This Circular is important and requires your immediate attention

- If you are in doubt as to the action you should take in relation to this document, please consult your stockbroker, banker, legal advisor or other professional advisor immediately.

- This document is issued in compliance with the Listings Requirements of the Botswana Stock Exchange (“BSE”) to the shareholders of FSG Limited (“FSG”), for the proposed acquisition by Botswana Life Insurance Limited (“BLIL”), Flip Coin (Proprietary) Limited (“Flip Coin”), Kate Maphage, Petronella Matumo and Tebelelo Seretse (collectively referred to as the “Offerors”) of the shares held by them for the Offer Consideration of BWP 2.80 per FSG share in cash.

- This document should be read in conjunction with the Offer Circular issued by the Offerors’ on the 20th of October 2015 with its annexures hereto, containing the Form of Acceptance for those shareholders of FSG who elect to accept the Offer to complete the Form of Acceptance.

- This entire Circular is important. If you have disposed of all your FSG shares as at the date of receipt of this Offer please forward this Circular to the purchaser of such FSG shares or to the agent, broker or banker through whom you disposed of such FSG shares.

CIRCULAR TO SHAREHOLDERS
FSG Limited
Registration No. CO. 2003/5108
ISIN NO BW 000 000 0793
Share Code: FSG
(“the Company” or “the Offeree”)

Relating to:

- the proposed offer for the acquisition of shares held by FSG shareholders not already held by the Offerors’ as at 12 October 2015 (“the Record Date”) for the Offer Consideration of BWP 2.80 per FSG share in cash.

This Circular is only available in English. Copies of this Circular may be obtained during normal business hours from the registered office of FSG and from the offices of the Company Secretaries, Corporate Services (Pty) Ltd, and the sponsoring brokers, Motswedi Securities at their respective addresses set out in the “FSG Corporate Information and Advisors” section of this Circular, from the date of issue hereof until the date the Offer closes.

Sponsoring Broker
Legal advisor to Offerors
Transfer Secretaries

motswedii
securities
Member Of The Botswana Stock Exchange

Collins Newman & Co...

DPS
Consulting Services

Legal advisor to FSG

ARMSTRONGS
Attorneys, Notaries & Conveyancers

Date of issue: 16 November 2015
FSG CORPORATE INFORMATION AND ADVISORS

Directors

Executive
Milivoje Nikolic (Managing Director)

Non-Executive
Daniel Neo Moroka (Chairman)*
John Burbidge*
Catherine Lesetedi – Letegele
Lynette Sybil Nikolic
Victor Senye*

Independent*

Company Secretary
Corporate Services (Pty) Limited
Unit 5 Kgale Mews
(P O Box 406, Gaborone, Botswana)

Sponsoring Broker
Motswedi Securities (Pty) Ltd
Plot 113, Unit 30, Kgale Mews,
(Private Bag 00223, Gaborone, Botswana)

Transfer Secretaries
DPS Consulting (Pty) Limited
P O Box 294
Gaborone, Botswana

Legal Advisor to the Offerors’
Collins Newman & Co
Dinatla Court Plot 4863
Gaborone, Botswana
(P.O. Box 882, Gaborone, Botswana)

Auditors
KPMG
Plot 67977, Off Tlokweng Road
Fairgrounds, Gaborone, Botswana
(P O Box 1519, Gaborone, Botswana)

Legal Advisor to FSG
Armstrongs Attorneys
2nd Floor, Acacia House
Cnr Khama Crescent Ext &
P G Matante Road
Plot 74358, New CBD
Gaborone, Botswana
(P O Box 1368, Gaborone, Botswana)
<table>
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<th>PAGE NO.</th>
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IMPORTANT DATES AND TIMES

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer opened</td>
<td>09:00am on 21 October</td>
</tr>
<tr>
<td>Offer closes</td>
<td>12:00 noon on 4 December</td>
</tr>
<tr>
<td>Results of the Offer announced on the BSE news service</td>
<td>7 December</td>
</tr>
<tr>
<td>Settlement date and registration of transfers</td>
<td>9 December</td>
</tr>
<tr>
<td>Extraordinary General Meeting in respect of the delisting of the BSE</td>
<td>11 December</td>
</tr>
<tr>
<td>Press Announcement on results of the delisting of the Company from the BSE</td>
<td>14 December</td>
</tr>
<tr>
<td>Shares delisted from the BSE</td>
<td>16 December</td>
</tr>
</tbody>
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The above dates and times are subject to such changes as may be communicated to shareholders.

DEFINITIONS AND INTERPRETATIONS

In this Circular and its annexures, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and the words in the singular shall include the plural and vice versa, words importing natural persons shall include corporations and associates of persons and an expression denoting any gender shall include the other gender.

