certain information provided by Aldermore Shareholders, persons with information rights and other relevant persons for the receipt of communications from Aldermore may be provided to FirstRand Offeror during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code.*

#### *Publication on Website(s) and availability of Hard Copies*

*A copy of this announcement will be available free of charge (subject to any applicable restrictions with respect to persons resident in Restricted Jurisdictions) on Aldermore's and FirstRand Ltd's website (<http://www.investors.aldermore.co.uk> and <https://www.firststrand.co.za> respectively) by no later than 12 noon on 7 November 2017.*

*Neither the contents of these websites nor the content of any other website accessible from hyperlinks on such websites is incorporated into, or forms part of, this announcement.*

*You may request a hard copy of this announcement (and any information incorporated by reference in this announcement), free of charge, by contacting Aldermore's Registrars, Equiniti, during business hours on 0371 384 2220 (from within the UK) or on +44 121 415 0140 (if calling from outside the UK) or by submitting a request in writing to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines will be open between 9.00 am to 5.00 pm, Monday to Friday excluding public holidays in England and Wales. If you have received a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement and any such information incorporated by reference in it will not be sent to you unless you have made such a request. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer be in hard copy form.*

### *Rounding*

*Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.*



The Offer also implies a multiple of 1.8 times Aldermore's reported Net Tangible Book Value of £607.1m as at 30 September 2017.

If any dividend or other distribution or return of capital is proposed, declared, made, paid or becomes payable by Aldermore in respect of the Ordinary Shares on or after the date of this announcement and prior to the Effective Date, FirstRand Offeror will have the right to reduce the value of the consideration payable for each Ordinary Share by up to the amount per Ordinary Share of such dividend, distribution or return of value. If any such dividend, distribution or return of value is paid or made after the date of this announcement and FirstRand Offeror exercises its rights described above, any reference in this announcement to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced. Any exercise by FirstRand Offeror of its rights referred to in this paragraph shall be the subject of an announcement and shall not be regarded as constituting any revision or variation of the terms of the Scheme. Any payments made in cash or by way of the delivery of Ordinary Shares on the vesting of awards under the Aldermore Share Plans that are calculated by reference to dividends accrued in respect of those underlying vested Ordinary Shares are not to be construed as a dividend, distribution or return of capital for these purposes.

It is expected that the Scheme Document will be published as soon as practicable and, in any event, on or before 4 December 2017. Further details regarding the Court Meeting and the General Meeting to be held will be included in the Scheme Document.

### **3. Recommendation**

The Aldermore Directors, who have been so advised by J.P. Morgan Cazenove, RBC Capital Markets and Lazard & Co., Limited as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing advice to the Aldermore Directors, J.P. Morgan Cazenove, RBC Capital Markets and Lazard & Co., Limited have taken into account the commercial assessments of the Aldermore Directors. In addition, the Aldermore Directors consider the terms of the Offer to be in the best interests of the Aldermore Shareholders as a whole.

Accordingly, the Aldermore Directors intend to recommend unanimously that Aldermore Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting as all Aldermore Directors holding Ordinary Shares have irrevocably undertaken to do so in respect of their own Ordinary Shares, being a total of 3,860,132 Ordinary Shares, (representing, in aggregate, approximately 1.1 per cent. of the ordinary share capital of Aldermore in issue on 3 November 2017 (being the latest practicable date prior to this announcement)).

### **4. Background to and reasons for the recommendation**

In 2009, Aldermore was founded as a multi-product specialist lender, with a focus on providing straightforward lending and savings products to SMEs, homeowners, landlords and individuals. Since its inception, Aldermore has enjoyed significant growth such that, by 30 September 2017, it had total loans outstanding of £8.4 billion and almost 1,000 employees serving over 230,000 customers.

Following its IPO in March 2015, Aldermore has continuously executed against its key strategic objectives and financial targets demonstrating balanced organic growth within a consistent, robust approach to risk management. This growth, in combination with its efficient operating model, has enabled Aldermore to deliver strong and growing profitability, such that it has achieved a CET1 Ratio above 12 per cent. as at 30 September 2017.

The Aldermore Directors remain highly confident that the ongoing, successful execution of its

strategy will provide long-term growth and create significant value for shareholders. However, from a financial perspective, the Aldermore Directors believe the Offer reflects an attractive valuation for Aldermore.

At 313 pence per Ordinary Share, the Offer for Aldermore represents a premium of 38 per cent. to the 3 month volume weighted average Closing Price per Ordinary Share of 227 pence; equating to a valuation multiple of 1.8 times Aldermore's reported Net Tangible Book Value of £607.1m as at 30 September 2017. It also represents a total return to investors since its IPO of 63 per cent. At this level, the Board of Aldermore believes that the Offer will provide Aldermore shareholders with the opportunity to receive an immediate and certain value in cash that would otherwise be unlocked over time as Aldermore executes its strategy and realises its longer term growth prospects, whilst taking into account the inherent risks, which include an uncertain macro-economic and regulatory environment.

The Aldermore Directors believe that under the FirstRand Group's ownership, Aldermore would be able to accelerate the delivery of its strategy and further enhance its growth profile through product diversification and, in the longer term, access to the FirstRand Group's transactional banking and other capabilities. Aldermore is also aware of the FirstRand Group's track record of successfully integrating entrepreneurial businesses and it therefore believes there is a strong strategic and cultural fit with the FirstRand Group for its customers, colleagues and wider stakeholders.

## **5. Background to and reasons for the Offer**

FirstRand Offeror is a wholly-owned subsidiary of FirstRand Investment Holdings Limited, which in turn is a wholly-owned subsidiary of FirstRand Ltd. FirstRand Ltd is South Africa's largest financial services institution by market capitalisation (£15.8 billion at 3 November 2017). Founded almost 20 years ago, the FirstRand Group's track record of superior shareholder value creation relative to peers has been achieved through a combination of organic growth, acquisitions and creating completely new businesses on the back of innovation and disruptive strategies. FirstRand believes in empowering its people and fosters a strong entrepreneurial culture.

The FirstRand Group's strategy is to protect and build value by achieving a more diversified revenue profile from its segments, products and geographies. In the UK the FirstRand Group owns MotoNovo, one of the leading providers of motor finance for second hand vehicles in the country. Currently 96 per cent. of total group earnings is generated in South Africa, the rest of Africa and India, with 4 per cent. generated from MotoNovo in the UK.

FirstRand recognises that MotoNovo is currently undiversified from a product and market perspective and the acquisition of Aldermore will accelerate this diversification process using the strength of Aldermore's position in the SME, Mortgage and Savings markets. MotoNovo, which has built meaningful market share in financing second hand vehicles and is organically building a more diversified product set, including personal loans and insurance, will be integrated within Aldermore.

The FirstRand Group will work closely with Aldermore's management team to identify growth opportunities that Aldermore can explore under the FirstRand Group's ownership. The FirstRand Group already sees the potential to broaden the business model of the combined platform with a niche transactional offering particularly in the UK SME customer segment. The FirstRand Group has a market leading transactional franchise in South Africa and believes some of the innovation used in creating that franchise can be exported to the UK market in a potentially disruptive way.

The FirstRand Group also believes further UK growth can be unlocked through (a) cross-selling the current product offerings across the MotoNovo and Aldermore customer bases and (b) in the longer term, developing further financial services offerings.

The FirstRand Group has consistently funded MotoNovo through a combination of UK securitisations, warehouse facilities and the FirstRand Group's South African balance sheet. Once integrated into Aldermore, MotoNovo will be supported by Aldermore's funding platform which is only utilised for the UK lending books. All new business will be funded through further scaling Aldermore's deposit and funding platform and MotoNovo's back books which are currently in the FirstRand Group's London branch and which will continue to be funded through existing funding mechanisms, will be run down over time.

This is, in the FirstRand Group's view, a more sustainable funding model for MotoNovo and has the added benefit of freeing up funding and liquidity capacity on its domestic balance sheet, previously utilised for MotoNovo, which can now be deployed into the FirstRand Group's South African and rest of Africa growth strategies.

The FirstRand Group also believes it can add value to the larger Aldermore business through capital and funding strategies to optimise asset mix, profitability and return profile

- Aldermore and MotoNovo are both highly profitable businesses delivering returns above FirstRand Group hurdles and FirstRand believes it can unlock further value from the combined platform in the short to medium term through applying its proven practices in financial resource management. The FirstRand Group defines financial resource management as capital, funding, liquidity and risk capacity and its approach is a recognised key differentiator and a significant contributor to its outperformance relative to peers. The FirstRand Group will introduce the following frameworks to the new combined entity:
  - its risk/return framework and capital management strategy, which has enabled the FirstRand Group to optimise its balance sheet and asset mix. This approach has underpinned the FirstRand Group's structurally higher return on assets;
  - its financial resource pricing methodology, which results in appropriate pricing for the risk characteristics of its lending activities and rewarding deposits appropriately. This methodology has also enhanced the FirstRand Group's return; and
  - its performance management framework, which is anchored to meeting cost of equity hurdles and measures economic profit. This framework, which aligns management to shareholder returns, is a key contributor to the FirstRand Group's structurally higher return on equity.

