

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

FIRST MUTUAL

H O L D I N G S L I M I T E D

Go Beyond

L I F E | H E A L T H | I N S U R A N C E | R E I N S U R A N C E | S A V I N G S | P R O P E R T Y

(Incorporated in Zimbabwe on 29 September 2003 under Company Registration Number 9837/2003)

CIRCULAR TO SHAREHOLDERS

Relating to and seeking approvals for:

The restructuring of First Mutual Holdings Limited's reinsurance businesses, First Mutual Reinsurance Company Limited (Zimbabwe) and FMRE Property & Casualty (Proprietary) Limited (Botswana) pursuant to a 29.1% subscription by Aleyo Capital in the combined reinsurance businesses

And incorporating

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

Notice of an Extraordinary General Meeting of the members of First Mutual Holdings Limited, to be held virtually by electronic means, on Monday 5 October 2020, at 1000 hours, which notice was published on Monday 14 September 2020 in accordance with the Listings Requirements of the Zimbabwe Stock Exchange and the Companies and Other Business Entities Act (Chapter 24:311) of Zimbabwe, as set out at the end of this Document. Shareholders are asked to complete and return the attached form of proxy in accordance with the instructions printed thereon, as soon as possible, but not later than 1600 hours, on Wednesday 30 September 2020.

Sponsoring Brokers



Financial Advisors



Legal Advisors



Independent Reporting Accountants



Transfer Secretaries



This Circular is neither a prospectus nor an invitation to the public to subscribe for shares in the Company but is issued in compliance with the Listings Requirements of the ZSE, for the purpose of giving information to the public with regard to the Transactions as more fully set out in this Circular. The Circular is only available in English. Additional copies of this Circular may be obtained from the Company Secretary at the Registered Office of First Mutual Holdings Limited or IH Securities.

If you are in any doubt as to the action you should take, you should immediately seek advice from your stockbroker, bank manager, legal practitioner, accountant or other professional advisors. If you no longer hold any shares in First Mutual Holdings Limited, you should send this Circular, as soon as possible, to the stockbroker, bank or other agent through whom the sale of your shareholding in First Mutual Holdings Limited was executed, for onward delivery to the purchaser or transferee of your shares.

All the Directors of First Mutual Holdings Limited, whose names are given in paragraph 8.2 of the 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 material facts, the omission of which would make any statement in the Circular false or misleading, and that they have made all reasonable enquiries to ascertain such material facts and that this Circular contains all information required by law.

The Directors confirm that the Circular particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) that investors and their professional advisors would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the Listing particulars relate.

The Company's lead financial advisors, sponsoring broker, legal advisors, transfer secretaries and reporting accountants have consented in writing to act in the capacity stated and to their names being stated in the Circular and have not withdrawn their consents prior to the publication of this Circular.

Date of issue of this document: Monday 14 September 2020

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CORPORATE INFORMATION

The information below is given in compliance with the requirements of the Zimbabwe Stock Exchange. First Mutual Holdings Limited derives professional services from the following:

Company Secretary and Registered Office

Sheila Lorimer
First Mutual Park
100 Borrowdale Road
Borrowdale
Harare
Zimbabwe

Financial Advisors

Inter-Horizon Advisory (Private) Limited
Block 3
Tungate Business Park
30 Tungate Road
Mount Pleasant
Harare
Zimbabwe

Sponsoring Brokers

Inter-Horizon Securities (Private) Limited
Block 3
Tungate Business Park
30 Tungate Road
Mount Pleasant
Harare
Zimbabwe

Independent Auditors & Reporting Accountants

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Building 4
Arundel Office Park
Norfolk Road
Mount Pleasant
Harare
Zimbabwe

Legal Advisors

Dube, Manikai & Hwacha Legal Practitioners
6th Floor, Gold Bridge,
Eastgate Complex
Corner Sam Nujoma Street & Robert Mugabe Way
Harare
Zimbabwe

Transfer Secretaries

First Transfer Secretaries (Private) Limited
1 Armagh Avenue
Eastlea
Harare
Zimbabwe

Principal Bankers

Standard Chartered Bank Limited
1st Floor, Africa Unity Square Building
68 Nelson Mandela Avenue
Harare
Zimbabwe

FORWARD LOOKING STATEMENTS

This Circular includes forward looking statements regarding First Mutual Holdings Limited. Forward looking statements are those other than statements of historical facts, included in this Circular, and include without limitation, those regarding First Mutual Holding Limited's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to First Mutual Holdings Limited's products and services). Any statements preceded by, followed by or including the words "believes", "expects", "aims", "estimates", "anticipates", "may", "will", "should", "could", "intends", "plans", "seeks", or similar expressions, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause First Mutual Holdings Limited's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are inherently based on numerous assumptions regarding First Mutual Holdings Limited's present and future business strategies and the environment in which First Mutual Holdings Limited will operate in the future. The important factors that could cause First Mutual Holdings Limited's actual results, performance or achievements to differ materially from those in forward looking statements include, but are not limited to, those discussed in this circular. These forward-looking statements speak only as at the date of this Circular. The Directors of First Mutual Holdings Limited's expressly disclaim any obligation or undertaking to disseminate, after the distribution of this Document, any updates or revisions to any forward looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward looking statement is based, unless legally required to do so.

INTERPRETATIONS AND DEFINITIONS

In this document unless otherwise stated or the context otherwise requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and vice versa and words importing natural persons shall include juristic persons, whether corporate or incorporate and vice versa.

<i>"Aleyo"</i>	Aleyo Capital (Proprietary) Limited
<i>"Articles"</i>	The Articles of Association of First Mutual Holdings Limited;
<i>"Auditors" or "Independent Reporting Accountants"</i>	PricewaterhouseCoopers Chartered Accountants (Zimbabwe), Independent Auditors of the Company and Independent Reporting Accountants to the Transaction;
<i>"Board" or "Directors"</i>	The Board of Directors of First Mutual Holdings Limited;
<i>"Broker"</i>	Any person or company registered as a member with the ZSE and authorised to buy and sell shares and other securities on behalf of customers;
<i>"Business Day"</i>	Monday to Friday inclusive, but excluding any such date which a public holiday in Zimbabwe is;
<i>"BWP"</i>	Botswana Pula, the legal currency of Botswana;
<i>"Circular" or "the Document"</i>	This document dated Monday the 14 th of September 2020 including the appendices hereto, addressed to First Mutual Holdings Limited Shareholders, which sets out the terms and conditions of the Transaction;
<i>"Companies Act"</i>	The Companies and Other Business Entities Act (Chapter 24:31);
<i>"Conditions Precedent"</i>	The Conditions Precedent to which the Restructuring and Capitalisation of First Mutual Holdings Limited's reinsurance businesses is subject as set out in Section 9;
<i>"CSD"</i>	Central Securities Depository;
<i>"Documents of Title"</i>	Share certificates, dematerialised shares in CSD accounts, certified transfer deeds, balance receipts or any other physical documents of title to shares acceptable to the issuer of such shares;
<i>"EGM"</i>	Extraordinary General Meeting of First Mutual shareholders convened in terms of the Companies Act and the same, to be held at 1000 hours on Monday the 5 th of October 2020, and to be held virtually by electronic means at which First Mutual Shareholders will vote on the Proposed Transaction;
<i>"EPS"</i>	Earnings per share;
<i>"Exchange Control Regulations"</i>	The Exchange Control Regulations promulgated under the Exchange Control Act [Chapter 22:05] including in particular and without limitation, the Exchange Control Regulations, Statutory Instrument 109 of 1996, as amended;
<i>"First Mutual" or "FMHL" or "the Company" or "the Group"</i>	First Mutual Holdings Limited, a public Company incorporated in Zimbabwe under company registration number 9837/2003 and listed on the ZSE;
<i>"FMRE Botswana"</i>	FMRE Property & Casualty (Proprietary) Limited, a company incorporated in Botswana under company registration number CO2009/4927;