“Botswana” The Republic of Botswana;

“BSE” The Botswana Stock Exchange established by the Botswana Stock Exchange Act Cap 56:08 of the laws of Botswana and the Regulations promulgated pursuant thereto;

“Business Day” Any day other than a Saturday, Sunday or on official public holiday in Botswana;

“BLIL” or “Botswana Life Insurance Limited” Botswana Life Insurance Limited, a company incorporated in the Republic of Botswana under registration number CO/1644;

“Circular” This Circular to shareholders of which this offer statement forms part and the annexures hereto;

“Closing Date” The closing date of the Offer being Friday 4th December 2015;

“CSDB” The Central Securities Depository Company Botswana Limited of the BSE, an electronic system that facilitates the holding of securities in electronic accounts rather than in certificate form;

“EGM” The extra-ordinary general meeting requisitioned by the Offerors’ to consider the Offerors’ proposal to de-list the Company from trading on the Botswana Stock Exchange to be held at Avani Gaborone Hotel (formerly the Gaborone Sun) at 1500 hours on the 11th of December 2015;
“Flip Coin”
Flip Coin (Pty) Limited, a company incorporated in Botswana under registration no CO 2012/2494;

“FSG” or “Offeree”
FSG Limited, a company incorporated in Botswana under company number CO 2003/5108;

“FSG Minorities”
All the shareholders in FSG, excluding the Offeror, registered as such on the Record Date;

“Independent Board”
The independent members of the board of directors of FSG constituted by the Company in terms of Regulation 108 of the Listing Requirements comprising Daniel Neo Moroka, John Burbidge and Victor Senye;

“Independent Expert”
Imara Corporate Finance a Company incorporated in the Republic of Botswana;

“FSG Scheme”
A share in FSG held by a member of the FSG Minorities;

“Listings Requirements”
The Listings Requirements of the BSE in force as at the last practicable date, which in respect of takeovers, mergers and acquisitions;

“Notice of the EGM”
The notice convening an extraordinary general meeting of the Company to be held on 11th of December 2015 at 1500hrs at Avani Hotel.

“Offerors”
Botswana Life Insurance Limited, Flip Coin (Pty) Limited, Kate Maphage, Petronella Matumo and Tebelelo Seretse whose liability as such shall be joint and several;

“Offer Circular”
the Offer Circular issued by the Offerors’ on the 20th of October 2015 with its annexures hereto, containing the Form of Acceptance for those shareholders of FSG who elect to accept the Offer to complete the Form of Acceptance;

“Offer”
The offer by the Offerors’, in terms of the Listings Requirements, to acquire, on terms set out in this Circular and the Offer Circular, from FSG Minorities all or part of their FSG shares for the Offer Consideration;

“Offer Consideration”
BWP2.80 per FSG share, payable in cash, based on the terms of this Circular;

“Offer Participants”
All qualifying shareholders who validly and lawfully accept the offer by the Closing Date and who are thus entitled to receive the Offer Consideration.

“Opening Date”
The opening date of the Offer being 21 October 2015;
"Qualifying Shareholders" FSG minority shareholders who hold shares on the registers of the Company, on the Opening Date;

"Regulations" The Fundamental Transactions and Takeover Regulations Chapter 5 of the Companies Regulations 2011 of South Africa embodied in the Listings Requirements; and

"Special Resolution" The Special Resolution to be passed by the shareholders of FSG to delist the Company as more fully provided in the Notice of the EGM.

BACKGROUND AND PURPOSE OF THIS CIRCULAR

1. BLIL, Flip Coin, Kate Maphage, Petronella Matumo and Tebelelo Seretse, the Offerors who collectively hold 75.35% of the issued shares in FSG jointly and severally and in their own percentages inter se, have made an offer to purchase all the shares in FSG from the FSG Minorities.

2. In addition to the above the Offerors' have requisitioned the directors of FSG to convene an Extraordinary General Meeting of the shareholder to be held on the 11 December 2015, for the purpose of considering and passing a Special Resolution for the delisting of the issued shares in FSG from trading on the BSE.

3. The purpose of this Circular is to provide the shareholders of FSG with the details of the Offer and to convene the EGM to consider and pass a Special Resolution to de-list the Company from the BSE.

FSG BUSINESS

4. FSG and its wholly-owned subsidiaries principal business activities involve manufacturing and retail of coffins and caskets, the provision of funeral related services and funeral insurance in partnership with BLIL.

5. In 2003, FSG as part of a citizen empowerment initiative together with BLIL and certain prominent Botswana citizens acquired a significant stake in FSG. As a result of this acquisition FSG expanded into the funeral insurance sector of the market as an agent of BLIL.

6. FSG has a wide range of products on offer to customers ranging from various funeral insurance schemes, varieties of tombstones, grave covers, coffins and caskets, ash urns and wreaths. FSG also provides 24 hour mortuary services, repatriation, cremation, transportation, professional embalming, exhumation and provision of graves in its private cemetery in Gaborone known as Phomolong Memorial Park.