## **6. Management, employees and locations of business**

The FirstRand Group recognises that the existing board, management team and other employees of Aldermore have a deep understanding of the business environment within which Aldermore operates and have garnered industry-wide respect and recognition. Given this track record, and given the FirstRand Group's philosophy of empowering management teams, the FirstRand Group expects the board, to which FirstRand intends, subject to regulatory approval, to appoint two members, and management of Aldermore will continue to manage Aldermore following the Scheme becoming effective, with strategic input from the FirstRand Group where required.

Following the Scheme becoming effective, the FirstRand Group's current UK retail and

business/SME operations will be integrated into Aldermore to form a separate pillar in the FirstRand Group and will be managed as such, with a suitably independent board, management and governance structures. Phillip Monks, Aldermore's CEO, will lead the new combined UK business.

As part of such integration the FirstRand Group will undertake an assessment as to how to maximise the benefits that the Acquisition will bring and the FirstRand Ltd board is confident that the integration can be achieved without significant disruption to either business. There is no intention to redeploy any of the fixed assets of Aldermore or change the employer contributions into Aldermore's pension schemes or the manner in which new members are admitted to the schemes. FirstRand has no plans in respect of Aldermore's business locations but as part of the integration of the Motonovo and Aldermore businesses will consider the most appropriate location for the headquarters of the combined FirstRand and Aldermore UK business.

Whilst FirstRand does not anticipate redundancies and cost reduction is not a key part of the rationale for the Acquisition, the FirstRand Group will have to consider the impact of integrating the MotoNovo business into Aldermore. This could involve some limited headcount reduction. FirstRand has given assurances to Aldermore that the existing employment and pension rights of the Aldermore employees will be fully safeguarded following completion of the Acquisition.

## **7. Irrevocable undertakings**

In addition to the irrevocable undertakings received from Aldermore Directors referred to in paragraph 3 above, FirstRand Offeror has received irrevocable undertakings from funds advised by AnaCap Financial Partners to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting, in respect of a total of 86,685,988 Ordinary Shares, representing approximately 25.1 per cent. of the ordinary share capital of Aldermore in issue on 3 November 2017 (being the latest practicable date prior to this announcement).

FirstRand Offeror has therefore received irrevocable undertakings in respect of a total of 90,546,120 Ordinary Shares, representing approximately 26.3 per cent. of the ordinary share capital of Aldermore in issue on 3 November 2017 (being the latest practicable date prior to this announcement).

Further details of these irrevocable undertakings are set out in Appendix III to this announcement.

## **8. Information on FirstRand Offeror and the FirstRand Group**

FirstRand Offeror is a wholly-owned subsidiary of FirstRand Investment Holdings Limited, which in turn is a wholly-owned subsidiary of FirstRand Ltd. Listed on the Johannesburg Stock Exchange (JSE) and the Namibian Stock Exchange (NSX), FirstRand Ltd is the largest financial institution in Africa by market capitalisation (£15.8 billion at 3 November 2017). In addition to South Africa, the FirstRand Group operates in the United Kingdom, sub-Saharan Africa and India.

The FirstRand Group's track record of superior returns to shareholders has been achieved through a combination of organic growth, acquisitions, innovation and the creation of completely new businesses. It executes its strategy through a portfolio of separately branded operating franchises comprising First National Bank, Rand Merchant Bank, WesBank and Ashburton Investments which provide transactional, lending, savings, investment and insurance products and services.

In the UK, the FirstRand Group operates a London branch that oversees the FirstRand Group's international financial resource management activities and houses the MotoNovo business. As at 30 June 2017, MotoNovo had a loan book of approximately £3.2 billion and profit before tax of approximately £69m for the year ending on that date. In addition, FNB recently opened a retail



transactional banking branch in Guernsey. This successful venture has already managed to gain 3,383 clients (of which 43 per cent. have current accounts) and had deposits of approximately £215m as at 30 June 2017.

## **9. Information on Aldermore**

Aldermore is listed on the Main Market of the London Stock Exchange and is a constituent of the FTSE 250 leading share index. Aldermore has total assets of £9.6 billion (at 30 September 2017).

Aldermore was founded in 2009 by funds advised by AnaCap Financial Partners to address the institutionalised weaknesses in service and culture among the UK's large banks. Since then it has sought to challenge the status quo, empowering more people across Britain to seek and seize opportunities in their professional and personal lives by providing "banking as it should be".

Aldermore provides award-winning asset finance, invoice finance, mortgage and deposit products to SMEs, homeowners, landlords and savers and its customer-driven strategy has contributed to its successful positioning as one of the UK's leading specialist banks. Aldermore has achieved total lending of £8.4 billion as at 30 September 2017, with almost 1,000 employees serving over 230,000 customers.

## **10. Q3 2017 Interim Management Statement**

Aldermore has also separately released its Q3 2017 Interim Management Statement today. Key highlights include:

- Continued strong customer driven growth, with £2.4 billion of new lending, delivered within a consistent risk appetite, taking net lending to £8.4 billion.
- Continued strong capital generation with CET1 Ratio now above 12 per cent.
- Further progress in Aldermore's stated strategic priorities:
  - Completed investment in AFS, a leading asset and commercial finance introducer.
  - Awarded "Business Finance Champion" and "SME Champion" at the LeasingWorld Awards.
  - Continuing traction in Aldermore's Mortgages retention strategy.
  - Remaining securely managed, with robust credit performance and cost of risk below Aldermore's medium-term expectations of 25 – 35bps.

## **11. Aldermore Share Plans**

Aldermore operates the Aldermore Share Plans to reward and retain its employees. The Aldermore Share Plans provide benefits to Aldermore employees in the form of awards and options over Aldermore Shares. Aldermore and FirstRand value the Aldermore employees and wish to secure their continued involvement in the Aldermore Group. Aldermore and FirstRand have therefore agreed to the following arrangement, subject to such variation as is necessary to comply with applicable laws and regulation in the UK and elsewhere.

### **Treatment of existing awards**

Unvested award and options under the Aldermore Share Plans will generally vest and become exercisable in connection with the Offer.

Awards under the Aldermore Performance Share Plan will vest subject to the satisfaction of the applicable performance conditions (as determined by the Aldermore remuneration committee). In addition, awards under the Aldermore Performance Share Plan and the Aldermore Restricted Share Plan will be reduced on a pro-rated basis to reflect the early vesting ("**time pro-rating**"). The part of the awards which is reduced due to time pro-rating will be rolled into a cash award ("**transition award**"), see below.

Unvested pre-IPO awards granted under the Aldermore Share Performance Share Plan and an outstanding buy-out award will vest in full in accordance with their terms.

Shares granted to participants in the Aldermore Share Incentive Plan will be subject to the Scheme and the proceeds of sale will be released to participants in accordance with the rules of the plan.

Options granted under the Aldermore Sharesave Plan will become exercisable on the date the Court sanctions the Scheme to the extent of the participants' savings at the time of exercise and will lapse six months after becoming exercisable. Participants will receive a cash amount, on a grossed-up basis, to compensate them for the loss of value as a result of exercising their 2015 and 2016 Sharesave options prior to their normal maturity date.

All Aldermore Shares issued to satisfy the vesting of awards or the exercise of options granted pursuant to the Aldermore Share Plans on or before the Scheme Record Time will be Scheme Shares subject to the terms of the Scheme. As the Scheme will not extend to Aldermore Shares issued after the Scheme Record Time, it is proposed the Aldermore articles of association will be amended such that any Aldermore Share issued after the Scheme Record Time will be automatically transferred to FirstRand in consideration of the payment to the holder of 313 pence per Aldermore Share so transferred.

Details of the effect of the Scheme on outstanding awards and options granted pursuant to the Aldermore Share Plans will be set out in full in separate letters to participants which will be sent once the Scheme Document has been posted.

### **Transition awards**

For retention purposes, the difference between the value of a vested award subject to time pro-rating under the Aldermore Performance Share Plan and the Aldermore Restricted Share Plan and the value without time pro-rating will be rolled into a transition award which will be payable in cash in accordance with the vesting schedule applicable to the original award. The transition award will be subject to the participant's continued employment on the applicable vesting date.

J.P. Morgan Cazenove, RBC Capital Markets and Lazard & Co., Limited are of the opinion that the transition awards, as described above, are fair and reasonable.

## **12. AT1 Securities**

Pursuant to the terms and conditions of the AT1 Securities, if the CET1 Ratio of the Aldermore AT1 Group falls below 7% prior to the Scheme becoming effective Aldermore will be required to convert the AT1 Securities into Ordinary Shares. Based on the current conversion price this would result in the issue of 52,631,578 Ordinary Shares representing approximately 15.3% of the current issued share capital of Aldermore or 13.2% of the share capital of Aldermore as enlarged by such issue.

The Offer is conditional on a Trigger Event not having occurred prior to the Court sanctioning the Scheme. In the event such a Trigger Event does occur and FirstRand Offeror either waives such condition or is not entitled pursuant to the Takeover Code to invoke such condition, then the Ordinary Shares which would be issued on conversion would be subject to the Scheme.

However, in the event that the Scheme becomes effective prior to any Trigger Event occurring then the provisions of the AT1 Securities relating to such conversion will cease to apply and instead, if there was a subsequent Trigger Event, the AT1 Securities would be written down to zero and the debt owed by Aldermore extinguished.