INTERPRETATIONS AND DEFINITIONS (CONTINUED)

<i>"FMRE HoldCo"</i>	First Mutual Reinsurance Holdings (Proprietary Limited), a company incorporated in Botswana under company registration number C02018/6024;
<i>"FMRE Zimbabwe"</i>	First Mutual Reinsurance Company Limited, a company incorporated in Zimbabwe under company registration number 26469/2007
<i>"Form of Proxy"</i>	The Form of Proxy accompanying this Circular;
<i>"IAS"</i>	International Accounting Standards;
<i>"IFRS"</i>	International Financial Reporting Standards;
<i>"IH Advisory"</i>	Inter-Horizon Advisory (Private) Limited, a licenced securities investment advisor with the Securities and Exchange Commission of Zimbabwe, and the financial advisors to the Transaction;
<i>"IH Securities"</i>	Inter-Horizon Securities (Private) Limited, the sponsoring broker for the Transaction and a member of the Zimbabwe Stock Exchange;
<i>"Legal Advisors"</i>	Dube, Manikai & Hwacha Legal Practitioners, the legal advisors to the Transaction;
<i>"NAV"</i>	Net asset value;
<i>"Notice"</i>	The notice of the Extraordinary General Meeting which was published in terms of the Companies Act on Monday the 14 th of September 2020, advising First Mutual Shareholders of the Transaction and which forms part of this Circular;
<i>"Payment Date "</i>	The date on which the Subscription Consideration will be paid to First Mutual Holdings Limited for a 29.1% shareholding in FMRE HoldCo.
<i>"PwC"</i>	PricewaterhouseCoopers Chartered Accountants (Zimbabwe), Independent Auditors of the Company and Independent Reporting Accountants to the Transaction;
<i>"RBZ"</i>	Reserve Bank of Zimbabwe;
<i>"Register"</i>	The Register of Shareholders of the Company maintained by the Transfer Secretaries and the sub-register of nominee Shareholders maintained by each Broker;

INTERPRETATIONS AND DEFINITIONS (CONTINUED)

<i>“Registrar”</i>	The Registrar of Companies appointed in terms of the Companies Act;
<i>“Shareholder(s)”</i>	The holder(s) of ordinary Shares of First Mutual Holdings Limited;
<i>“Shares”</i>	The issued and/or authorised share capital of First Mutual Holdings Limited;
<i>“the Subsidiaries”</i>	FMRE Property & Casualty (Proprietary) Limited and First Mutual Reinsurance Company Limited;
<i>“Transaction”</i>	Restructuring and Capitalisation of First Mutual Holdings Limited’s reinsurance businesses whereby Aleyo Capital (Proprietary) Limited is to subscribe for a 29.1% shareholding in FMRE HoldCo and subscription amount is to be used to capitalise the Subsidiaries up to their capital requirements.
<i>“Transfer Secretaries”</i>	First Transfer Secretaries (Private) Limited who provide share transfer secretarial services to First Mutual Holdings Limited;
<i>“Voting Record Date”</i>	The date for Shareholders to be recorded in the Register as such to vote at the EGM, being at 1600 hours on Wednesday the 30 th of September 2020;
<i>“ZSE”</i>	The Zimbabwe Stock Exchange, a stock exchange that is established in terms of the Securities and Exchange Act of 2004 (Chapter 24:25) and regulates the conduct of companies whose shares are listed on the Official List and traded on the Zimbabwe Stock Exchange;
<i>“ZWL”</i>	The Zimbabwean Dollar, the legal currency of Zimbabwe;

SALIENT FEATURES OF PROPOSED TRANSACTIONS

Overview of the Restructuring and Capitalisation of First Mutual Holdings Limited's reinsurance businesses

FMHL has two wholly owned reinsurance businesses, namely, First Mutual Reinsurance Company Limited ("FMRE Zimbabwe") and FMRE Property & Casualty (Proprietary) Limited ("FMRE Botswana"), incorporated under the laws of Zimbabwe and Botswana respectively ("the Subsidiaries"). FMHL has launched a capital raising exercise for its reinsurance businesses, FMRE Zimbabwe and FMRE Botswana. The exercise involves the establishment of an already created holding company for the Subsidiaries, namely First Mutual Reinsurance Holdings (Proprietary) Limited ("FMRE HoldCo") which will own 100% of the two subsidiaries to be domiciled in Botswana by way of transfer of shares of the relevant subsidiaries with the ultimate beneficial ownership remaining the same.

A Botswana private equity firm Aleyo Capital (Proprietary) Limited ("Aleyo"), whose principal investors are Botswana-based pension funds and institutional investors, has been identified as the financing partner for the capital raising exercise. Aleyo, through an investment vehicle called Aleyo Growth Fund I Partnership, is to subscribe for a 29.1% shareholding in FMRE HoldCo for BWP61 million, and the subscription amount is to be used to capitalise the Subsidiaries to enhance their security profile. To that effect, a binding agreement has been signed, subject to conditions precedent listed below.

Overview of First Mutual Holdings Limited

First Mutual Holdings Limited is a company incorporated under the laws of Zimbabwe and listed on the Zimbabwe Stock Exchange as the holding company for the First Mutual Group of Companies. First Mutual Holdings Limited is a leading financial services group that is committed to creating value through risk management, wealth creation and wealth management, predominantly in the insurance sector. Our brand is the financial ally that plays an integral role in preparation for a better tomorrow for individuals and institutions, by availing them the economic dignity of being prepared for lifetime obligations through our subsidiaries. Our professional and client-centric team is solution driven, and cares enough to Go Beyond and provide straightforward tools that create sustainable value for our customers. FMHL has diverse interests in life assurance, health insurance, short term insurance, reinsurance, savings, wealth management, funeral services, microfinance as well as property through our vast business portfolio.

Overview of First Mutual Reinsurance Company Limited

First Mutual Reinsurance Company Limited incorporated and domiciled in Zimbabwe is involved in the provision of reinsurance services for all classes of general insurance and life and health insurance, with a stable credit rating of BBB issued by GCR Ratings ("GCR"). In addition, First Mutual Reinsurance Company Limited trades on a strong retrocession panel with A rated regional and international retrocessionaires.

The company also provides a diverse range of technical training and risk management services as a total risk solution to its clients. The territorial scope for the company is predominantly Zimbabwe with interests in selected African countries in pursuit of the vision to be the major reinsurance company in Africa.

Overview of FMRE Property & Casualty (Proprietary) Limited

FMRE Botswana is a Botswana based reinsurance company and one of the most noticeable regional reinsurers in East and Southern Africa. Besides the traditional segments of reinsurance, the company has a clear orientation towards underwriting of speciality lines of reinsurance in its selected markets.

As part of its market development, the company consistently leverages its expert knowledge and partnership with leading international underwriters to provide insights in risk management and technical training across Africa. The company's growth in Botswana and the region is linked to the development of customer focused insurance products for emerging risks like cyber, liabilities and agricultural risks.

Overview of Aleyo Capital (Proprietary) Limited

Aleyo Capital is a Botswana-based alternative asset investment management firm, specialising in private equity and mezzanine investments in Southern Africa. The Firm and Aleyo Growth Fund I are managed by a well-rounded and diverse team of investment professionals with significant experience in private equity investing and operating businesses in Botswana and the sub-Saharan Africa region. The Aleyo team has a proven track record of making mid-market growth capital private equity investments having invested, set up and executed mezzanine and private equity transactions for several local, regional and continental focused funds in Botswana, Namibia and South Africa.