7. FSG has 19 branches in Botswana located in Gaborone, Lobatse, Kanye, Thamaga, Molepolole, Pilane, Mahalapye, Serowe, Selebi-Phikwe, gagodi, Gumare, Tutume, Tonota, Masunga, Francistown, Maun, Shakawe and Kasane.
8. The Offer

8.1 The Offerors' have undertaken to purchase from the FSG Minorities who wish to exit the Company in the light of the proposed delisting of the issued shares in FSG from trading on the BSE.

8.2 The Offer consideration is in the sum of BWP2.80 per share which is based on the average weighted traded price of shares in the Company over the 3 months preceding 12 October 2015.

9. Settlement of Offer Consideration

The Offer Consideration will be settled in cash in accordance with the terms of the Offer and will be settled in full without regard to any lien, right to set-off, counterclaim or other analogous right to which FSG may otherwise be, or claim to be, entitled against any offer participant.

10. Remaining shareholders

FSG Minorities who elect not to accept the Offer, will remain shareholders of FSG. Those FSG Minorities who intend to accept the Offer are encouraged to complete the Form of Acceptance which was annexed in the Offer Circular. The Offerors' are however entitled to compulsorily acquire the shares of FSG Minorities, pursuant to the provisions of Section 323 of the Companies Act which provides that if the Offer has been accepted by the shareholders of at least 90% of the shares in FSG, (other than those held by the offer) the Offerors’ may at any time within two months after the Offer has been closed and accepted give notice to any shareholder who has not accepted the Offer, that the Offerors’ desires to acquire their shares and where such notice is given, the Offerors’ shall be entitled and bound to acquire the shares on the terms of the Offer.

11. Offer period

The Offer is capable of acceptance by a member of the FSG Minorities in respect of the ordinary shares in FSG held by him, and is open for acceptance during the period 21 October 2015 to 4 December 2015. Acceptance is by completing the Form of Acceptance contained in the Offer Circular.

12. Funding and cash confirmation

The Offeror has furnished proof that Stanbic Bank of Botswana Limited has guaranteed the amount of P83 435 618 (eighty three million four hundred and thirty five thousand six hundred and eighteen Pula) to be utilised to effect payment of the prices payable for shares sold, until 31 December 2015.
13. **Continuation of FSG following the Offer:**

It is the intention of the Offerors’ to continue with the business of FSG and its subsidiaries as presently conducted. In the event the number of shareholders after close of the Offer is reduced to the appropriate number, it is the intention that FSG be converted to a private company.

14. **Composition of the FSG board following implementation of the Offer:**

Following de-listing it is the intention of the Offerors’ to reduce the number of directors on the Board to 5 comprising 2 executive directors and 3 non executive directors.

15. **Offeror’s dealings in shares:**

In the six months prior to the Opening Date the Offerors’ entered into a Memorandum of Agreement (the “Agreement”) between them to the effect that it would be in the best interests of FSG if FSG were de-listed from the BSE and insofar as the delisting would cause the shareholders in FSG who hold the remaining 24.59% of the issued shares in FSG to want to sell their shares in the Company, the Offerors would be prepared to purchase such shares, thereby acquiring the shares of and removing the interests of the minority shareholders, allowing more flexibility for and ease of acquisitions necessary for the expansion of the Company.

16. **Offerors’ Agreements**

16.1 The Agreement entered into by the Offerors’ is material to a decision by FSG Minorities shareholders regarding the Offer.

16.2 The material terms of the Agreement are that:

- **16.2.1.1** the Offerors’ undertakes to irrevocably and unconditionally support the requisition of the EGM of Shareholders in the Company, called for purposes of considering a Special Resolution for the delisting of the Company from BSE;

- **16.2.1.2** the Offerors’ undertakes to irrevocably and unconditionally undertake to acquire the shares of the Company as may be offered to them by the FSG Minorities pursuant to the percentage that the shareholding of each is a percentage of 75.35%.

- **16.2.1.3** in the event each of the parties comprising the Offerors’ do not purchase its percentage of shares offered to purchase, then BLIL shall pay for 50% and purchase 50% of the shares so offered, and Flip Coin shall pay for and purchase 50% of the shares so offered.

16.3 Save for the aforementioned Agreement, no material agreements which can be considered to be material to a decision by FSG Minorities regarding the offer were entered into between FSG and the Offerors’, or between FSG and any of the directors of the Offerors’, or any persons who were directors of the Offerors’ in the 12 months preceding the Offer, or between FSG and any other FSG Minorities, or any persons who were FSG Minorities or, in the 12 months preceding the Offer.
17 Interests of the Offeror and FSG

17.1 Botswana Life Insurance Limited (BLIL)
None of the directors of BLIL, Messrs J. Hinchcliffe, T. Lippe, H Werth, Ms P. Thuto, L. Nel and C. Lesetedi – Letegele hold any interest direct or indirect in shares in BLIL or FSG.