### **13. Financing**

The consideration payable under the Offer will be funded from the FirstRand Group's existing cash resources.

To finance the Acquisition, on the date of this announcement FirstRand Offeror (as borrower) entered into the Intra-Group Loan Agreement with FirstRand Bank Limited (as lender). Under the Intra-Group Loan Agreement, FirstRand Bank Limited has agreed to provide FirstRand Offeror with a loan facility of an aggregate principal amount of up to £1,300,000,000 (or such higher amount as may be agreed by the parties from time to time). Interest shall accrue on the amount outstanding under the Intra-Group Loan Agreement from day to day at 1 month LIBOR plus 75 basis points (or such other rate as may be agreed between the parties from time to time). Amounts outstanding under the Intra-Group Loan Agreement shall be repaid on FirstRand Bank Limited's demand, which may only be served after the earlier of: (i) the date falling 364 days after the date of announcement of the Scheme or, if later, the long stop date for the Scheme; (ii) the date on which the Scheme or Takeover Offer lapses, fails or is withdrawn; (iii) the date 14 days following the date on which the Scheme becomes Effective; (iv) the date 14 days following the later of the date on which the Takeover Offer is duly closed for further acceptances and (where applicable) the date of completion of the compulsory acquisition procedure under Part 28, Chapter 3 of the Act; and (v) the date on which the principal amount under the Intra-Group Loan Agreement has been advanced in full. The Intra-Group Loan Agreement contains customary events of default for a facility of this nature.

Credit Suisse International, financial adviser to FirstRand Offeror and FirstRand Ltd, is satisfied that sufficient resources are available to FirstRand Offeror to satisfy in full the cash consideration payable to Aldermore Shareholders under the terms of the Offer.

### **14. Impact on FirstRand Group capital**

In accordance with IFRS 3, all identifiable assets acquired and liabilities assumed will be attributed against the total consideration of £1.1 billion. This may result in an amount of goodwill that differs from the difference between the total consideration of £1.1 billion and Aldermore's net asset value at the Effective Date. Any remaining goodwill arising from the transaction will effectively result in an impairment against the FirstRand Group's capital for purposes of determining capital adequacy. The net of identifiable assets acquired and liabilities assumed will replace the financial resources utilised to fund the transaction and will therefore not have an impact on the capital adequacy of the FirstRand Group.

### **15. Pro forma financial effects on FirstRand Ltd**

The pro forma financial effects set out below have been prepared for illustrative purposes only to show the financial effects of completion of the Acquisition on the consolidated financial results for the financial year to and position of FirstRand Ltd as at 30 June 2017. Due to its nature, the pro forma financial information may not fairly present FirstRand Ltd's financial position, changes in

equity and results of operations or cash flows after completion of the Acquisition. The pro forma financial information is not a profit forecast or a qualified financial benefits statement and has not been reported on under Rule 28 of the Takeover Code.

The sources of information and bases for calculation of the pro forma financial effects set out below are contained in Appendix II.

<b>Pro forma financial effects</b>	<b>As reported</b>	<b>Impact of acquisition</b>	<b>Pro forma post acquisition</b>
Normalised earnings (ZAR'm)	24 471	334	24 805
Normalised earnings per share (ZAR)	4.36	0.06	4.42
Net asset value (ZAR'm)	108 884	-805	108 079
Tangible net asset value (ZAR'm)	107 198	-9 358	97 840
CET1 Ratio	14.3%	-2.6%	11.7%

## **16. Offer-related arrangements**

### **Confidentiality agreement**

FirstRand Ltd and Aldermore entered into a confidentiality agreement dated 29 September 2017 pursuant to which each of FirstRand Ltd and Aldermore have agreed to keep confidential information about the other party and not to disclose to third parties (other than permitted recipients) confidential information exchanged by them unless required by law or regulation. These obligations will remain in force until the earlier of: (i) the completion of the Offer; and (ii) the date that falls two years from the date of the confidentiality agreement. The confidentiality agreement further includes customary non-solicitation and standstill obligations on FirstRand Ltd.

### **Cooperation agreement**

On the date of this announcement, FirstRand Offeror and Aldermore entered into the Cooperation Agreement, under which FirstRand Offeror and Aldermore have agreed to cooperate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made for the process of obtaining regulatory approvals and clearances required to implement the Acquisition. FirstRand Offeror has also agreed to provide Aldermore with reasonable information, assistance and access for the preparation of the key shareholder documentation.

The Cooperation Agreement records the intention of FirstRand Offeror and Aldermore to implement the Offer pursuant to the Scheme. However, FirstRand Offeror may, subject to the consent of the Panel, elect to implement the Offer by way of a Takeover Offer if:

- Aldermore provides its consent;
- a third party announces an independent competing transaction (including a possible or firm intention to make an offer for the entire issued share capital of Aldermore) that is recommended by the Aldermore Directors; or
- the Aldermore Directors: (i) do not include a unanimous and unconditional recommendation of the Scheme in the Scheme Document; or (ii) withdraw, qualify or

adversely modify their recommendation of the Scheme or intention to recommend the Scheme.

The Cooperation Agreement also contains provisions that will apply in respect of the Aldermore Share Plans and certain other arrangements for the benefit of Aldermore's employees and the Aldermore Directors.

The Cooperation Agreement will terminate:

- if agreed in writing between FirstRand Offeror and Aldermore;
- upon service of written notice by FirstRand Offeror to Aldermore, if: (i) any Condition which has not been waived is (or has become) incapable of satisfaction by the Long Stop Date; (ii) the Court refuses to sanction the Scheme; (iii) (unless otherwise agreed by FirstRand Offeror and Aldermore) the Offer is not implemented by the Long Stop Date; (iv) the Scheme Document or Takeover Offer document (as the case may be) does not contain a unanimous and unconditional recommendation of the Scheme or the Takeover Offer (as applicable); or (v) prior to the publication of the Scheme Document or Takeover Offer document, Aldermore makes an announcement that: (a) the Aldermore Directors no longer intend to unanimously and unconditionally recommend the Scheme or the Takeover Offer (as applicable); (b) it will not convene the Court Meeting or the General Meeting; (c) it does not intend to publish the Scheme Document; or (d) it recommends or intends to recommend an independent competing transaction;
- upon service of written notice by FirstRand Offeror or Aldermore on the other if the resolutions proposed at either or both the Court Meeting or the General Meeting are not passed;
- if the Scheme or Takeover Offer (as applicable) is withdrawn or lapses prior to the Long Stop Date (other than where such lapse or withdrawal: (i) is as a result of FirstRand Offeror's election to implement the Offer by way of a Takeover Offer; or (ii) it is otherwise followed within 5 Business Days by an announcement under Rule 2.7 of the Takeover Code made by FirstRand Offeror or a person acting in concert with it to implement the Acquisition by a different offer or scheme on substantially the same or improved terms;
- an independent competing transaction becomes effective, or becomes or is declared unconditional in all respects or is completed; or
- on the date upon which: (i) the Scheme becomes effective; or (ii) the Takeover Offer becomes or is declared unconditional in all respects.

## **17. Structure of the Offer**

It is intended that the Offer will be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act, although FirstRand Offeror reserves the right to elect to implement the Offer by means of a Takeover Offer (subject to Panel consent and the terms of the Cooperation Agreement).

The purpose of the Scheme is for FirstRand Offeror to become the holder of the entire issued and to be issued ordinary share capital of Aldermore. Following the Scheme becoming effective, the Scheme Shares will be transferred to FirstRand Offeror, in consideration for which Scheme Shareholders whose names appear on the register of members of Aldermore at the Scheme Record Time will receive 313 pence per Scheme Share in cash on the basis set out in paragraph 2 of this announcement.

Ordinary Shares issued after the Scheme Record Time will not be subject to the Scheme. Accordingly, it is proposed that the Aldermore articles of association be amended so that Ordinary Shares issued after the Scheme Record Time other than to FirstRand Offeror will be automatically acquired by FirstRand Offeror on the same terms as under the Scheme.

The Offer will be subject to the Conditions and further terms set out in Appendix I to this announcement and to be set out in the Scheme Document. The Offer is conditional upon the Scheme becoming unconditional and effective, subject to the Takeover Code, on or before the Long-Stop Date or such later date (if any) as FirstRand Offeror and Aldermore may agree and the Panel and the Court may allow. In summary, the Scheme will be conditional upon:

- the approval of a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders present and voting, in person or by proxy, at the Court Meeting and any separate class meeting which the Court may require (or, in either case, any adjournment thereof) and such Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document (or such later date as may be agreed by FirstRand Offeror and Aldermore and the Court may allow);
- the resolutions required to approve and implement the Scheme as set out in the notice of the General Meeting being duly passed by the requisite majority or majorities at the General Meeting (or at any adjournment thereof) and such General Meeting being held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document (or such later date as may be agreed by FirstRand Offeror and Aldermore and the Court may allow); and
- the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Aldermore and FirstRand Offeror) and the delivery of a copy of the Court Order to the Registrar of Companies and the Court Hearing being held on or before the 22nd day after the expected date of such Court Hearing to be set out in the Scheme Document (or such later date as may be agreed by FirstRand Offeror and Aldermore and the Court may allow).