SALIENT FEATURES OF THE PROPOSED TRANSACTION (CONTINUED)

Rationale for the Proposed Transaction

The transaction is pursuant to a capital raising exercise undertaken by FMHL for its reinsurance businesses to house the capital in a stable economy, in Botswana. The capital raised will be utilized to capitalise FMRE Zimbabwe and FMRE Botswana in order to provide the businesses with adequate working capital to their enhance reinsurance capabilities, and to further boost the subsidiaries' solvency, liquidity and other technical considerations to support expansion.

If the transaction is not executed First Mutual's reinsurance businesses will remain sub-optimally capitalised and won't be able to take advantage of the opportunities in the reinsurance space.

Timetable for the Proposed Transaction

Important Dates	
First Mutual EGM Notice and announcement published	Monday 14 September 2020
Last day of lodging Proxy Forms (at 1600 hours)	Wednesday 30 September 2020
First Mutual EGM (at 1000 hours)	Monday 5 October 2020
Publication of First Mutual EGM resolution results	Wednesday 7 October 2020

Actions to be taken by First Mutual Shareholders

- Read this Document in its entirety. If you are in doubt as to the action you should take, you should immediately seek advice from your stockbroker, bank manager, legal practitioner, accountant or other professional advisors.
- Attend and vote at the EGM to be held on Monday 5 October 2020;
- Shareholders who are unable to attend the EGM, but who wish to be represented thereat, should complete and sign the Proxy Form included with this Document and ensure it is lodged at the registered offices of First Mutual Holdings Limited at, First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare, Zimbabwe so that it is received by the Transfer Secretaries by 1600 hours, on Wednesday 30 September 2020. Shareholders may attend the meeting in person, notwithstanding the completion and return of a Proxy Form.

Conditions precedent

- The passing by Shareholders of First Mutual of the Resolutions, by the requisite majority, at an EGM to be held on Monday 5 October 2020 in terms of the Notice of the EGM published in the national press dated Monday 14 September 2020;
- Approval of the transaction by all relevant authorities, including:
 - o Zimbabwe Stock Exchange
 - o Competition and Tariff Commission
 - o Reserve Bank of Zimbabwe,
 - o Insurance and Pensions Commission of Zimbabwe ("IPEC")
 - o Non-Bank Financial Institutions Regulatory Authority of Botswana ("NBFIRA")
- Execution and completion of all legal agreements to effect the transaction.

Documents Available for Inspection

The public may inspect this Circular and the documents available as listed in section 11 between 0800 and 1600 hours from Monday 14 September 2020 to Wednesday 30 September 2020 at the Financial Advisors', Sponsoring Brokers', and FMHL's Registered Offices at the addresses set out in the "Corporate Information" section of this Document.

DETAILS OF THE PROPOSED TRANSACTION

FIRST MUTUAL

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(Incorporated in Zimbabwe on 29 September 2003 under company registration number 9837/2003)

Directors: A R T Manzai (Chairman), D Hoto (Group Chief Executive Officer)*, W M Marere (Group Finance Director)*,
G Baines, E Mkondo, E Moyo, M Mukondomi, S V Rushwaya

Address: First Mutual Park, 100 Borrowdale Road, P O Box BW 178, Borrowdale, Harare, Zimbabwe

CHAIRMAN'S STATEMENT

Dear Shareholder,

BACKGROUND

I am writing to you in my capacity as the Chairman of First Mutual Holdings Limited, duly authorised by the board of directors of FMHL, to support the restructuring and capitalisation of First Mutual Holdings Limited's reinsurance businesses. The proposed transaction will be effected following the establishment of an already created holding company in Botswana, namely First Mutual Reinsurance Holdings (Proprietary) Limited ("FMRE HoldCo") which will own 100% of the two subsidiaries, First Mutual Reinsurance Company Limited and FMRE Property & Casualty (Proprietary) Limited. A Botswana private equity firm Aleyo Capital (Proprietary) Limited is to subscribe for a 29.1% shareholding in FMRE HoldCo for BWP61 million, and the subscription amount is to be used to capitalise the Subsidiaries.

Rationale for the Transaction

The transaction is pursuant to a capital raising exercise undertaken by FMHL for its reinsurance businesses to house the capital in a stable economy, in Botswana. The capital raised will be utilized to capitalise FMRE Zimbabwe and FMRE Botswana in order to provide the businesses with adequate working capital to their enhance reinsurance capabilities, and to further boost the subsidiaries' solvency, liquidity and other technical considerations to support expansion.

If the transaction is not executed First Mutual's reinsurance businesses will remain sub-optimally capitalised and will not be able to take advantage of the opportunities in the reinsurance space.

NEW LEGISLATIVE AND REGULATORY DEVELOPMENTS

A number of significant new pieces of legislation have been enacted recently, not least of which are the Companies and Other Business Entities Act [Chapter 24:31] and the new ZSE Listing Rules [SI 134 of 2019]. In addition, various directives have been issued by the regulators, particularly the Insurance and Pensions Commission ("IPEC"). The Group is rigorously assessing the implications of these enactments and taking steps to comply.



A R T Manzai
Chairman

18 August 2020

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

1. SHARE CAPITAL

1.1. Impact on Share Capital

The transaction will have no impact on FMHL's current shareholding structure.

1.2. Voting Rights

The authorised but unissued and issued First Mutual ordinary shares are the same class and rank pari passu in every respect.

1.3. Adequacy of Capital, Working Capital and Cash Flow

The Directors are of the opinion that the Company's share capital and working capital are adequate for the foreseeable future for the current operations.

1.4. Impact of Transaction on First Mutual's Net Asset Value

	Unadjusted audited 31 December 2019			Proforma after Transaction
	1	2	3	5= (1+2+3)
Net Asset Value	868 295 494	96 584 350	(3 585 694)	961 294 150

1. Represents the unadjusted audited statement of financial position for First Mutual Holdings Limited ("FMHL") for the year ended 31st December 2019.
The results were extracted from the published audited financial statements for the year ended 31 December 2019.
2. Represents capital injection of BWP61 million by Aleyo Capital (Proprietary) Limited into a wholly owned subsidiary.
The amount was converted at an interbank rate of ZWL1.58: BWP1 translating to ZWL 96 584 350.
3. Represents the estimated transaction costs of the capital injection borne by FMHL.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

2. CORPORATE GOVERNANCE

2.1. Introduction

First Mutual is committed to the principles laid out in the National Code of Governance in Zimbabwe. The Directors recognise the need to conduct the affairs of the Group with transparency, integrity, accountability and in accordance with generally accepted corporate practices, in the interests of its shareholders, employees and other stakeholders. This process enables the Company's shareholders and stakeholders to derive the assurance that, in protecting and adding value to First Mutual's financial and human capital investment, the Company is being managed ethically, according to prudently determined risk parameters and in compliance with the best international practices.

2.2. Board of Directors

The primary responsibility of the Board is to discharge its fiduciary responsibility to the shareholders and the Company. The Board is the highest policy organ of the Company and also acts to direct strategy. The Board meets regularly to monitor the performance of management and to ensure proper control over the strategic direction of the Company. The Board comprises 2 Executive and 6 Non-Executive Directors. The Directors comprise individuals with proven track records and a wide range of different skills and experience, which they employ for the Company's benefit. The Non-Executive Directors also provide crucial independence and guidance to the Company's strategic decision-making process and corporate governance practices.