17.2 Flip Coin (Proprietary) Limited (Flip Coin)
The Directors of Flip Coin Milivoje Nikolic holds 39.63% in Flip Coin hence 13.87% in FSG, Lynette Nikolic holds 39.63% in Flip Coin hence 13.87% in FSG, Dorcas Kgosietsile holds 9.97% in Flip Coin hence 3.48% in FSG. None of these directors holds shares in FSG directly.

17.3 Ms Tebelelo Seretse
Ms Seretse holds 5 465 200 shares representing 4.52% in FSG directly. She has an indirect interest in 115,600 representing .09% in FSG though family members being connected persons.

17.4 Ms Kate Maphage
Ms Maphage holds 679 639 shares representing .56% in FSG. She has no indirect interest in FSG.

17.5 Ms Petronella Matumo
Ms Matumo holds 1 560 439 shares representing 1.29% in FSG. She has no indirect interest in FSG.

DE-LISTING OF THE COMPANY

18 Background

18.1 Offerors’ believe that it is in the best interest of the Company, that its issued shares be de-listed from trading on the Botswana Stock Exchange (“BSE”). The Offerors’ have requisitioned an EGM of all shareholders in the Company to consider the delisting of the issued shares in the Company, and if thought fit pass a special resolution to this effect.

18.2 The purpose of this Circular is to explain the background to the proposed de-listing and the reasons why the Offerors’ consider it to be in the best interests of the Company and its Shareholders as a whole to de-list and the position of the directors of FSG. The Notice of the EGM has been dispatched to Shareholders.

19 Rationale for the Delisting

19.1 The Offerors’ believe that it is in the best interest of the Company that the shares in the Company be delisted from trading on the BSE because:-

19.1.1 the nature of the holding of shares in the Company has precluded a ready market in shares, so that neither the Company nor its share price benefits from liquidity;
19.1.2 the Company has a strong balance sheet, and with most financial institutions in Botswana looking to lend to sound and creditworthy borrowers, the Company can readily raise capital required for operations and acquisitions;

19.1.3 in the absence of liquidity, and absence of need to be listed to raise capital, the costs to the Company of maintaining a listing and complying with the BSE listing requirements are not warranted;

19.1.4 there will be savings in costs associated with maintaining and complying with the BSE Listing Requirements inter alia annual listing fees, publication of results and costs of independent and non executive Board members and their attendance at sittings of the Independent Board;

19.1.5 the necessity to report intended transactions to the BSE, and obtain, as may be required, approval of the minority shareholders to a transaction hampers the speed and nimbleness with which the Company can transact, which can prejudice its seizing opportunities when these arise;

19.1.6 the size of and the cost of maintaining a Board, with the necessary number of independent and non executive directors, as required by the BSE Listing Requirements, is not warranted for a company the size of FSG; in this regard the Offerors’ have noted the provisions of the Financial Reporting Act Cap 46;10, and its draft Regulations. Obviously if the Financial Reporting Act Cap 46;10 is made to apply to the Company, the Regulations or any Standards or Rules made by the Authority apply to the Company and impose provisions in respect of the composition of the Board, the Company will comply with same as and when each of these comes into effect and are made applicable;

19.1.7 the facts that the parent of the major shareholder Botswana Life Insurance Limited is Botswana Insurance Holdings Limited, which itself is a company listed on the BSE and which is subject to International Accounting Standards, ensures that the Company is to comply with the principles of corporate governance, transparency, responsibility, accountability and the International Accounting Standards, without the additional cost of maintaining a separate listing.

19.2 The Offerors’ have made known an intention to offer to purchase shares held by shareholders (other than the Offerors’) registered as such on the 12th of October 2015 (the Record Date) at a price equal to the average weighted traded price of a share in the Company over the three months preceding the Record Date, which enables shareholders who do not wish or who are not permitted to remain invested in securities of a non-listed entity, to exit the Company, at a fair price.

20 Position of the Independent Board

20.1 The Independent Board supports the proposal for de-listing of the shares in the Company for trading on the BSE:

20.1.1 the Independent Board endorses the reasons advanced by the Offerors’;

20.1.2 the Independent Board recognises the Company needs shareholders who are prepared to play an active role in the plans of the Company to expand beyond Botswana’s borders;

20.1.3 the Independent Board considers that the disclosure requirements of the BSE with regard to transactions considered or embarked upon often requires the Company to impart confidential and strategic information in respect of
the operations of the Company and a transaction, which often should not be
disclosed until after the transaction, or at all;

21 Process for de-listing

21.1 In accordance with Listing Requirements, it is a requirement that the de-listing is
approved by a majority of the shareholders. Accordingly, the Special Resolution set out
in the Notice of EGM seeks shareholders’ approval to the de-listing.

21.2 Upon the de-listing becoming effective, the Company will no longer be required to
comply with the Listing Requirements. The Company will no longer be bound (nor able)
to announce, via a regulatory information service, material events, administrative
changes or material transactions nor to announce interim or final results.