The deadlines for the timing of the Court Meeting, the General Meeting and the Court hearing to approve the Scheme as set out above may be waived by FirstRand Offeror, and the Long-Stop Date may be extended by agreement between Aldermore and FirstRand Offeror.

Once the necessary approvals from Aldermore Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived, the Scheme must be sanctioned by the Court. The Scheme shall then become effective upon delivery of the Court Order to the Registrar of Companies.

If the Scheme is not effective by the Long-Stop Date (or such later date (if any) as Aldermore and FirstRand Offeror may, with the consent of the Panel, agree and (if required) the Court may allow), the Scheme will not be implemented and the Offer will not proceed.

Upon the Scheme becoming effective, it shall be binding on all Aldermore Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the General Meeting. It is expected that the Scheme Document and the Forms of Proxy accompanying the Scheme Document will be published as soon as reasonably practicable and, in any event, (save with the consent of the Panel) within 28 days of this announcement. The

Scheme Document and Forms of Proxy will be made available to all Aldermore Shareholders at no charge to them.

#### **18. Conditions relating to regulatory approvals and the AT1 Securities**

The approval of the Prudential Regulation Authority and Financial Conduct Authority will be required, pursuant to a notice under section 178(1) of the FSMA, for the increase or acquisition of control of each Prudential Regulation Authority and/or Financial Conduct Authority authorised person within the Wider Aldermore Group as a result of the Acquisition. Similarly, due to the fact that FirstRand Ltd is a bank controlling company regulated under the South African Banks Act No. 94 of 1990, the approval of the South African Registrar of Banks will be required pursuant to section 52 of such act.

As such the Offer will be conditional, among other things, on the requisite regulatory approvals from the Prudential Regulation Authority, Financial Conduct Authority and the South African Registrar of Banks being obtained.

As referred to in paragraph 12, in the event that a Trigger Event occurs prior to the Court sanctioning the Scheme this would result in the issue of 52,631,578 Ordinary Shares pursuant to the terms and conditions of the AT1 Securities which would become subject to the Scheme. The Scheme will be conditional on no Trigger Event having occurred.

The attention of Aldermore Shareholders is drawn to the fact that the Offer is conditional, among other things, on: (i) the approvals of the Prudential Regulation Authority, Financial Conduct Authority and the South African Registrar of Banks referred to in this paragraph 18 being obtained; and (ii) a Trigger Event not having occurred in relation to the AT1 Securities.

#### **19. Disclosure of interests in Aldermore**

As at the close of business on 3 November 2017, being the last Business Day prior to the date of this announcement, save for the irrevocable undertakings referred to in paragraph 7 above, none of FirstRand Offeror or any FirstRand Directors or, so far as FirstRand Offeror is aware, any person acting, or deemed to be acting, in concert with FirstRand Offeror:

- had an interest in, or right to subscribe for, relevant securities of Aldermore;
- had any short position in (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of Aldermore;
- had procured an irrevocable commitment or letter of intent to accept the terms of the Acquisition in respect of relevant securities of Aldermore; or
- had borrowed or lent any Aldermore Shares (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code), save for any borrowed shares which had been either on-lent or sold.

Furthermore, save for the irrevocable undertakings described in paragraph 7 above, no arrangement exists between FirstRand Offeror or Aldermore or a person acting in concert with FirstRand Offeror or Aldermore in relation to Aldermore Shares. For these purposes, an "arrangement" includes any indemnity or option arrangement, any agreement or any understanding, formal or informal, of whatever nature, relating to Aldermore Shares which may be an inducement to deal or refrain from dealing in such securities.

## **20. Delisting**

Prior to the Scheme becoming effective, Aldermore will apply to the UK Listing Authority and the London Stock Exchange for the cancellation of the listing of the Ordinary Shares on the Official List and the trading of the Ordinary Shares on the premium segment of the Main Market of the London Stock Exchange in each case to take effect on and from or shortly after the Effective Date. The last day of dealings in Aldermore Shares on the Main Market of the London Stock Exchange is expected to be the Business Day immediately prior to the Effective Date and no transfers shall be registered after 6.00 pm on that date.

On the Effective Date, share certificates in respect of Ordinary Shares will cease to be valid and entitlements to Ordinary Shares held within the CREST system will be cancelled or transferred.

## **21. General**

FirstRand Offeror reserves the right to elect, with the consent of the Panel and subject to the terms of the Cooperation Agreement, to implement the Offer by way of a Takeover Offer. In such event, the Offer will be implemented on substantially the same terms, subject to appropriate amendments, so far as applicable, as those which would apply to the Scheme, including (without limitation) an acceptance condition set at 75 per cent of the shares to which such offer relates (or such less percentage, being more than 50 per cent of the Aldermore shares carrying voting rights, as FirstRand Offeror may decide).

Credit Suisse International, Rand Merchant Bank, J.P. Morgan Cazenove, RBC Capital Markets and Lazard & Co., Limited have each given and not withdrawn their consent to the publication of this announcement with the inclusion herein of the references to their names in the form and context in which they appear.

## **22. Documents published on websites**

Copies of the following documents will be made available on Aldermore's and FirstRand Ltd's website at <http://www.investors.aldermore.co.uk> and <https://www.firststrand.co.za> respectively by no later than 12 noon on 7 November 2017 until the end of the Offer:

- this announcement;
- the irrevocable undertakings referred to in paragraph 7 above (further details of which are set out in Appendix III);
- the confidentiality agreement referred to in paragraph 16 above;
- the Cooperation Agreement; and
- the Intra-Group Loan Agreement.

Neither the contents of Aldermore's and FirstRand Ltd's websites, nor the content of any other website accessible from hyperlinks on either such website, is incorporated into or forms part of, this announcement.



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*This announcement is for information purposes only and is not intended to, and does not constitute, or form part of any offer, invitation, inducement or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of or exercise rights in respect of any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise. The Offer will be made solely through the Scheme Document and the accompanying Forms of Proxy (or by any other document by which the Offer is made), which will together contain the full terms and conditions of the Offer, including details of how to vote in favour of or accept the Offer. Any decision in respect of, or other response to, the Offer should be made only on the basis of the information contained in the Scheme Document or any document by which the Offer is made.*

#### *Overseas Shareholders*

*The availability of the Offer to Overseas Shareholders and the distribution of this announcement in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this announcement comes should inform themselves of, and observe, any such restrictions.*

*The Offer relates to shares of a United Kingdom company and is proposed to be effected by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable in the United Kingdom to schemes of arrangement, which differ from the requirements of the US proxy solicitation and tender offer rules or the laws of other jurisdictions outside the United Kingdom.*

*FirstRand Offeror reserves the right to elect, with the consent of the Panel and subject to the terms of the Cooperation Agreement, to implement the Acquisition by way of a Takeover Offer. In such event, the Takeover Offer will be made in compliance with all applicable laws and regulations, including the United States tender offer rules, to the extent applicable. Such takeover would be made in the United States by FirstRand Offeror and no one else. In addition to any such Takeover Offer, FirstRand Offeror, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, Ordinary Shares outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and would comply with applicable law, including the US Exchange Act.*

*Unless otherwise determined by FirstRand Offeror or required by the Takeover Code, and permitted by applicable law and regulation, the Offer shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction. Accordingly, any person (including without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this announcement, the Scheme Document or any accompanying document to any jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action. If any Overseas Shareholder remains in any doubt, it should consult an appropriate independent professional adviser in its relevant jurisdiction without delay. In particular, the ability of persons who are not resident in the United Kingdom to vote their Ordinary Shares at the Court Meeting or*

*the General Meeting or to execute and deliver Forms of Proxy appointing another to vote their Ordinary Shares in respect of the Court Meeting or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located.*

*Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person. This document has been prepared for the purposes of complying with the law of England and Wales and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this document and the accompanying documents had been prepared in accordance with the laws of jurisdictions outside of England and Wales.*

*This announcement is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.*

*The settlement of the Offer consideration will be subject to South African Exchange Control Regulations, 1961. Shareholders who are South African residents or who are otherwise subject to the South African Exchange Control Regulations must satisfy themselves as to the full observance of such regulations. Any Shareholder that is in any doubt about the impact of the South African Exchange Control Regulations he should consult an appropriate professional adviser without delay.*

#### *Purchases*

*In accordance with normal UK practice and subject to the provisions of the Takeover Code, FirstRand Offeror or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase Ordinary Shares, other than pursuant to the Offer, until the date on which the Scheme (or Offer, if applicable) becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK and will be reported to a Regulatory Information Service.*

#### *Forward-Looking Statements*

*This announcement contains statements about the FirstRand Group and Aldermore that are or may be forward-looking statements which are prospective in nature. All statements other than statements of historical facts may be forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "targets", "plans", "believes", "expects", "aims", "intends", "will", "should", "could", "would", "may", "anticipates", "estimates", "synergy", "cost-saving", "projects", "goal" or "strategy" or words or terms of similar substance or the negative thereof. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the FirstRand Group's or Aldermore's operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on the FirstRand Group's or Aldermore's business.*

*These forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such*

*forward-looking statements, which speak only as of the date of this announcement. All subsequent oral or written forward-looking statements attributable to the FirstRand Group or Aldermore or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. The FirstRand Group and Aldermore disclaim any obligation to update any forward-looking or other statements contained in this announcement, except as required by applicable law.*