The full names, addresses and positions of the Directors of First Mutual are set out below:

Full Name	Residential Address	Position
Amos R T Manzai	4 Downham Avenue, Greencroft, Harare	Independent Non-Executive Chairman
Douglas Hoto	32 Honeybear Lane, Borrowdale, Harare	Chief Executive Officer
Samuel V Rushwaya	314 Bowers Close, Greystone Park, Harare	Independent Non-Executive Director
Gareth Baines	17 Eton Park, 6 Eton Road, Sandhurst, Johannesburg, South Africa	Independent Non-Executive Director
Evlyn Mkondo	Sweden Farm, Alsace Road, Beatrice	Independent Non-Executive Director
Memory Mukondomi	585 Lilian Road, Waterfalls, Harare	Non-Executive Director
William M Marere	11 Honington Close, Greystone Park, Harare	Group Finance Director
Elisha K Moyo	42 Mondynes Drive, Mandara, Harare	Independent Non-Executive Director

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

Amos R T Manzai – Independent Non-Executive Chairman BA Hons Economics (Dunelm, UK),

Amos has senior managerial and executive leadership experience acquired at Deloitte & Touche London and Zimbabwe as senior supervisor. He has also served at ZESA as Deputy General Manager – Finance. Amos has also held the position of Group Finance Director at TA Holdings Ltd and Executive Director Finance & Administration at Standard Chartered Bank Zimbabwe Limited.

He is a Director at Perrenialform Investments Private Limited, Energid Services (Private) Limited and Lidle Trading Services (Private) Limited. He holds a BA Honours Economics Degree (Dunelm UK) and is a Chartered Accountant (Zimbabwe).

Douglas Hoto - Group Chief Executive Officer Fellow of the Institute of Actuaries (UK & SA), BSc Hons Mathematics (UZ)

Douglas is an accomplished business leader and Group Chief Executive Officer of FMHL. He holds a Bachelor of Science Honours Degree in Mathematics (University of Zimbabwe), is a qualified Actuary with more than 22 years' experience. He is a Fellow of the Institute and Faculty of Actuaries of the United Kingdom 1999 ("FIFA") and is also a Fellow of the Actuarial Society of South Africa ("FASSA"). Douglas started his actuarial career with Old Mutual in 1990 and worked in both the Harare and Cape Town offices until 1999, when he joined First Mutual Life. He rose through the ranks to become Managing Director of First Mutual Life in 2003 and Chief Executive of First Mutual in 2004. Douglas was instrumental in setting up First Mutual Reinsurance Company (FMRE Property & Casualty), Tristar Insurance Company (Private) Limited and African Actuarial Consultants (Private) Limited from a Division of First Mutual Life Assurance Society. His career has also seen him at the helm of Altfin Holdings (Private) Limited and First Mutual. In addition, Douglas is involved in community transformation initiatives focusing on education. He works closely with national development organisations and is the past chairman for Zimbabwe National Statistics Agency ("ZIMSTATS"). He serves on a number of boards and is a past chairman of Actuarial Society of Zimbabwe.

Samuel V Rushwaya – Independent Non-Executive Director BSc Hons Sociology (London), Diploma Training Management

Samuel is a former Managing Director of Aberfoyle Holdings (Private) Limited and past Chairman of British American Tobacco Zimbabwe Limited and Standard Chartered Bank Zimbabwe Limited as well as First Mutual Reinsurance Company Limited. He is also a past Director of CGU Insurance, Portland Holdings Limited, and SFG Insurance. He chairs the First Mutual Life Assurance Limited Board. Samuel is a holder of a Bachelor of Science (Sociology) Honours Degree, London and Advanced Diploma in Training Management.

Gareth Baines – Independent Non-Executive Director MBA (UCT), BSc Finance (UCT), IRMSA (SA)

Gareth has experience in the insurance industry and extensive knowledge of life and non-life insurance. Prior to joining the Board, he held executive positions in the financial services sector in South Africa, at Guardrisk Insurance Company Limited, AIG South Africa Limited (AIG SA), ABSA Insurance Company, and Nedbank Insurance Limited. Gareth has served on several South African board committees including AIG SA Pension Fund Trustee Chair, Audit sub-committee of AIG SA, Intermediaries Guarantee Facility Limited, as President Institute of Risk Managers South Africa (IRMSA) and IRMSA Education & Technical sub-committee chair. He holds a Bachelor of Business Science in Finance and a Master of Business Administration (University of Cape Town).

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

Evelyn Mkondo – Independent Non-Executive Director **B Acc (UZ), CA (Z)**

Eve graduated from the University of Zimbabwe with a Bachelor of Accountancy (Honours) degree and became a member of the Institute of Chartered Accountants of Zimbabwe in 1989 after serving articles with Coopers & Lybrand (now Ernst Young) in Harare. Eve has held senior finance positions in organizations spanning power, retail, mobile communications and financial services. She later joined listed conglomerate Star Africa Corporation Limited (formerly ZSR Limited) as Group Finance Director and later as its Group Commercial Director. Eve gained invaluable experience as an Executive Director of the main Board, a director at divisional boards and also at subsidiaries Sugar Industries Botswana Limited, Star Africa International Limited (Mauritius) and ZSR Transport Limited (South Africa). She also sat on the Zimbabwe Sugar Association board. Eve spent a year as Chief Finance Officer of AIM listed African Consolidated Resources Limited before retiring in 2013. Currently she is serving as non-executive director at Schweppes Zimbabwe Limited, First Mutual Properties Limited and Standard Chartered Bank Zimbabwe Limited.

Memory Mukondomi – Non-Executive Director **Executive MBA (NUST), BSc Acc & Finance (CUT)**

Memory is the Director Finance and Administration in the Ministry of Public Service Labour & Social Welfare. Prior to her current position, she was the Chief Internal Auditor in the Ministry of Industry and International Trade from 2005 to 2011. She was on the COMESA Audit Committee having worked for the Auditor General from 1990 to 2005. Memory holds an Executive Masters of Business Administration from the National University of Science and Technology and Bachelor of Science (Hons) Accounting and Finance – Chinhoyi University. She sits on the Board of Allied Timbers Limited.

William M Marere – Non-Executive Director **B Com Hons (UNISA), CA (Z)**

William was appointed to his current position in September 2012. Prior to this appointment, William was Chief Financial Officer – Corporate Finance at Econet Wireless Zimbabwe where he was responsible for corporate and project finance and investor relations. William served his Articles of Clerkship with Ernst & Young. Upon completion he worked for companies in the financial services, mining and property development industries including Stanbic Bank Zimbabwe Limited, TN Financial Services Limited and Zimbabwe Alloys Limited where he gained proficiency and expertise in finance and administration, corporate and project finance. William holds an Honours Bachelor of Accounting Science Degree from the University of South Africa (UNISA) and is a Chartered Accountant (Zimbabwe).

Elisha K Moyo – Independent Non-Executive Director **MBA (UZ), LLB Hons (UZ)**

Elisha a lawyer by profession and currently practices law in the law firm Moyo and Partners Legal Practitioners which he founded in October 2011. His specialty is corporate law. Elisha chairs First Mutual Properties Limited and NicosDiamond Insurance Limited. Additionally, he sits on several other boards. He is a Commissioner on the National Manpower Advisory Council (NAMACO) and a Councillor on the University of Zimbabwe Council. He has served as the General Counsel for TA Holdings Limited, and as Managing Director of Zimnat Lion Insurance Company Limited for a period of 5 years. He is a past President of the Insurance Institute of Zimbabwe and a past Chairman of the Insurance Council of Zimbabwe. Prior to that, Elisha performed company secretarial roles for Southampton Assurance Company and its subsidiaries and Intermarket Holdings Limited. He is a current PhD student in Business Administration, and he holds a Master's in Business Administration from the University of Zimbabwe, a Bachelor of Laws degree and a Bachelor of Law Honours Degree from the same institution.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

2.3. Directors Interests

As at 14 August 2020, the Directors directly and/or indirectly, held beneficial interests aggregating approximately 956,459 First Mutual shares representing 0.13% of the issued share capital of the Company. The details of the direct and indirect interests held by the Directors are summarised below:

Directors	Direct shareholding	Indirect shareholding	Total
Amos R T Manzai			
Douglas Hoto		1 621 470	
Samuel V Rushwaya	10 100		
Gareth Baines			
Evlyn Mkondo			
Memory Mukondomi			
William M Marere	10 000	946 459	956 459
Elisha K Moyo	924		

2.4. Other interests

Mr Douglas Hoto and Mr William Marere are eligible to participate in the Company's Share Appreciation Rights ("SARS") Scheme which was approved by shareholders on 27 June 2019. The exercise of a SAR under this Scheme entitles a participant to receive the Gain for each share. "Gain" means an amount equal to the excess of the market value on the exercise date over the exercise price. The FMHL board has absolute discretion as to whether the aggregate Gain will be paid in shares (which on the date of exercise have a market value equal to the Gain) or in the form of a cash payment or in a combination of cash and shares.