21.3 The Company will no longer be required to comply with any of the additional specific
corporate governance requirements for companies admitted to trading on the BSE.
Upon the de-listing becoming effective, Shareholders who hold ordinary Shares in
uncertificated form with the CDSB prior to de-listing will receive share certificates on the
18th of December 2015.

21.4 Immediately following the de-listing, there will be no market facility for dealing in the
Shares and no price will be publically quoted. As a result the Independent Board
recognizes that the de-listing will make it more difficult for the Shareholders to buy and
sell Shares should they want to do so.

22 Effects of the de-listing

22.1 The Independent Board points out that after de-listing, if the number of shareholders
exceed 25 the Company will remain a public company, with the obligations placed on
such a company by the Companies Act with regard to:-

22.1.1 annual reports of directors and auditors;

22.1.2 submission to shareholders of annual financial statements;

22.1.3 the holding of annual general meetings;

22.1.4 the grant to shareholders of an opportunity at that meeting, to question the
directors and management about the affairs of the Company; and

22.1.5 that the directors of the Company will remain obliged to act with the all
fiduciary duties toward the Company (in the sense of the general body of
shareholders) as stipulated in the Companies Act,

22.2 If the number of shareholders fall below 25, and the shareholders seek to convert the
Company from a public to a private company, then the Companies Act, and Financial
Reporting Act and its Regulations and any standards rules or guidelines, if and as
applicable, will protect interests of the remaining shareholders.

22.3 The Independent Board is of the view that the interests of shareholders who elect to
remain invested in the Company will remain protected.

22.4 The Independent Board believes that delisting of the shares of the Company from
trading on the BSE is in the interests of the Company, and worthy of favourable
consideration.
23 **Action to be taken**

The actions to be taken are set out in the Notice of the EGM with regards to voting on the de-listing and the Offer Circular, as regards the Offer.

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**GENERAL INFORMATION**

24 **Directors dealings in shares**

No FSG directors have dealt in FSG shares during the period beginning six months prior to the opening of the Offer and ending on the last practicable date. None of the directors have any direct or indirect interest in FSG or the Offer.

25 ** Majority shareholders**

The following shareholders held majority of the shares as of the date of this Circular. The Offerors, forming part of the majority shareholders have committed to voting in favour of the Special Resolution. If the Special Resolution is passed the shares in the Company will be delisted on or about 16 December 2015.

<table>
<thead>
<tr>
<th>NO.</th>
<th>SHAREHOLDER</th>
<th>NO. OF SHARES</th>
<th>% TOTAL SHARES IN ISSUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Flip Coin (Proprietary) Limited</td>
<td>42,306,000</td>
<td>34.9</td>
</tr>
<tr>
<td>2.</td>
<td>Botswana Life Insurance Limited</td>
<td>41,065,000</td>
<td>33.9</td>
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<td>3.</td>
<td>FNB Nominees Re: AG BPOPF</td>
<td>16,059,000</td>
<td>13.3</td>
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<tr>
<td>4.</td>
<td>Tebelelo Seretse</td>
<td>5,465,200</td>
<td>4.5</td>
</tr>
<tr>
<td>5.</td>
<td>SCBN (Proprietary) Limited</td>
<td>4,141,426</td>
<td>3.4</td>
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<tr>
<td>6.</td>
<td>Stanbic Nominees Botswana</td>
<td>3,648,850</td>
<td>3.0</td>
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</table>
Directors’ Remuneration

The total remuneration receivable by FSG directors will not be varied as a consequence of the Offer.

Directors’ responsibility statement

The directors, whose names are given in the section entitled Corporate Information and Advisors in this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false misleading that they have made all reasonable enquiries to ascertain such facts and (if applicable) that this Circular contains all information required by law.

The directors confirm that the Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisors would reasonably require and reasonably expect to find for the purposes of making an informed assessment of the assets and liabilities, financial positions, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the Circular relates.

Irrevocable Commitments

No FSG Minority Shareholders has, as at 12 October 2015, being the last practicable before issue of this Circular has given an irrevocable commitment to accept the Offer, and sell shares held by it.

Independent Expert Opinion

The Independent Board has noted the offer made by the Offerors’ to the FSG minorities and has appointed an Independent Expert to advise it on the reasonableness and fairness of the offer which is attached as Annexure A to this Circular regarding the Offer and has not been withdrawn prior to the publication of this Circular.

Independent Board’s Opinion on the Offer

30.1 The Independent Board, having had regard to the opinion of the Independent Expert in respect of the fairness and reasonableness of the Offer and the Offer Consideration endorsed the view that the Offer is fair and reasonable for the following reasons:

30.1.1 all shareholders are to be treated equally without discrimination;

30.1.2 no shareholder shall appear to enjoy any unfair advantage in terms of the Offer being made; and

30.1.3 the Offer Consideration is at a premium to historic and equal to the then trading price of FSG shares on the BSE.