#### *No Profit Forecasts or Estimates*

*No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for FirstRand Ltd or Aldermore, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for FirstRand Ltd or Aldermore, as appropriate.*

#### *Disclosure Requirements of the Takeover Code*

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified.*

*An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table*

*on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

#### *Information Relating to Aldermore Shareholders*

*Please be aware that addresses, electronic addresses and certain information provided by Aldermore Shareholders, persons with information rights and other relevant persons for the receipt of communications from Aldermore may be provided to FirstRand Offeror during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code.*

#### *Publication on Website(s) and availability of Hard Copies*

*A copy of this announcement will be available free of charge (subject to any applicable restrictions with respect to persons resident in Restricted Jurisdictions) on Aldermore's and FirstRand Ltd's website (<http://www.investors.aldermore.co.uk> and <https://www.firstrand.co.za> respectively) by no later than 12 noon on 7 November 2017.*

*Neither the contents of these websites nor the content of any other website accessible from hyperlinks on such websites is incorporated into, or forms part of, this announcement.*

*You may request a hard copy of this announcement (and any information incorporated by reference in this announcement), free of charge, by contacting Aldermore's Registrars, Equiniti, during business hours on 0371 384 2220 (from within the UK) or on +44 121 415 0140 (if calling from outside the UK) or by submitting a request in writing to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines will be open between 9.00 am to 5.00 pm, Monday to Friday excluding public holidays in England and Wales. If you have received a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement and any such information incorporated by reference in it will not be sent to you unless you have made such a request. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer be in hard copy form.*

#### *Rounding*

*Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.*

**APPENDIX I**  
**CONDITIONS AND FURTHER TERMS OF THE OFFER AND THE SCHEME**

**Part A: Conditions of the Offer and the Scheme**

1. The Offer will be conditional upon the Scheme becoming unconditional and effective, subject to the Takeover Code, on or before the Long-Stop Date or such later date (if any) as FirstRand Offeror and Aldermore may, with the consent of the Panel, agree and (if required) the Court may approve.
2. The Scheme will be subject to the following conditions:
  - 2.1 its approval by a majority in number representing not less than 75 per cent in value of the Scheme Shareholders present and voting, in person or by proxy, at the Court Meeting and at any separate class meeting which the Court may require (or, in either case, any adjournment thereof) and such Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document (or such later date as may be agreed by FirstRand Offeror and Aldermore and the Court may allow);
  - 2.2 the resolutions required to approve and implement the Scheme to be set out in the notice of General Meeting being duly passed by Aldermore Shareholders by the requisite majority or majorities at the General Meeting (or any adjournment thereof) and such General Meeting being held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document (or such later date as may be agreed by FirstRand Offeror and Aldermore and the Court may allow); and
  - 2.3 the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Aldermore and FirstRand Offeror) and the delivery of a copy of the Court Order to the Registrar of Companies and the Court Hearing being held on or before the 22nd day after the expected date of such Court Hearing to be set out in the Scheme Document (or such later date as may be agreed by FirstRand Offeror and Aldermore and the Court may allow).
3. Subject to the statements in Part B below and to the requirements of the Panel, the Offer will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

**AT1 Securities**

- 3.1 a Trigger Event has not occurred in relation to the AT1 Securities;

**Regulatory and antitrust approvals**

- 3.2 the Prudential Regulation Authority and Financial Conduct Authority having given notice in writing approving either:
  - 3.2.1 unconditionally, pursuant to section 189(4)(a) of the FSMA; or
  - 3.2.2 subject to one or more conditions, pursuant to section 189(7) of the FSMA, that are satisfactory to FirstRand Offeror acting reasonably,

the increase or acquisition of control of each Prudential Regulation Authority and/or Financial Conduct Authority authorised person within the Wider Aldermore Group, arising as a result of the Acquisition, by FirstRand Offeror, each controller of FirstRand Offeror and any other person who would become a controller, or the Prudential Regulation Authority and Financial Conduct Authority being treated as having given such approval by virtue of section 189(6) FSMA. In each case, for the purposes of this paragraph only, controller shall have the meaning ascribed to it in section 422 of the FSMA and control shall be construed in accordance with the provisions of Part XII of the FSMA.

- 3.3 the South African Registrar of Banks approving the Acquisition pursuant to section 52 of the South African Banks Act No. 94 of 1990 either unconditionally or subject to one or more conditions that are satisfactory to FirstRand Offeror acting reasonably;
- 3.4 other than in respect of Conditions 3.2 and 3.3, no antitrust regulator or Third Party having decided, threatened or given notice in writing of a decision to take, institute, implement any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) (in each case which would be material in the context of the Wider FirstRand Group or the Wider Aldermore Group in each case taken as a whole) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
  - 3.4.1 require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider FirstRand Group or by any member of the Wider Aldermore Group of all or any material part of its businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof) (in any case to an extent which is material in the context of the Wider FirstRand Group or the Wider Aldermore Group, as the case may be, taken as a whole);
  - 3.4.2 except pursuant to Chapter 3 of Part 28 of the Companies Act, require any member of the Wider FirstRand Group or the Wider Aldermore Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Aldermore Group (other than in connection with the implementation of the Offer);
  - 3.4.3 impose any material limitation on, or result in a material delay in, the ability of any member of the Wider FirstRand Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Aldermore or on the ability of any member of the Wider Aldermore Group or any member of the Wider FirstRand Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Aldermore Group, in each case to an extent which is material in the context of the Wider FirstRand Group or the Wider Aldermore Group, as the case may be, taken as a whole;
  - 3.4.4 otherwise materially adversely affect any or all of the business, assets or profits of any member of the Wider Aldermore Group to an extent in any such



case which is material in the context of the Wider Aldermore Group taken as a whole;

- 3.4.5 result in any member of the Wider Aldermore Group ceasing to be able to carry on business under any name under which it presently carries on business (in any case to an extent which is material in the context of the Wider Aldermore Group taken as a whole);
- 3.4.6 make the Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Aldermore by any member of the Wider FirstRand Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly materially prevent or prohibit, restrict, restrain or delay to a material extent or otherwise materially interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise materially challenge, impede, interfere with or require material adverse amendment of the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Aldermore by any member of the Wider FirstRand Group;
- 3.4.7 require, prevent or materially delay a divestiture by any member of the Wider FirstRand Group of any shares or other securities (or the equivalent) in any member of the Wider Aldermore Group (in any case to an extent which is material in the context of the Wider Aldermore Group or the Wider FirstRand Group, as the case may be, taken as a whole); or
- 3.4.8 impose any material limitation on the ability of any member of the Wider FirstRand Group or of any member of the Wider Aldermore Group to integrate all or any part of its business with all or any part of the business of any other member of the Wider FirstRand Group and/or the Wider Aldermore Group (in any case to an extent which is material in the context of the Wider Aldermore Group or the Wider FirstRand Group, as the case may be, taken as a whole),

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any applicable jurisdiction in respect of the Offer or the acquisition or proposed acquisition of any Ordinary Shares or otherwise intervene having expired, lapsed or been terminated;

- 3.5 other than in respect of Conditions 3.2 and 3.3, all material notifications, filings or applications which are necessary having been made in connection with the Offer, in each case where the absence of such notification, filing or application would have a material adverse effect on the Wider FirstRand Group or the Wider Aldermore Group in each case taken as a whole, and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in respect of the Offer and the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Aldermore or any other member of the Wider Aldermore Group by any member of the Wider FirstRand Group, and all Authorisations necessary in respect thereof having been obtained in terms and in a form reasonably satisfactory to FirstRand Offeror from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any

person or bodies with whom any member of the Wider Aldermore Group or the Wider FirstRand Group has entered into contractual arrangements and all such Authorisations necessary to carry on the business of any member of the Wider Aldermore Group in any jurisdiction remaining in full force and effect at the time at which the Offer becomes otherwise wholly unconditional and no notice of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations having been made where, in each case absence of such Authorisation would have a material adverse effect on the Wider Aldermore Group or the Wider FirstRand Group in each case taken as a whole;

**Certain matters arising as a result of any arrangement, agreement, etc.**

3.6 save as Fairly Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Aldermore Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance, which, as a consequence of the Offer or the acquisition or the proposed acquisition by any member of the Wider FirstRand Group of any shares or other securities (or the equivalent) in Aldermore or because of a change in the control or management of any member of the Wider Aldermore Group or otherwise, would or might reasonably be expected to result in, to an extent in any such case which is material in the context of the Wider Aldermore Group taken as a whole:

3.6.1 any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Aldermore Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;

3.6.2 the creation, save in the ordinary and usual course of business, or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Aldermore Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;

3.6.3 any such arrangement, agreement, lease, licence, franchise, permit or other instrument being terminated or the rights, liabilities, obligations or interests of any member of the Wider Aldermore Group being adversely modified or adversely affected or any obligation or liability arising or any adverse action being taken or arising thereunder;

3.6.4 any liability of any member of the Wider Aldermore Group to make any severance, termination, bonus or other payment to any of its directors, or other officers;

3.6.5 any member of the Wider Aldermore Group ceasing to be able to carry on business under any name under which it presently carries on business;

3.6.6 the value of, or the financial or trading position of any member of the Wider Aldermore Group being prejudiced or adversely affected; or