Mr Hoto holds 3,329,121 unexercised SARS and Mr Marere holds 2,154,828 unexercised SARS.

2.5. Combined Audit and Actuarial Committee

The Combined Audit and Actuarial Committee comprises four (4) non-executive directors, one of whom is the Chairperson. The Group Chief Executive Officer and Group Finance Director attend these meetings in ex-officio capacities. The Combined Audit and Actuarial Committee has written terms of reference and is tasked with ensuring financial discipline within the Group, sound corporate values and financial procedures. This Committee is further tasked with reviewing and recommending the interim and annual financial statements of the Group for approval by the Board, and considering any accounting practice changes. The Committee also recommends the appointment of the external auditors and reviews their fees. The Group's Internal Audit Executive and the independent auditors are invited to attend all meetings and have unrestricted access to this Committee to ensure their independence and objectivity.

- In respect of actuarial work, the Committee is tasked with protecting policyholders' interests by:
- Ensuring separate accounting for the assets of policyholders and shareholders of the insurance companies in the Group;
- Devising and ensuring adherence to profit participation rules; and
- Reviewing actuarial valuation reports and monitoring implementation of actuarial recommendations.

The actuary of the Group is invited to attend all the Committee meetings.

2.6. Human Resources and Governance Committee

This Committee comprises three (3) non-executive directors of First Mutual, one of whom is the Chairperson. This Committee is mandated to deal with staff development and formulate remuneration policies as well as approve remuneration packages for executive directors and senior executives. The Committee is responsible for reviewing and assessing organizational structure in line with the Strategy and makes recommendations to the Board. The Committee reviews recruitment procedures and strives to ensure that remuneration packages remain competitive. The Committee acts as a Nominations Committee for Directors to Boards in the Group and, in addition, the Committee considers wider corporate governance issues and related party transactions.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

2.7. Group Investments Committee

This Committee comprises three (3) non-executive directors, (one of whom is the Chairperson). The Group Chief Executive Officer and Group Finance Director attend in ex officio capacities. The Committee formulates investment strategy and policy, reviews the performance of investments within the Group and recommends new investments for approval by the Board. The Committee assists the Board in reviewing the implementation of its investment policies and ensures that portfolio management is conducted in accordance with the Group's policies.

2.8. Group Risk Committee

The Group Risk Committee comprises four (4) Non-Executive Directors of the First Mutual Holdings Group, one of whom is the Chairperson. The Committee advises on the company's overall risk strategy, current risk exposures, and risk governance. The Committee considers and approves the remit of the risk management function and reviews reports on material breaches of risk limits, as well as the adequacy of remedial action. The Committee also advises the Board on the risks aspects of proposed strategic transactions. The Committee liaises with other Board Committees as necessary.

2.9. Strategic Direction Committee

The Strategic Direction Committee is made up of a non-executive Chairman and at least two other non-executive directors. The Committee advises the Board on matters which are of strategic importance to the Group. Without limiting the generality of the foregoing, the Committee:

- Considers and assesses proposed strategic transactions including acquisitions, disposals or other significant corporate actions;
- Ensures that due diligence appraisal of propositions is undertaken;
- Seeks independent external advice where appropriate and available;
- Makes recommendations on the appointment of transaction advisors;
- Works with and liaises as necessary with other Board Committees;
- Ensures that the Board is kept apprised of material developments in relation to all projects under the purview of the Committee.

2.10. Executive Committee

The Executive Committee ("EXCO") supports the Group Chief Executive Officer in carrying out his responsibilities for the day to day management of the Group's operations and consists of the following members;

- the Group Chief Executive Officer;
- the Group Finance Director;
- Managing Directors/ General Managers of all strategic business units;
- all Group Shared Services Executives

Meetings are convened monthly.

The EXCO is responsible for:

- the implementation of strategies and policies;
- managing the day to day business affairs;
- prioritising the allocation of capital and technical and human resources;
- establishing the best management practices and functional standards;
- enterprise wide risk management;
- ensuring that regular detailed reports are submitted to the Board on each of the Company's investments; and
- performing such other duties and responsibilities as may be directed from time to time.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

2.11. Works Council

The Group holds Works Council meetings every quarter. The meeting provides a forum for employees to participate in the decision-making process and discuss employees' concerns with management.

2.12. Dealing in Shares

The Company has a policy, in line with the ZSE Listing Requirements, prohibiting dealings in shares by Directors, Officers and Executive Management for a designated period, which is from the end of the reporting period until the preliminary announcement of the Company's interim and year end results, or when they are in possession of price sensitive information not within the public domain.

2.13. Ethics and Business Integrity

Professional and ethical standards and the highest standards of integrity are an integral part of how the Company conducts its business affairs. The Company recognises that investor and stakeholder perceptions are based on the manner in which the Company, its Directors, management and staff conduct business and the Company therefore strives to achieve the highest standards of integrity and business ethics at all times.

3. FUTURE PROSPECTS FOR THE COMPANY

In the short term, the economy is expected to continue to be adversely impacted by high inflation, shortages of foreign currency and fuel as well as the global impact of the COVID-19 pandemic. The Group is confident of the country's medium-term economic prospects and will thus continue to invest in its core businesses and complementary areas. We will retain our focus on balance sheet preservation and ensuring that our businesses achieve operating profits in a volatile environment. Efforts will also be made to enhance our regional footprint with a view to increasing our foreign currency earning potential. The Insurance and Pensions Commission ("IPEC") issued various directives which will have a significant impact on the insurance and reinsurance businesses in the years ahead. The Group is responsible for assessing the extent of compliance and implications with corrective measures implemented.

4. CAPITAL COMMITMENTS, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

4.1. Capital Commitments

First Mutual had the following capital commitments as at 31 December 2019.

	ZWL
Zimbabwe Agricultural Fund	700 000

4.2. Finance Lease Commitments

As at 31 December 2019, First Mutual had no material finance lease commitments.

4.3. Contingent Liabilities

As at 31 December 2019, First Mutual had no material contingent liabilities.

5. MATERIAL CONTRACTS

As at 31 December 2019, First Mutual had not entered into any material contracts, other than in the ordinary course of business.

6. LITIGATION STATEMENT

The Company is not involved in any material litigation or arbitration proceedings which may have, or which have had, during the twelve months preceding the date of this Circular, a significant effect on the financial position of First Mutual nor is the Company aware that any such proceedings are pending or threatened.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

7. SHARE INFORMATION

7.1. First Mutual Shareholding Structure

The table below details the top twenty shareholders of First Mutual as at 9 September 2020:

Rank	Name	Number of Shares	Percentage
1	National Social Security Authority	479,031,386	66.22
2	Capital Bank Corporation Limited,	51,341,100	7.10
3	Lhg Malta Holdings Limited	31,933,182	4.41
5	Pim Nominees (Private) Limited	25,450,824	3.52
4	Heritage Expeditions (Private) Limited	25,002,273	3.46
6	Stanbic Nominees (Private) Limited	14,456,116	2.00
7	Gumball Investments	4,531,232	0.63
8	Zisco	4,220,237	0.58
9	Guramatunhu Family Trust	3,786,073	0.52
10	Zimbabwe Association Of Church Related Hospitals (Zach) Pension Scheme	3,329,940	0.46
11	Colossus Investments (Private) Limited	3,099,866	0.43
12	First Mutual Life Staff Pension Scheme	2,629,900	0.36
13	Local Authorities Pension Fund	2,323,701	0.32
14	Colnest Zimbabwe Pension Plan	1,281,135	0.18
15	Messina Investments Limited	1,127,920	0.16
16	Autumn Gold Group Pension Plan	1,113,163	0.15
17	Loxmill	938,422	0.13
18	Tfs Nominees (Private) Limited	804,964	0.11
19	Old Mutual Life Assurance Company Zimbabwe Limited	762,206	0.11
20	Preservation Fund	709,189	0.10
	Selected Shares	657,872,829	90.94
	Non-Selected Shares	65,570,748	9.06
	Issued Shares	723,443,577	100.00