30.2 The Independent Board therefore recommend that the Offer be accepted by the Offer Participants.

Confirmation by the Legal Advisor

Armstrongs who have been appointed by the Independent Board to advise the Offer have reviewed the contents of the Offer and have confirmed that the Offer contains no conditions or no unusual onerous terms. A copy of the advice provided by Armstrongs is attached as Annexure B to this Circular regarding the Offer.
32 Consents

The Sponsoring Broker, Transfer Secretaries, Auditors and Legal Advisors have consented in writing to act in the capacity stated and to their names being stated in this Circular, and have not withdrawn their consent prior to the issue of this circular.

33 Disclaimer

Armstrongs Attorneys assisted the Board of FSG in preparing this circular. The information regarding FSG in this circular is based on material available information in the public domain. Armstrongs Attorneys does not provide any guarantees nor do they accept any responsibility in any way whatsoever with respect to the accuracy or completeness of the information set out in this circular.

FURTHER INFORMATION

33. Material Contracts

Neither FSG has entered into any material contracts (not being contracts entered into in the ordinary course of business) during preceding the date of this Circular. No other agreements which can be considered to be material have been entered into by any of the directors or proposed directors of FSG with the Offerors or with any of their subsidiaries in the 12 months preceding the Offer.

34. Material Litigation

FSG is not involved in any material litigation, arbitration or is aware of any pending proceedings against it.

35. Documentation Available For Inspection

Copies of the documents listed below will be available for inspection during business hours from the date of issuance of this Circular until the date of the EGM at the Registered Office:

35.1 Constitution of FSG;
35.2 Audited financial statements of FSG for the last three financial periods;
35.3 Independent Expert Opinion subject to the proposed acquisition of shares by the Offerors to which this Circular pertains.
35.4 Guarantee from Stanbic Bank of Botswana Limited dated 24 September 2015; and
35.5 a signed copy of this Circular.

DATED AT GABORONE 16TH NOVEMBER 2015

Yours faithfully

Daniel Neo Moroka
Chairman of the Board
14 October 2015

The Directors
Funeral Services Group Limited
Plot 69124, Phase 4
Gaborone West Industrial
Gaborone, Botswana

Dear Sirs,

INDEPENDENT FAIR AND REASONABLE OPINION
IN RESPECT OF A JOINT OFFER BY BOTSWANA LIFE
INSURANCE LIMITED, FLIP COIN (PTY) LIMITED, KATE
MAPHAGE, PATRONELLA MATUMO AND TEBELELO
SERETSE (“THE OFFERORS”) TO THE MINORITY
SHAREHOLDERS OF FUNERAL SERVICES GROUP (“FSG”)

1 INTRODUCTION
(a) Background
Imara Botswana Limited (“Imara”) has been mandated by the Board of FSG to give its
independent opinion as to the fairness and reasonableness of the price consideration
being offered by The Offerors to the minority shareholders of FSG. The minority
shareholders are comprised of ordinary shareholders of FSG other than The Offerors.
(b) Applicable Botswana Stock Exchange Rules
This opinion has been prepared in accordance with Schedule 5 of the Botswana Stock
Exchange (“BSE”) Listing Requirements.
(c) Definition of Fairness and Reasonableness
Fairness as defined in the Oxford English dictionary is the treatment of a group of
people equally and justly or appropriately in the circumstances.
Reasonableness is the measurement of fairness or sensibility, as appropriate, as
applied to a particular situation.
(d) Limiting Conditions
Completeness and Accuracy of Information
Imara has prepared this opinion in good faith and has relied on the accuracy and
veracity of the information made available to it during its correspondence with the
Directors and Management of FSG. Whilst Imara has no reason to doubt the accuracy or veracity of such information supplied, Imara accepts no responsibility whatsoever for the accuracy or veracity of such information.

**Economic, Market and Other Conditions**

Imara has based its opinion on economic, market and other conditions prevailing on or about 6 October 2015. It should be noted that subsequent events may inevitably affect this opinion and that Imara is not under any obligation to update, revise or re-affirm its opinion should any such developments transpire.

Specifically, but without limiting the generality of the foregoing, such subsequent events may include material changes consequent upon changes in economic, market and other conditions, or the business of, or prospects of FSG between the effective date of this opinion and the date of any subsequent consideration hereof.

**Purpose of Valuation Opinion**

This valuation opinion is rendered solely as an expert opinion in order to determine the fairness and reasonableness of an offer to be made to minority shareholders of FSG as provided for in terms of Schedule 5 of the BSE Requirements, and for no other purpose whatsoever.

**Representations and Warranties**

Imara makes no representation or warranty, express or implied, nor shall have any responsibility or liability whatsoever in respect of any statement, information or opinion contained or relied on herein, whether orally or in writing, or any omissions, or in respect of the completeness and/or accuracy of any such statement, information or opinion.