3.6.7 the creation of any liability (actual or contingent) by any member of the Wider Aldermore Group other than trade creditors or other liabilities incurred in the ordinary course of business;

### **Certain events occurring since 30 June 2017**

- 3.7 save as Fairly Disclosed, no member of the Wider Aldermore Group having since 30 June 2017:
- 3.7.1 issued or agreed to issue or authorised or announced its intention to authorise or propose the issue, of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Ordinary Shares out of treasury (except, in each case, where relevant, as between Aldermore and wholly owned subsidiaries of Aldermore or between the wholly owned subsidiaries of Aldermore and except for the issue or transfer out of treasury of Ordinary Shares on the exercise of employee share options or vesting of employee share awards in the ordinary course under the Aldermore Share Plans);
  - 3.7.2 recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly owned subsidiary of Aldermore to Aldermore or any of its wholly owned subsidiaries;
  - 3.7.3 other than pursuant to the Offer (and except for transactions between Aldermore and its wholly owned subsidiaries or between the wholly owned subsidiaries of Aldermore and transactions in the ordinary course of business) implemented, effected, authorised or announced its intention to implement, effect or authorise any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings to an extent in any such case which is material in the context of the Wider Aldermore Group taken as a whole;
  - 3.7.4 except for transactions in the ordinary course of business or between the Wider Aldermore Group and its wholly owned subsidiaries, or between such subsidiaries, disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised or announced any intention to do so;
  - 3.7.5 issued, authorised or announced an intention to authorise the issue of or made any change in or to the terms of any debentures or become subject to any contingent liability or (other than trade credit incurred in the ordinary course of business) incurred or increased any indebtedness except as between Aldermore and any of its wholly owned subsidiaries or between such subsidiaries which in any case is material in the context of the Wider Aldermore Group taken as a whole;
  - 3.7.6 entered into or varied or authorised or announced its intention, other than in the ordinary course of business, to enter into or vary any material contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude to an extent in any such case which is material in the context of the Wider Aldermore Group taken as a whole;

- 3.7.7 entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of any contract, service agreement, commitment or arrangement with any director of Aldermore except for salary increases, bonuses or variations of terms, in each case, in the ordinary and usual course of business and consistent with past practice;
- 3.7.8 proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider Aldermore Group (in a manner which is material in the context of the Wider Aldermore Group taken as a whole);
- 3.7.9 purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital (other than pursuant to the implementation of the Offer);
- 3.7.10 (other than in respect of claims between Aldermore and any wholly owned subsidiaries of Aldermore) waived, compromised or settled any claim which is material in the context of the Wider Aldermore Group taken as a whole;
- 3.7.11 terminated or varied the terms of any agreement or arrangement between any member of the Wider Aldermore Group and any other person in a manner which would or might reasonably be expected to have a material adverse effect on the financial position of the Wider Aldermore Group taken as a whole;
- 3.7.12 save as disclosed on publicly available registers or as envisaged in accordance with the terms of the Scheme, made any alteration to its memorandum or articles of association or other incorporation documents;
- 3.7.13 made or agreed or consented to any material change to the terms of the trust deeds and rules constituting the pension scheme(s) established by any member of the Wider Aldermore Group for its directors, employees or their dependants or to the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder, or to the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, or agreed or consented to;
- 3.7.14 been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- 3.7.15 (other than in respect of a member of the Wider Aldermore Group which is dormant and was solvent at the relevant time) taken any steps, corporate action or had any legal proceedings instituted or threatened in writing against it in relation to the suspension of payments, a moratorium of any

indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed (in any case to an extent which is material in the context of the Wider Aldermore Group taken as a whole);

- 3.7.16 made, authorised, proposed or announced an intention to propose any change in its loan capital to an extent in any such case which is material in the context of the Wider Aldermore Group taken as a whole; or
- 3.7.17 entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition 3.7;

**No adverse change, litigation, regulatory enquiry or similar**

3.8 save as Fairly Disclosed, since 30 June 2017:

- 3.8.1 no adverse change having occurred in the business, assets, financial or trading position or profits of any member of the Wider Aldermore Group which is material in the context of the Wider Aldermore Group taken as a whole;
- 3.8.2 no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened in writing, announced or instituted by or against or remaining outstanding against or in respect of, any member of the Wider Aldermore Group or to which any member of the Wider Aldermore Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider Aldermore Group, in each case which is material in the context of the Wider Aldermore Group taken as a whole;
- 3.8.3 no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Aldermore Group having been threatened in writing, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Aldermore Group, in each case which is material in the context of the Wider Aldermore Group taken as a whole;
- 3.8.4 no contingent or other liability in respect of any member of the Wider Aldermore Group having arisen or increased other than in the ordinary course of business which is reasonably likely to materially affect adversely the business, assets, financial or trading position or profits of any member of the Wider Aldermore Group to an extent in any such case which is material in the context of the Wider Aldermore Group taken as a whole; and
- 3.8.5 no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Aldermore Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which might

reasonably be expected to have a material adverse effect on the Wider Aldermore Group taken as a whole;

**No discovery of certain matters regarding information and liabilities**

3.9 save as Fairly Disclosed, FirstRand Offeror not having discovered:

3.9.1 that any financial, business or other information concerning the Wider Aldermore Group publicly announced prior to the date of this announcement or disclosed at any time to any member of the Wider FirstRand Group by or on behalf of any member of the Wider Aldermore Group prior to the date of this announcement is materially misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading (in any case to an extent which is material in the context of the Wider Aldermore Group taken as a whole);

3.9.2 that any member of the Wider Aldermore Group is, otherwise than in the ordinary course of business, subject to any liability, contingent or otherwise and which is material in the context of the Wider Aldermore Group taken as a whole;

**Anti-corruption and sanctions**

3.10 except as Fairly Disclosed, FirstRand Offeror not having discovered that:

3.10.1 any past or present member, director, officer or employee of the Wider Aldermore Group or any person that performs or has performed services for or on behalf of any such company is or has, at any time during the course of such person's employment with, or performance of services for or on behalf of, any member of the Wider Aldermore Group, engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation; or

3.10.2 any past or present member, director, officer or employee of the Wider Aldermore Group or any person that performs or has performed services for or on behalf of any such company has, during the course of such person's employment with, or performance of services for or on behalf of, any member of the Wider Aldermore Group, engaged in any activity or business with, or made any investments in, or made any funds or assets available to, or received any funds or assets from any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governmental or supranational body or authority in any jurisdiction; and

**No criminal property**

3.11 except as Fairly Disclosed, FirstRand Offeror not having discovered that any asset of any member of the Wider Aldermore Group constitutes criminal property as defined by Section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

**Part B: Further terms of the Offer**

Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

To the extent permitted by law and subject to the requirements of the Panel, FirstRand Offeror reserves the right to waive:

- the deadline set out in the Condition in paragraph 1 of Part A and any of the deadlines set out in the Conditions in paragraph 2 of Part A for the timing of the Court Meeting, General Meeting and the Court Hearing. If any such deadline is not met, FirstRand Offeror shall make an announcement by 8.00 am on the Business Day following such deadline confirming whether it has invoked or waived the relevant condition or agreed with Aldermore to extend the deadline in relation to the relevant Condition; and
- in whole or in part, all or any of the Conditions in paragraphs 3.1 to 3.11 (inclusive) of Part A.

FirstRand Offeror shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

If FirstRand Offeror is required by the Panel to make an offer for Ordinary Shares under the provisions of Rule 9 of the Takeover Code, FirstRand Offeror may make such alterations to any of the above Conditions and terms of the Offer as are necessary to comply with the provisions of that Rule.

The Offer shall lapse and the Scheme shall not become effective if:

- in so far as the Offer or any matter arising from or relating to the Scheme or Offer constitutes a concentration with a Community dimension within the scope of the EC Regulation, the European Commission either initiates proceedings under Article 6(1)(c) of the EC Regulation or makes a referral to a competent authority in the United Kingdom under Article 9(1) of the EC Regulation and there is then a CMA Phase 2 Reference; or
- in so far as the Offer or any matter arising from the Scheme or Offer does not constitute a concentration with a Community dimension within the scope of the EC Regulation, the Scheme or Offer or any matter arising from or relating to the Offer becomes subject to a CMA Phase 2 Reference,

in either case, before the date of the Court Meeting.

FirstRand Offeror reserves the right to elect, with the consent of the Panel and subject to the terms of the Cooperation Agreement, to implement the Offer by way of a Takeover Offer. In such event, the Offer will be implemented on substantially the same terms, subject to appropriate amendments, so far as applicable, as those which would apply to the Scheme, including (without limitation) an acceptance condition set at 75 per cent of the shares to which such offer relates (or such less percentage, being more than 50 per cent of the Aldermore shares carrying voting rights, as FirstRand Offeror may decide).

The availability of the Offer to Overseas Shareholders and the distribution of this document in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves of, and observe, any such restrictions.

Unless otherwise determined by FirstRand Offeror or required by the Takeover Code or the Panel and permitted by applicable law and regulation, the Offer is not being, and will not be, made, directly or indirectly, in or into or by the use of the mails of, or by any other means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet or other forms of electronic transmission) of interstate or foreign commerce of, or by any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.