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

Share Price History

Date	Closing Price	Volume	Date	Closing Price	Volume
23.06.2020	3.59	3,000	19.08.2020	3.64	900
24.06.2020	3.70	893,000	20.08.2020	3.62	400
25.06.2020	3.70	956,400	21.08.2020	3.62	-
26.06.2020	3.70	-	24.08.2020	3.62	100
03.08.2020	3.70	-	25.08.2020	3.62	-
04.08.2020	3.70	-	26.08.2020	3.62	-
05.08.2020	3.70	-	27.08.2020	3.62	-
06.08.2020	3.70	-	28.08.2020	3.50	100
07.08.2020	3.70	-	31.08.2020	3.59	19,900
12.08.2020	3.70	-	01.09.2020	3.59	-
13.08.2020	3.70	-	02.09.2020	3.59	-
14.08.2020	3.70	-	03.09.2020	3.60	1,000
17.08.2020	3.70	-	04.09.2020	3.60	100
18.08.2020	3.65	100	07.09.2020	3.60	1,100
17.08.2020	3.70	-	08.09.2020	3.60	100
18.08.2020	3.70	100	09.09.2020	3.60	-

Date	Price (ZWL\$)
Q3 2018	0.15
Q4 2018	0.15
Q1 2019	0.12
Q2 2019	0.21
Q3 2019	0.26
Q4 2019	0.31
Q1 2020	1.00
Q2 2020	3.70

Date	Price (ZWL\$)
Jun-19	0.21
Jul-19	0.25
Aug-19	0.26
Sep-19	0.26
Oct-19	0.27
Nov-19	0.24
Dec-19	0.31
Jan-20	0.43
Feb-20	0.92
Mar-20	1.00
Apr-20	1.52
May-20	2.80
Jun-20	3.70
Aug-20	3.59

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

8. EXPERTS' CONSENTS

The Lead Financial Advisors, Sponsoring Brokers, Legal Advisors, Transfer Secretaries, Independent Financial Advisors, Independent Auditors, and Reporting Accountants have submitted their written consents to act in the capacities stated and to their names being stated in this Circular, which consents have not been withdrawn as at the date of this Circular. The above-mentioned consents are available for inspection by interested parties in terms of paragraph 17 below.

9. CONDITIONS PRECEDENT

The implementation of the Proposed Transactions is conditional upon the following:

- The passing by Shareholders of First Mutual of the Resolutions, by the requisite majority, at an EGM to be held on Monday 5 October 2020 in terms of the Notice of the EGM published in the national press dated Monday 14 September 2020;
- Approval of the transaction by all relevant authorities, including
 - o Zimbabwe Stock Exchange
 - o Competition Authority,
 - o Non-Bank Financial Institutions Regulatory Authority of Botswana ("NBFIRA"),
 - o Reserve Bank of Zimbabwe,
 - o Insurance and Pensions Commission of Zimbabwe ("IPEC"),
- Execution and completion of all legal agreements to effect the transaction.

10. REGULATORY ISSUES

- Zimbabwe Stock Exchange - The ZSE approved the distribution of this Circular on 8 September 2020;
- Reserve Bank of Zimbabwe - An application has been made for the approval of the transfer of FMRE Zimbabwe to FMRE HoldCo in Botswana;
- Competition and Tariffs Commission - The Company has engaged the Competition and Tariffs Commission;
- The Competition and Consumer Authority of Botswana has confirmed that this is not a notifiable transaction in Botswana.
- The insurance regulators, IPEC and NBFIRA, have been informed of the transaction.

11. DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION

Between Monday 14 September 2020 and Wednesday 30 September 2020, copies of the following documents will be available for inspection, during normal working hours, at the Sponsoring Brokers, Financial Advisors and First Mutual Registered Offices at the addresses set out in the "Corporate Information" section at the beginning of this document:

- The Memorandum of Association of the Company;
- The substituted Articles of Association of the Company;
- The written consents detailed in paragraph 13 of the Document;
- Legal agreements relating to the 29.1% shareholding subscription in FMRE HoldCo;
- The Independent Reporting Accountant's Report on the historical financial information for the three financial years ended 31 December 2019, which is set out as an Appendix to this circular;
- The Independent Reporting Accountant's Report on the Proforma Financial Information;
- The audited financial statements for the three financial years ended 31 December 2019 for First Mutual.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear below, collectively and individually accept full responsibility for the accuracy of the information provided in this Circular, 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 or misleading. They have made all reasonable enquiries to ascertain such facts, and that this Circular contains all information required by law.

The Directors confirm that this Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) that investors and their professional advisors would reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer, and of the rights attaching to the securities to which the listing particulars relate.

Signed on [date]

Director's Name	Position	Signature
Amos R T Manzai	Independent Non-Executive Chairman	[Signed on original]
Douglas Hoto	Chief Executive Officer	[Signed on original]
William M Marere	Finance Director	[Signed on original]
Samuel V Rushwaya	Independent Non-Executive Director	[Signed on original]
Gareth Baines	Independent Non-Executive Director	[Signed on original]
Evlyn Mkondo	Independent Non-Executive Director	[Signed on original]
Memory Mukondomi	Non-Executive Director	[Signed on original]
Elisha K Moyo	Independent Non-Executive Director	[Signed on original]

ANNEXURE 1 – PROFORMA FINANCIAL INFORMATION OF FIRST MUTUAL HOLDINGS LIMITED

Basis of preparation for pro forma financial information

The pro forma financial information of FMHL has been prepared to illustrate the impact of the proposed capital raise for First Mutual Reinsurance Holdings (Proprietary) Limited (“FMRE HoldCo”). FMRE HoldCo which is incorporated and domiciled in Botswana will acquire 100% of the issued ordinary shares of First Mutual Reinsurance Company Limited (“FMRE Zimbabwe”) and FMRE Property & Casualty (Proprietary) Limited (“FMRE Botswana”) (referred to herein as the “Subsidiaries”). Post the restructuring of FMHL’s reinsurance businesses, Aleyo Capital (Proprietary) Limited will purchase 29.1% of the issued share capital of FMRE HoldCo for a consideration of BWP61 million. The restructuring and capital raise is assumed to have occurred on 31 December 2019 for the purpose of the pro forma statement of financial position and on 1 January 2019 for the purpose of the pro forma statement of comprehensive income. The pro forma financial information has been prepared for illustrative purposes only and because of its pro forma nature may not fairly present the FMHL’s financial position, changes in equity, results of operations or cash flow, nor the effect and impact of the restructuring and capital raise going forward. The pro forma financial information is based on the audited consolidated financial statements of the Group for the year-ended 31 December 2019. An adverse opinion was issued with respect to these consolidated financial statements. The directors of the Company are responsible for the compilation, contents and preparation of the pro forma financial information. Their responsibility includes determining that the pro forma financial information has been properly compiled on the basis stated, and that the pro forma adjustments are appropriate for purposes of the pro forma financial information disclosed pursuant to the Zimbabwe Stock Exchange (“ZSE”) Listings Requirements. The pro forma financial information has been prepared using accounting policies that comply with International Financial Reporting Standards (“IFRS”) except for non-compliance with International Accounting Standard (“IAS”) 21 - The Effects of changes in foreign exchange rates and its consequent effects on the hyperinflationary adjustments made in terms of IAS 29 - Financial Reporting in Hyperinflationary Economies and the valuation of investment property and that are consistent with those applied in the audited historical financial statements of the FMHL for the year ended 31 December 2019. The pro forma financial information is presented in accordance with the ZSE Listings Requirements.