This opinion does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. On the basis of these enquiries and such other procedures as Imara considers appropriate to the circumstances, Imara believes that the information provided has been prepared with due care and consideration.

Where projections with respect to the financial performance of FSG, any of its operating subsidiaries have been included or relied upon, they have been so for illustrative purposes only, and could reflect various assumptions that may subsequently prove to be incorrect, inaccurate or unrealistic.

(e) **Independence**

Imara is a wholly owned subsidiary of Imara Holdings Limited (“IHL”), an independent, diversified financial services company incorporated in Botswana and listed on the BSE.

Imara conducts its business in Botswana and the rest of Sub Sahara Africa as an independent corporate finance advisor.

Save for the fees payable to Imara for providing this opinion, which fees are payable irrespective of the outcome of the offer to minorities, Imara has no interest, direct or indirect, beneficial or non-beneficial, in FSG or any of their subsidiaries.

2 **PROCEDURES**

(a) **Information and Sources Of Information**

In arriving at our opinion, we have considered, *inter alia* the following:

i) FSG is currently listed on the BSE and this offer to minority ordinary shareholders may result in a delisting from the BSE;

iii) Interim financial statements for the period ending June 2015 for FSG and its operating subsidiaries;
iv) Management forecasts for FSG and its operating subsidiaries for the years ending 31 December 2015 to 2019;
v) BSE market report as at 6 October 2015 reflecting prices of listed equity investments;
vi) Valuation assumptions and multiples risk free rates as determined from yields on government instruments as supplied by the central banks of countries where FSG operates;
vii) Market risk premiums from international benchmarks for country specific default spreads and equity risk premiums provided by Professor Damodaran, Stern School of Business, New York University;
viii) Valuation assumptions and multiples obtained from individual company financial statements, Thompson Reuters and Stern School of Business, New York University;
ix) Discussions and correspondence with FSG management regarding the proposed transaction and current and expected trading of FSG; and
x) Current trading, future prospects and market dynamics in the sectors and markets in which FSG operates.

(b) Background to the Offer

The Offerors, who jointly together hold 75.35% of the issued shares of FSG, have given the Board of FSG formal notice of intention to delist the shares of FSG from trading on the BSE. They simultaneously have made an offer to purchase all the ordinary issued shares in FSG held by the minority shareholders to enable them to exit their shareholding in FSG prior to it being delisted from trading on the BSE.

The offer price is P2.80 per ordinary share.

(c) Valuation

In order to assess the fairness and reasonableness of the price offered by The Offerors to the minority shareholders of FSG, Imara performed an independent valuation of FSG and its respective operating subsidiaries as at 6 October 2015. Following confirmation from management of FSG that there have been no material changes in the business since the date, Imara believes its valuation as at 6 October 2015 is still current and valid.

In performing independent valuations, Imara confirms that it has carried out the following:

i) Valuation of some of the subsidiaries of FSG using the Discounted Cash Flow ("DCF") Methodology.
   • DCF valuation methodology is the most widely-used valuation methodology, and computes the value of a business by calculating the present value of the future cash flows the business expects to generate.
   • Future cash flows generated by the business otherwise known as free cash flow is calculated by subtracting projected capital expenditure from the cash generated from operating activities.
   • DCF models are typically highly sensitive to the weighted average cost of capital applied, as well as the derived terminal growth rate, which in turn affects the company’s terminal value.

ii) Valuation of some of the subsidiaries of FSG using the Market Approach, also known as the Relative Valuation Methodology.
• The Market Approach makes use of earnings based multiples from comparable companies listed in local or regional stock exchanges where applicable.

• After reviewing the respective sectors, Imara included a selection of companies in the relative valuation of the respective companies. Whilst some are larger entities, enjoy greater trading liquidity and operate in different jurisdictions than the businesses being valued, they remain relevant when determining a value for the respective businesses.

iii) The key internal and external value drivers and assumptions that were used in deriving appropriate values for the businesses of FSG are as follows:

• The financial performance of FSG and its subsidiaries over the previous years ended 31 December 2014, 2013, 2012, 2011 and 2010 as applicable;

• The financial performance of FSG and its subsidiaries for the interim period ending June 2015;

• The long-term economic prospects of the countries in which FSG and its subsidiaries operate, measured by forecasted GDP growth;

• The projected financial performance of FSG and its operating subsidiaries as provided by management of the company for the period leading up to 31 December 2019;

• Prices of listed equity investments as at 6 October 2015;

• The forecasted movements in currencies of countries where FSG has operations against the Botswana Pula as provided by management of the company;

• The need for a liquidity and control discount;

• The level of FSG Shareholding in each of the businesses; and

• The business structure of the underlying companies.