FirstRand Offeror reserves the right to reduce the consideration payable under the Offer by the amount of any dividend (or other distribution) which is paid or becomes payable by Aldermore to Aldermore Shareholders on or after the date of this announcement and on or prior to the Effective Date. If any such dividend or distribution occurs and if FirstRand Offeror exercises its right to reduce the offer consideration by all or part of the amount of a dividend (or other distribution) that has not been paid, Aldermore Shareholders will be entitled to receive and retain that dividend (or other distribution) ("**Subsequent Dividend**").

To the extent that any such dividend or distribution has been declared or is payable, the Ordinary Shares shall be (i) transferred pursuant to the Offer on a basis which entitles FirstRand Offeror to receive the dividend or distribution and to retain it, or (ii) such dividend or distribution shall be cancelled, and in either case the consideration payable under the Offer shall not be subject to change.

The Ordinary Shares which will be acquired under the Offer will be acquired with full title guarantee, fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any), and any other return of capital (whether by way of reduction of share capital or share premium account or otherwise), declared, made or paid on or after the date of this announcement other than any Subsequent Dividend.

FirstRand Offeror reserves the right for any other member of FirstRand Group from time to time to implement the Offer.

The Offer is governed by the law of England and Wales and is subject to the jurisdiction of the English courts. The Offer will be made on and subject to the conditions and further terms set in this Appendix I and to be set out in the Scheme Document. The Offer will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Financial Conduct Authority, the UK Listing Authority and the Johannesburg Stock Exchange Listings Requirements.



## **APPENDIX II SOURCES OF INFORMATION AND BASES OF CALCULATION**

The value of Aldermore as implied by the offer price stated in paragraph 2 of this announcement is based on the issued ordinary share capital as at 12 October 2017 (the latest Business Day prior to the commencement of the Offer Period), adjusted for the dilutive effect of in-the-money options, being:

- issued ordinary share capital of 344,921,017 Ordinary Shares (per the confirmation by Aldermore pursuant to Rule 2.9 of the Takeover Code);
- 4,326,313 Ordinary Shares which are expected to be issued on or after this date of this announcement to satisfy the exercise of options or vesting of awards pursuant to the Aldermore Share Plans and the proposals set out in paragraph 11 above; and
- excluding Ordinary Shares that would be issued on the conversion of the AT1 Securities into Ordinary Shares following a Trigger Event occurring.

Further sources of information regarding data reported in this announcement are as follows:

### **General**

- Unless otherwise stated, all prices for Ordinary Shares are closing middle market prices derived from the Daily Official List of the London Stock Exchange.
- Unless otherwise stated, the financial information relating to Aldermore is extracted from the Q3 2017 Interim Management Statement.

### **Pro forma financial effects on the FirstRand Group.**

- Information used in the calculation has been based on audited information obtained from: the FirstRand Ltd annual report for the financial year ended 30 June 2017, the FirstRand Ltd annual report for the financial year ended 30 June 2016, the Aldermore half year results for the six months ended 30 June 2016, the Aldermore annual report for the financial year ended 31 December 2016, the Aldermore half year results for the six months ended 30 June 2017. Other than where indicated as “normalised”, information has been presented in terms of the IFRS accounting framework.
- A detailed description of the difference between normalised and IFRS results utilised in these pro forma financial effects is provided on pages 95 and 96, and detailed reconciliations of normalised to IFRS results are provided on pages 106 to 112 of FirstRand Ltd’s Analysis of Financial Results for the year ended 30 June 2017 booklet, a copy of which is available at <https://www.firststrand.co.za>.
- The Assumptions underlying the pro forma financial effects were as follows:
  - for the purpose of calculating normalised earnings and normalised earnings per share the Acquisition completed on 1 July 2016;
  - for the purpose of calculating net asset value, net asset value per share, tangible net asset value and net tangible asset value per share, the Acquisition completed on 30 June 2017;

- foreign currency exchange rates have been based on a closing rate of GBP17.00 per ZAR on 30 June 2017 and an average rate for the financial year ended on 30 June 2017 of GBP17.21 per ZAR;
- an internal resource opportunity cost of an effective 7% per annum, less taxation at 28%, has been taken into account in calculating the pro forma financial effects. This rate is based on the average South African repo rate for the 12 months to 30 June 2017;
- stamp duty, regulatory fees and other transaction-related expenses of ZAR599 million have been taken into account in calculating the pro forma financial effects;
- fair value adjustments that will be required in terms of IFRS 3 will not be material; and
- Aldermore's net asset value was £605 million at 30 June 2017, tangible net asset value £577 million and its earnings for the 12 month period on that date was £109 million.

**APPENDIX III  
IRREVOCABLE UNDERTAKINGS**

The following holders or controllers of Ordinary Shares have given irrevocable undertakings (Parts A and B) to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting and, if FirstRand Offeror exercises its right to implement the Offer as a Takeover Offer, to accept, or procure the acceptance of, such Takeover Offer:

**PART A - Director shareholder irrevocable undertakings**

<b>Name</b>	<b>Number of Ordinary Shares</b>	<b>% of Ordinary Shares in issue</b>
John Hitchins	20,000	0.00580%
James Mack	325,603	0.09440%
Phillip Monks	3,462,693	1.00391%
Christine Palmer	-	-
Christopher Stamper	9,500	0.00275%
Catherine Turner	42,336	0.01227%
<b>TOTAL</b>	<b>3,860,132</b>	<b>1.11914%</b>

The obligations of the Aldermore Directors under the irrevocable undertakings shall lapse and cease to have effect on and from the earlier of the following occurrences:

- the Scheme Document is not sent to Aldermore Shareholders within 28 days (or such longer period as the Panel may agree) after the date of this announcement;
- FirstRand Offeror announces before the Scheme Document or Takeover Offer document (as applicable) is published that it does not intend to proceed with the Offer and no new, revised or replacement Scheme or Takeover Offer is announced by FirstRand Offeror; and
- the Offer lapses or is withdrawn without becoming wholly unconditional, provided that this shall not apply: (i) where the Offer is withdrawn or lapses as a result of FirstRand Offeror exercising its right to implement the Offer by way of a Takeover Offer rather than by way of a Scheme; or (ii) of a new, revised or replacement scheme of arrangement or takeover offer is or has been announced within 10 business days after any such lapse or withdrawal.

These irrevocable undertakings remain binding in the event of a competing offer.

## **PART B - Non-director shareholder irrevocable undertakings**

<b>Name</b>	<b>Number of Ordinary Shares</b>	<b>% of Ordinary Shares in issue</b>
AnaCap Financial Partners L.P.	17,979,646	5.213%
AnaCap Financial Partners II L.P.	23,781,120	6.895%
AnaCap Derby Co-Investment (No. 1) L.P.	24,318,170	7.050%
AnaCap Derby Co-Investment (No. 2) L.P.	20,607,052	5.974%
<b>TOTAL</b>	<b>86,685,988</b>	<b>25.132%</b>

Each of the above Aldermore Shareholders shall not sell, transfer, encumber or otherwise dispose of, or grant any option or other right over, any of its Ordinary Shares or any interest in them except pursuant to the Offer.

The obligations of the above Aldermore Shareholders under the irrevocable undertakings shall lapse and cease to have effect on and from the earlier of the following occurrences:

- the Scheme Document is not sent to Aldermore Shareholders within 28 days (or such longer period as the Panel may agree) after the date of this announcement;
- the Scheme lapses or is withdrawn without becoming wholly unconditional, provided that this shall not apply where the Scheme is withdrawn or lapses as a result of FirstRand Offeror exercising its right to implement the Transaction by way of a Takeover Offer rather than by way of a Scheme, provided that such Takeover Offer is on no less favourable terms (including as to price and form of consideration); and
- the Transaction has not become unconditional and effective by 30 April 2018.

These irrevocable undertakings remain binding in the event of a competing offer.

## **APPENDIX IV DEFINITIONS**

The following definitions apply throughout this announcement unless the context requires otherwise.