The Independent Reporting Accountant’s report on the pro forma financial information is set out as an Appendix to this Circular.

ANNEXURE 1 – PROFORMA FINANCIAL INFORMATION OF FIRST MUTUAL HOLDINGS LIMITED (CONTINUED)

PROFORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME INFLATION ADJUSTED

	Unadjusted Audited 31 December 2019	1	2	3	Proforma after Transaction 4 = (1+2+3)
INCOME					
Gross premium written	1 295 799 266	-	-	-	1 295 799 266
Reinsurance	(312 253 328)	-	-	-	(312 253 328)
Net premium written	983 545 938	-	-	-	983 545 938
Movement in unearned premium reserve	(34 066 949)	-	-	-	(34 066 949)
Net premium earned	949 478 989	-	-	-	949 478 989
Rental income	52 484 786	-	-	-	52 484 786
Fair value adjustment - investment property	506 592 397	-	-	-	506 592 397
Investment/(loss) income	(392 848 248)	-	-	-	(392 848 248)
Interest income	18 051 398	-	-	-	18 051 398
Fee income:					
- insurance contracts	6 669 765	-	-	-	6 669 765
- investment contracts	26 379 069	-	-	-	26 379 069
Other income	118 799 142	-	-	-	118 799 142
Monetary gain/(loss)	(262 033 715)	-	-	-	(262 033 715)
Total income	1 023 573 583	-	-	-	1 023 573 583
EXPENDITURE					
Insurance benefits	(38 615 958)	-	-	-	(38 615 958)
Insurance claims and loss adjustment expenses	(463 320 797)	-	-	-	(463 320 797)
Insurance claims and loss adjustment expenses recovered from reinsurers	48 868 942	-	-	-	48 868 942
Net insurance benefits and claims	(453 067 813)	-	-	-	(453 067 813)
Movement in insurance contract liabilities	174 048 587	-	-	-	174 048 587
Movement in shareholder risk reserve	(45,839,233)	-	-	-	(45,839,233)
Investment profit on investment contract liabilities	128 340 584	-	-	-	128 340 584
Acquisition of insurance and investment contracts expenses	(77 491 889)	-	-	-	(77 491 889)
Administration expenses	(305 533 281)	-	(4 829 218)	-	(305 533 281)
Impairment allowances	(22 713 392)	-	-	-	(22 713 392)
Finance cost on borrowings	(673 023)	-	-	-	(673 023)
Total expenditure	(602 929 460)	-	(4 829 218)	-	(602 929 460)
Profit/(loss) before share of profit of associate	420 644 123	-	(4 829 218)	-	420 644 123
Share of (loss)/profit of associate	(4 237 834)	-	-	-	(4 237 834)
Profit/(loss) before income tax	416 406 289	-	(4 829 218)	-	416 406 289
Income tax expense	(388 770 692)	-	1 243 524	-	(388 770 692)
Profit/(loss) for the year	27 635 597	-	(3 585 694)	-	27 635 597
Other comprehensive income					
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent periods:					
Exchange gain/(loss) on translating foreign operations	61 325 844	-	-	-	61 325 844
Share of other comprehensive profit of associate	105 972	-	-	-	105 972
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent periods	61 431 816	-	-	-	61 431 816
Total comprehensive income/(loss) for the year	89 067 413	-	(3 585 694)	-	89 067 413
Profit/(loss) attributable to:					
Non-controlling interest	104 962 843	2 512 632	-	-	107 475 475
Equity holders of the parent	(77 327 246)	(2 512 632)	-	-	(83 425 572)
Profit/(loss) for the year	27 635 597	-	-	-	27 635 597
Comprehensive income attributable to:					
Non-controlling interest	104 962 843	2 512 632	-	-	107 475 475
Equity holders of the parent	(15 895 430)	(2 512 632)	-	-	(21 993 756)
Total comprehensive income/(loss) for the year	89 067 413	-	-	-	89 067 413
Basic earnings/(loss) per share (ZWL cents)	(10.72)	-	-	-	(11.06)
Diluted earnings/(loss) per share (ZWL cents)	(10.71)	-	-	-	(11.05)
Headline earnings/(loss) per share (ZWL cents)	(8.31)	-	-	-	(8.31)

Notes:

- Represents the unadjusted audited statement of comprehensive income for First Mutual Holdings Limited ("FMHL") for the year ended 31st December 2019. The results were extracted from the published audited financial statements for the year ended 31 December 2019.
- Represents the allocation of First Mutual Reinsurance Holdings (Proprietary) ("FMRE HoldCo") Limited profit as at 31 December 2019 to NCI as if FMRE HoldCo had been accounted for as a subsidiary from 1 January 2019. The adjustment of ZWL2.5 million to NCI decreases the total retained earnings accounted for by FMHL.
- Represents the impact of the transaction costs related to the capital injection of BWP61 million.
- Represents the proforma statement of comprehensive income for FMHL after the proposed transaction.

ANNEXURE 1 – PROFORMA FINANCIAL INFORMATION OF FIRST MUTUAL HOLDINGS LIMITED (CONTINUED)

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 INFLATION ADJUSTED

	Unadjusted audited 31 December 2019"				Proforma after Transaction
	1	2	3	4	5= (1+2+3+4)
ASSETS					
Property, plant and equipment	51 035 737	-	-	-	51 035 737
Investment property	1 413 176 336	-	-	-	1 413 176 336
Right of use of assets	18 955 797	-	-	-	18 955 797
Intangible assets	8 484 159	-	-	-	8 484 159
Investment in associate	29 754 474	-	-	-	29 754 474
Financial assets:					
- equity securities at fair value through profit or loss ("FVPL")	348 766 929	-	-	-	348 766 929
- debt securities at amortised cost	9 416 077	-	-	-	9 416 077
Deferred acquisition costs	24 336 527	-	-	-	24 336 527
Income tax asset	116 967	-	-	-	116 967
Inventory	12 995 371	-	-	-	12 995 371
Insurance, tenant and other receivables	208 347 639	-	-	-	208 347 639
Cash and balances with banks	279 515 881	96 584 350	(4 829 218)	-	371 271 014
TOTAL ASSETS	2 404 901 894	96 584 350	(4 829 218)	-	2 496 657 027
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	6 194 499	-	-	-	6 194 499
Share premium	334 293 098	-	-	-	334 293 098
Non-distributable reserves	121 782 442	-	-	-	121 782 442
(Accumulated losses)/retained profits	(76 241 888)	-	(3 585 694)	(2 512 632)	(82 340 214)
Total equity attributable to equity holders of the parent	386 028 151	-	(3 585 694)	(2 512 632)	379 929 825
Non-controlling interests	482 267 343	96 584 350	-	2 512 632	581 364 325
Total equity	868 295 494	96 584 350	(3 585 694)	-	961 294 150
Liabilities					
Life insurance contract liabilities:					
- with Discretionary Participating Features ("DPF")	55 097 091	-	-	-	55 097 091
- without DPF	37 505 429	-	-	-	37 505 429
Investment contract liabilities:					
- with DPF	611 255 766	-	-	-	611 255 766
- without DPF	45 639 382	-	-	-	45 639 382
Shareholder risk reserve	26 646 706	-	-	-	26 646 706
Lease liability	3 304 006	-	-	-	3 304 006
Share based payment liability	5 017 934	-	-	-	5 017 934
Insurance contract liabilities - short term	375 689 164	-	-	-	375 689 164
Insurance liabilities - life assurance	4 078 742	-	-	-	4 078 742
Other payables	80 799 186	-	-	-	80 799 186
Deferred tax	290 710 061	-	(1 243 524)	-	289 466 537
Current income tax liabilities	862 933	-	-	-	862 933
Total liabilities	1 536 606 400	-	(1 243 524)	-	1 535 362 876
TOTAL EQUITY AND LIABILITIES	2 404 901 894	96 584 350	(4 829 218)	-	2 496 657 027