(d) Appropriateness And Reasonableness Of Information And Assumptions Used

• In regard to the publicly available information and historical financial information on FSG, Imara is of the view that the information is reliable, and has made use of past Annual Reports;

• In regard to the information and historical financial information on FSG unlisted subsidiaries, Imara is of the view that the information is reliable, and has made use of the audited accounts provided management of FSG;

• In regard to the comparative information, Imara is satisfied that the data extracted from companies’ financial statements, Thompson Reuters and Professor Damodaran, Stern School of Business, New York University is reasonable and appropriate; and

• Although Imara believes the information and forecasts provided by management of FSG were prepared with due care and consideration, and are reasonable in regard to previous performance and current market conditions, Imara has not audited any of the information and forecasts provided by the management.

3 FAIR AND REASONABLE OPINION

(a) Summary

Based upon and subject to the foregoing, Imara is of the opinion that the offer price of P2.80 per ordinary share being offered by The Offerors to the minority shareholders of FSG on the company’s register is fair and reasonable.
The salient reasons for the opinion are as follows:

i) **The offer is fair in that:**
   - All shareholders are treated equally and without discrimination; and
   - No shareholder has apparently enjoyed any unfair advantage in terms of the offer.

ii) **The offer price is reasonable in that:**
   - The offer price of P2.80 falls within Imara’s FSG fair value range of P2.69 and P2.96;
   - The offer price of P2.80 is at a 2.94% premium to the market price of P2.72 as at 6 October 2015;
   - The offer price of P2.80 is at a 10.24% premium to the 90 day volume weighted average price of P2.54, and at a 12.45% premium to the 180 day volume weighted average price of P2.49; and
   - The historic volumes of FSG shares traded on the BSE are low and the offer from The Offerors provides minority shareholders with the opportunity to realise their investment in FSG.

The reader’s attention is drawn to the fact that this opinion does not purport to contain all of the information required for an investment or disposal decision, and any such investment or disposal decision should only be made after careful consideration of the financial and business prospects for FSG. Shareholders should consult with their own independent financial advisors if in any doubt as to what action to take.

(b) **Significant Factors and Key Considerations**

The following are the significant factors and key considerations taken into account in arriving at our opinion:

i) **The business of FSG is that of a funeral service provider engaged in the manufacturing of coffins and caskets, provision of funeral services and acting as independent agent in the marketing of funeral insurance policies in Botswana, Zambia, and South Africa, which are underwritten by licensed insurance companies. The company also owns a private cemetery in Gaborone, Botswana.**

ii) **The DCF valuation methodology remains the most appropriate and well-accepted approach to determining the valuation of a company as it is based on the company’s fundamentals.**

iii) **The market approach for determining the valuation of a company is based upon viewing and comparing current conditions amongst fairly comparable business entities that are listed on appropriate exchanges. The financial attributes of these comparable companies and their trading prices and financial performance can serve as strong indicators of fair market value of the subject company.**

iv) **The offer to minorities is because The Offerors intend to delist the company from the BSE, and have made an offer to purchase shares from minority shareholders who may seek to exit the company prior to it being de-listed.**

Imara has based this opinion on the state of the market and the trading conditions and circumstances of FSG as at 6 October 2015. Shareholders should note that subsequent developments may affect this opinion, but Imara is under no obligation to update, revise or re-affirm this opinion should any such developments transpire.
(c) Independent Advice

Note that this opinion is not a recommendation to any shareholder of FSG as to the manner in which they should vote, nor is it advice given on the appropriate course of action for such directors or shareholders to take.

Shareholders should note that each individual shareholder's decision may be influenced by such shareholder's particular circumstances and accordingly that such shareholder should consult an independent advisor if in any doubt as to the merit or otherwise of the transaction.

(d) Independent Expert Details

The Independent expert is Imara Botswana Limited.

Contact details are as follows:

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Authorised Signatory
Thato Sedirwa

Yours Faithfully

Thato Sedirwa
For an on behalf of Imara Botswana Limited
To: The Shareholders of FSG Limited

Dear All

RE: INDEPENDENT ADVICE IN RESPECT OF THE PROPOSED OFFER FOR THE ACQUISITION OF SHARES HELD BY FSG SHAREHOLDERS NOT ALREADY HELD BY THE OFFERORS

1. We the undersigned confirm our appointment as Legal Advisors to FSG Limited in respect of the above-mentioned transaction. We confirm that we are practicing attorney’s licensed to do so in Botswana.

2. We have been appointed by the Independent Board of FSG to assist in advising on the Offer and drafting the Circular.

3. We have reviewed the Offer and have confirm that the Offer contains no conditions, and in our opinion, the Offer does not have any unusual or onerous terms.

4. Please note that our advice is not a recommendation to any shareholder of FSG as to whether or not to accept the offer, nor is it advice given on the appropriate course of action for shareholders to take.

5. Shareholders of FSG should note that each individual shareholder’s decision may be influenced by such shareholder’s particular circumstances and accordingly that such shareholder should consult an independent advisor if in any doubt as to the merit or otherwise of the transaction.

Yours faithfully

Sipho A. Ziga
Duly authorized on behalf of Armstrongs Attorneys