"£" or "pence" or "GBP"	the lawful currency of the United Kingdom;
"Acquisition"	the proposed acquisition of the entire issued and to be issued ordinary share capital of Aldermore to be effected by means of the Scheme or (should FirstRand Offeror so elect, subject to the consent of the Panel) by means of a Takeover Offer;
"Aldermore"	Aldermore Group PLC, a public limited company incorporated in England and Wales registered with registered number 06764335;
"Aldermore AT1 Group"	Aldermore and each entity which is part of the UK prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements (as defined in the terms and conditions of the AT1 Securities)) of which Aldermore is part from time to time;
"Aldermore Directors"	the directors of Aldermore as at the date of this announcement;
"Aldermore Shareholders" or "Shareholders"	the holders of Ordinary Shares;
"Aldermore Share Plans"	Aldermore Deferred Share Plan, the Aldermore Performance Share Plan, the Aldermore Restricted Share Plan, the Aldermore Sharesave Plan and the Aldermore Share Incentive Plan;
"AT1 Securities"	the £75 million in aggregate principal amount of Fixed Rate Reset Additional Tier 1 Perpetual Subordinated Contingent Convertible Securities issued by Aldermore, in December 2014 and listed on the Irish Stock Exchange;
"Authorisations"	regulatory authorisations, orders, recognitions, grants, determinations, consents, clearances, confirmations, certificates, licences, permissions, exemptions or approvals;
"Business Day"	a day (other than Saturdays, Sundays and public holidays) on which banks are open for business in London;
"CET1 Ratio"	as at any date, the ratio of common equity tier 1 capital of the Aldermore AT1 Group as at such date to the risk weighted assets of the Aldermore AT1 Group as at the same date, expressed as a percentage and determined in accordance with the terms and conditions of the AT1 Securities;

"Closing Price"	the middle market price of an Ordinary Share at the close of business on the day to which such price relates, as derived from the Daily Official List of the London Stock Exchange for that day or from Bloomberg in the case of the average Closing Price for the 3 and 6 month period ended on 12 October 2017;
"CMA Phase 2 Reference"	a reference of the Offer to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013;
"Companies Act"	the Companies Act 2006, as amended from time to time;
"Competition and Markets Authority"	a UK statutory body established under the Enterprise and Regulatory Reform Act 2013;
"Conditions"	the conditions to the Offer and the Scheme, as set out in Appendix I of this announcement and to be set out in the Scheme Document;
"Cooperation Agreement"	the agreement dated the date of this announcement between FirstRand Offeror and Aldermore and relating, among other things, to the implementation of the Offer
"Court"	the High Court of Justice in England and Wales;
"Court Hearing"	the hearing of the Court to sanction the Scheme under section 899 of the Companies Act and if such hearing is adjourned reference to commencement of any such hearing shall mean the commencement of the final adjournment thereof;
"Court Meeting"	the meeting of Aldermore Shareholders (and any adjournment thereof) to be convened pursuant to an order of the Court under section 896 of the Companies Act for the purposes of considering and, if thought fit, approving the Scheme (with or without amendment) including any adjournment thereof, notice of which is to be contained in the Scheme Document;
"Court Order"	the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
"Credit Suisse International"	Credit Suisse International, a company incorporated in England and Wales with registered number 2500199;
"CREST"	a relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations);
"Dealing Disclosure"	has the meaning given by Rule 8 of the Takeover Code;

"EC Regulation"	Regulation Council Regulation (EC) No 139/2004;
"Effective Date"	the date on which the Scheme becomes effective in accordance with its terms or, if FirstRand Offeror elects, and the Panel consents, to implement the Offer by way of a contractual offer, the date on which the offer is declared or become unconditional in all respects in accordance with the requirements of the Takeover Code;
"Excluded Shares"	any Ordinary Shares: <ul style="list-style-type: none"> <li>(a) registered in the name of, or beneficially owned by, FirstRand Offeror or any member of the FirstRand Group (if any); or</li> <li>(b) held by Aldermore in treasury,</li> </ul> at any relevant date or time;
"Fairly Disclosed"	the information fairly disclosed by or on behalf of Aldermore in: <ul style="list-style-type: none"> <li>(a) the Aldermore annual report and accounts in respect of the financial year ended 31 December 2016;</li> <li>(b) the Aldermore interim results for the six months ended on 30 June 2017;</li> <li>(c) any documents delivered to FirstRand Offeror, FirstRand Ltd or to any of their professional advisers engaged in connection with the Offer prior to the date of this announcement; or</li> <li>(d) any public announcement by Aldermore to a Regulatory Information Service prior the date of this announcement;</li> </ul>
"FCA" or "Financial Conduct Authority"	the UK Financial Conduct Authority or its successor from time to time;
"FirstRand Ltd"	FirstRand Limited, a public company incorporated in the Republic of South Africa with registered number 1966/010753/06;
"FirstRand Group"	FirstRand Ltd, any parent undertaking of FirstRand Ltd, and any undertaking which is a subsidiary undertaking of FirstRand Ltd or of any such parent undertaking;
"FirstRand Offeror"	FirstRand International Limited, a company incorporated in Guernsey with registered number 17166;
"Forms of Proxy"	the forms of proxy for use at the Court Meeting and the General Meeting;

"FSMA"	the Financial Services and Markets Act 2000;
"General Meeting"	the general meeting of Aldermore Shareholders (and any adjournment thereof) to be convened in connection with the Scheme;
"Intra-Group Loan Agreement"	the loan facility agreement dated the date of this announcement between FirstRand Offeror as borrower, and FirstRand Bank Limited as lender
"IPO"	Aldermore's initial public offering in March 2015;
"J.P. Morgan Cazenove"	J.P. Morgan Limited (which conducts its UK investment banking business as J.P. Morgan Cazenove) of 25 Bank Street, Canary Wharf, London E14 5JP;
"London Stock Exchange"	London Stock Exchange plc, a public company incorporated in England and Wales under number 2075721;
"Long-Stop Date"	30 April 2018, or such later date, if any, as FirstRand Offeror and Aldermore may agree and, if required, the Court and the Panel may allow;
"Net Tangible Book Value"	the total equity value excluding the values of intangible assets and AT1 Securities;
"Offer"	the recommended cash offer by FirstRand Offeror to acquire the entire issued and to be issued ordinary share capital of Aldermore at a price of 313 pence per Ordinary Share in cash to be effected by means of the Scheme or (should FirstRand Offeror so elect, subject to the consent of the Panel) by means of a Takeover Offer and, in either case, where the context admits, any subsequent variation, revision, extension or renewal thereof;
"Offer Period"	the offer period (as defined by the Takeover Code) relating to Aldermore, which commenced on 13 October 2017;
"Opening Position Disclosure"	has the meaning given by Rule 8 of the Takeover Code;
"Ordinary Shares"	the ordinary shares of 10 pence each in the capital of Aldermore;
"Overseas Shareholders"	Aldermore Shareholders (or nominees of, or custodians or trustees for Aldermore Shareholders) not resident in, or nationals or citizens of the United Kingdom;
"Panel"	the Panel on Takeovers and Mergers;
"Prudential Regulation Authority"	the UK Prudential Regulation Authority;
"Q3 2017 Interim Management"	the interim management statement released by Aldermore on the date of this announcement, further details of which



"Statement"	are set out in paragraph 10 of this announcement;
"Rand Merchant Bank"	FirstRand Bank Limited, acting through Rand Merchant Bank Corporate Finance;
"Registrar of Companies"	the Registrar of Companies in England and Wales;
"Regulations"	the Uncertificated Securities Regulations 2001 (SI2001 No. 3755), as amended from time to time;
"Regulatory Information Service"	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
"Restricted Jurisdiction"	any jurisdiction where the making of the Offer would constitute a violation of the relevant laws and regulations of such jurisdiction;
"Scheme"	the proposed scheme of arrangement under Part 26 of the Companies Act to effect the Offer, the full terms of which will be set out in the Scheme Document, with or subject to any modification, addition or condition which Aldermore and FirstRand may agree and, if required, the Court may approve or impose;
"Scheme Document"	the document to be sent to Aldermore Shareholders, containing and setting out the Scheme, the notices convening the Court Meeting, the General Meeting and the further particulars required by Part 26 of the Companies Act;
"Scheme Record Time"	the time and date specified in the Scheme Document as being the record time for the Scheme;
"Scheme Shareholders"	the holders of Scheme Shares at any relevant date or time;
"Scheme Shares"	the Ordinary Shares: <ul style="list-style-type: none"> <li>(a) in issue at the date of the Scheme Document;</li> <li>(b) (if any) issued after the date of the Scheme Document and prior to the Voting Record Time; and</li> <li>(c) (if any) issued on or after the Voting Record Time and on or prior to the Scheme Record Time either on terms that the original or any subsequent holders thereof shall be bound by the Scheme, or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme,</li> </ul> and in each case remaining in issue at the Scheme Record Time, but excluding any Excluded Shares;

"SME"	small and medium size enterprises;
"Substantial Interest"	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in Section 548 of the Companies Act) of such undertaking;
"Takeover Code"	the City Code on Takeovers and Mergers;
"Takeover Offer"	should the Offer be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of FirstRand Offeror to acquire the entire issued and to be issued share capital of Aldermore including any revision, variation, extension or renewal of such offer.
"Third Party"	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction;
"Trigger Event"	has the meaning given to it in the terms and conditions of the AT1 Securities;
"UK Listing Authority"	the UK Listing Authority, being the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"United States of America", "United States", "USA" or "US"	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
"US Exchange Act"	the US Securities and Exchange Act of 1934, as amended;
"Voting Record Time"	the time and date specified in the Scheme Document as being the record time for voting at the Court Meeting and the General Meeting;
"Wider Aldermore Group"	Aldermore, its subsidiary undertakings, associated undertakings and any other undertakings in which that company and such undertakings (aggregating their interests) have a Substantial Interest;
"Wider FirstRand Group"	FirstRand Ltd, its parent undertakings, its subsidiary undertakings, associated undertakings and any other undertakings in which that company and such undertakings (aggregating their interests) have a Substantial Interest; and

"ZAR"

the lawful currency of the Republic of South Africa.

For the purposes of this announcement, "associated undertaking", "parent undertaking", "subsidiary undertaking" and "undertaking" have the respective meanings given thereto by the Companies Act.

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this document.

All the times referred to in this announcement are London times unless otherwise stated.

References to the singular include the plural and vice versa.