Notes:

- Represents the unadjusted audited statement of financial position for First Mutual Holdings Limited ("FMHL") for the year ended 31st December 2019. The results were extracted from the published audited financial statements for the year ended 31 December 2019.
- Represents capital injection of BWP61 million by Aleyo Capital (Proprietary) Limited into a wholly owned subsidiary. The amount was converted at an interbank rate of ZWL1.58: BWP1 translating to ZWL 96 584 350.
- Represents the estimated transaction costs of the capital injection borne by FMHL.
- Represents the allocation of First Mutual Reinsurance Holdings (Proprietary) ("FMRE HoldCo") Limited profit as at 31 December 2019 to NCI as if FMRE HoldCo had been accounted for as a subsidiary from 1 January 2019. The adjustments of ZWL2.5 million to NCI decreases the total retained earnings accounted for by FMHL.
- Represents the proforma statement of financial position for First Mutual Holdings Limited after the proposed transaction.

ANNEXURE 2 – REPORT OF THE INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS ON THE PROFORMA FINANCIAL INFORMATION



The Directors
First Mutual Holdings Limited
First Mutual Park
100 Borrowdale Road, Borrowdale
Harare

Independent Reporting Accountant's Assurance Report on the Compilation of Pro Forma Financial Information Included in a Circular

to the Directors of First Mutual Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of First Mutual Holdings Limited (the "Group") by the directors. The pro forma financial information, as set out in Annexure 2 of the Circular to First Mutual Holdings Limited shareholders, consist of the pro forma consolidated statement of financial position for the year ended 31 December 2019, the pro forma consolidated statement of comprehensive income for the year ended 31 December 2019 and related notes. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the Zimbabwe Stock Exchange ("ZSE") Listings Requirements and described in Annexure 2 of the Circular.

The pro forma financial information has been compiled by the directors to illustrate the impact of the BWP61 million capital raising exercise for its reinsurance subsidiary, First Mutual Reinsurance Holdings (Proprietary) Limited which will own 100% of the issued share capital of First Mutual Reinsurance Company Limited and First Mutual Reinsurance Property & Casualty (Proprietary) Limited (the "Proposed Transaction"). As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's financial statements for the year ended 31 December 2019, on which an adverse audit report has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the ZSE Listings Requirements and the basis of preparation described in Annexure 2 of the Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards), issued by the International Ethics Standards Board for Accountants (the "IESBA Code") and other independence requirements applicable to performing audits in Zimbabwe. The IESBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the ZSE Listings Requirements and the basis of preparation described in Annexure 2 of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3420, Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the ZSE Listings Requirements and the basis of preparation described in Annexure 2 of the Circular.

ANNEXURE 2 – REPORT OF THE INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS ON THE PROFORMA FINANCIAL INFORMATION (CONTINUED)

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria, involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the ZSE Listings Requirements and the basis of preparation described in Annexure 2 of the Circular

Emphasis of matter

As described in the basis of preparation of the pro forma financial information, the pro forma financial information is based on the audited consolidated financial statements of the Group for the year-ended 31 December 2019. An adverse opinion was issued with respect to these consolidated financial statements. Our opinion on the compilation of the pro forma financial information is not modified in this respect.

Clive K Mukondiwa

Registered Public Auditor

Public Accountants and Auditors Board, Public Auditor Registration Number 0439

Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253168

Partner for and on behalf of

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

ANNEXURE 3 – NOTICE OF EGM

FIRST MUTUAL

H O L D I N G S L I M I T E D

Go Beyond

L I F E | H E A L T H | I N S U R A N C E | R E I N S U R A N C E | S A V I N G S | P R O P E R T Y

(Incorporated in Zimbabwe on 29 September 2003 under Company Registration Number 9837/2003)

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of the Shareholders of First Mutual Holdings Limited is to be held by virtual means, on Monday 5 October 2020 1000 hours, for the purpose of transacting the following business: -

TO CONSIDER and, if deemed fit, to pass, with or without modification, the following Resolutions:

ORDINARY RESOLUTION 1 – APPROVAL OF THE TRANSACTION

“**THAT** the Transaction as outlined in the Circular to Shareholders dated Monday the 14th of September 2020, resulting in the subscription by Aleyo Growth Fund I Partnership, for a 29.1% shareholding in FMRE HoldCo for BWP61 million, which sum shall capitalise FMRE Property & Casualty (Proprietary) Limited and First Mutual Reinsurance Company Limited, be and is hereby approved.

ORDINARY RESOLUTION 2 – AUTHORISATION OF DIRECTORS

“**THAT** directors of the company be and are hereby authorised to exercise all powers to give effect to the Transaction.”

BY ORDER OF THE BOARD

NOTES:

Details of the Virtual EGM will be sent by our transfer secretaries, First Transfer Secretaries (Pvt) Ltd through email to shareholders. Shareholders are advised to update their contact details with the transfer secretaries on the following contacts:

First Transfer Secretaries (Private) Limited
1 Armagh Avenue
Eastlea,
Harare Telephone: +263 242 782869/7
Email: info@fts-net.com

ANNEXURE 4 – FORM OF PROXY

I/We(block letters).....
 Of.....
 Being a member of First Mutual Holdings Limited hereby appoint

 of.....
 or failing him/her.....
 of.....
 or failing him/her the Chairman of the EGM;

As my/our proxy to vote for me/us on my/our behalf at the EGM of the Company to be held on Monday 5 October 2020 by virtual means at 1000hrs hours and at any adjournment thereof, for the purpose of considering and, if deemed fit passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions:

Resolutions	For	Against	Abstain
ORDINARY RESOLUTION 1 – APPROVAL OF TRANSACTION “THAT the Transaction as outlined in the Circular to Shareholders dated Monday 14 September 2020, resulting in the subscription by Aleyo Growth Fund I Partnership, for a 29.1% shareholding in FMRE HoldCo for BWP61 million, which sum shall capitalise FMRE Property & Casualty (Proprietary) Limited and First Mutual Reinsurance Company Limited, be and is hereby approved.			
ORDINARY RESOLUTION 2 – AUTHORISATION OF DIRECTORS “THAT directors of the company be and are hereby authorised to exercise all powers to give effect to the Transaction.”			

Signed this.....day of..... 2020

Signature(s) of member

NOTE

1. In terms of Section 171 of the Companies Act (Chapter 24:31) members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not also be a member of the Company.
2. The Company's Articles of Association provides that the instrument appointing a proxy shall be deposited at the office of the Company not less than 48 hours before the time appointed for holding the meeting.
3. Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the Form of Proxy in a representative capacity, this authority must take the form of a resolution of the corporate body.

FOR OFFICIAL USE
 NUMBER OF SHARES HELD

ANNEXURE 4 – FORM OF PROXY (CONTINUED)

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the EGM", but any such deletion must be initialed by the Shareholder. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space/s provided as well as by means of a cross whether the shareholder wishes to vote for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the EGM as he/she deems fit in respect of all the Shareholder's votes exercisable there at. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy or cast them in the same way.
3. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialed. Any alteration or correction must be initialed by the signatory/ies.
4. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
 - i. under a power of attorney
 - ii. on behalf of a company
unless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries, or the registered office of the Company, not less than 48 hours before the meeting.
5. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.
6. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
7. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the EGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
8. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are exactly the same as those on the share register.

