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If you have sold or otherwise transferred all your shares in Standard Alliance Insurance PLC, please give this document and the accompanying forms of proxy to the purchaser or transferee or to the Stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or the transferee.

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**SHARE CAPITAL RECONSTRUCTION AND BALANCE SHEET RESTRUCTURING  
by way of a Share Capital Reduction Process**

(Under Sections 105-111 of the Companies and Allied Matters Act ("CAMA"), 1990)

**STANDARD ALLIANCE INSURANCE PLC** (RC 356258)

**Incorporating an Explanatory Statement on the Proposed Share Capital Reconstruction and Balance Sheet Restructuring (the "Restructuring") by way of Share Capital Reduction**

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Vetiva Capital Management Limited (Vetiva Capital) is acting as Financial Adviser to Standard Alliance Insurance PLC in connection with the share capital reconstruction and balance sheet restructuring. Vetiva Capital will not be responsible to any person, individual or corporate body other than Standard Alliance Insurance PLC for providing advice in relation to the transaction and arrangements referred to herein.

The notice convening the Annual General Meeting of Standard Alliance Insurance PLC is attached to this circular. To be valid, **proxy forms** must be completed in accordance with the instructions printed thereon, and must reach the Registrars of Standard Alliance Insurance PLC not later than 24 hours before the time fixed or scheduled for the meeting.

Upon receipt of shareholders' approval and confirmation by the Federal High Court, the Securities & Exchange Commission will be notified of the proposed Restructuring.

Tuesday, 29 August, 2017

To the Shareholders of:  
**Standard Alliance Insurance PLC**

Dear Sir/Madam,

## **THE PROPOSED RESTRUCTURING**

### **A. INTRODUCTION**

The Notice of the 21st Annual General Meeting ("AGM") of Standard Alliance Insurance PLC ("Standard Alliance" or the "Company") attached to this circular contains information on the Company's intention to engage in a two-step reconstruction exercise involving both a share capital reconstruction and balance sheet reconstruction (the "Restructuring"). It is intended that the Restructuring be effected simultaneously by way of share capital reduction process under Sections 105 – 112 of the Companies and Allied Matters Act 1990 ("CAMA"), the terms and conditions of which will be considered by you at the AGM.

The proposed Restructuring is being undertaken in line with the Company's corporate strategy and growth plan and is aimed at maximizing shareholder value in the near term. This Restructuring will reposition the Company and create more value to its shareholders, allow the Company declare dividend, and improve its perception in the market thereby making it more competitive.

Your Board of Directors have approved a proposal for the Restructuring and they have appointed and authorised Vetiva Capital Management Limited as Financial Advisers, to provide shareholders with all the information the Board considers to be material to shareholders in deciding whether or not to approve the Resolutions for the Restructuring and to explain the provisions and effect of the Restructuring, which are summarized below:

### **B. DETAILS OF THE RESTRUCTURING**

#### **Share Capital Reconstruction**

The Company's current authorized share capital is ₦7,000,000,000 (Seven Billion Naira) comprising 14,000,000,000 ordinary shares of 50 Kobo each. As at 31 December, 2016, the issued and fully paid up ordinary share capital in the Company was ₦5,996,586,725 comprising 11,993,173,450 issued and fully paid ordinary shares of 50 Kobo each. However, as a consequence of the Scheme of Merger between the Company and Standard Alliance Life Assurance Limited ("SA Life") which became effective on 17 January, 2017, additional 917,857,136 issued and fully paid ordinary shares in the Company were issued to the erstwhile shareholders of SA Life, bringing the share capital of the Company to ₦6,455,515,293 comprising 12,911,030,586 ordinary shares of 50 Kobo each.

Standard Alliance now intends to undertake a share capital reconstruction to reduce Standard Alliance's issued share capital, as well as its existing share premium (the "Share Capital Reconstruction"). It is proposed that an application be made to the Federal High Court (the "Court") for the Share Capital Reconstruction which would be effected through a special resolution to be passed at the Company's next AGM pursuant to Sections 105 – 112 of CAMA.

It is proposed that the share capital of the Company be reorganized as follows:

**i. Reduction in the number of shares in issue**

The post-Merger issued Share Capital of the Company would be reduced from ₦6,455,515,293 to ₦2,151,838,431 by cancelling and extinguishing 8,607,353,724 units of the issued ordinary shares of 50 Kobo each in the Company. The cancellation and extinguishment of the 8,607,353,724 units of the issued ordinary shares of 50 Kobo each in the Company will affect the shareholding of the shareholders of the Company pro rata and would thus entail the cancellation and extinguishment of two (2) out of every three (3) ordinary shares of 50 Kobo each held by each shareholder of Standard Alliance in the Company.

Furthermore, the ₦4,303,676,862 by which the Company's issued share capital is so reduced would be credited into a Special Reserve Account created for the purpose of defraying the existing losses of the Company, thus enhancing the future profitability of the Company to allow the Company to declare dividends to its shareholders in the near future.

In addition, the CSCS account of shareholders will be adjusted accordingly on the effective date while for holders of shares in certificated form, the existing Standard Alliance share certificates will become null and void on the effective date and new share certificates in Standard Alliance will be issued to those shareholders whose names appear on the Company's Register of members as at the close of business on the effective date as approved by the Court in the ratio of one (1) ordinary share for every three (3) ordinary shares held.

It is important to highlight that there will be no loss of value to the Company's shareholders, as there will be a proportional adjustment upwards in the quoted share price of Standard Alliance shares as listed on The Nigerian Stock Exchange ("NSE") when the technical suspension is lifted on the Company's share price. The Company's market capitalization (being the number of shares in issue multiplied by the market share price), the value of shares held and percentage holding in Standard Alliance by each shareholder will not change as a result of the proposed Share Capital Reconstruction. This is without prejudice to any subsequent movement in the share price.

**ii. Reduction in Share Premium Account**

The Company's post-Merger share premium stands at ₦7,529,796,965. As part of the Share Capital Reconstruction exercise, it is proposed that Standard Alliance's entire share premium be reduced and the whole sum credited into the Special Reserve Account created for the purpose of writing off the existing losses of the Company.

**iii. Rounding up of fractional shares in the new Standard Alliance shares**

Prior to the Share Capital Reconstruction becoming effective, those Standard Alliance shareholders holding shares that will result in fractional shares in the new Standard Alliance shares will have their shares rounded up to the nearest whole number.

**iv. Treatment of Shares issued by way of the Share Capital Reconstruction**

Any shares to be issued by way of the Share Capital Reconstruction shall have all rights in all respects and shall form a single class of shares with the previously existing issued ordinary shares of Standard Alliance.

**v. Provision for Shareholders who do not have up-to-date particulars lodged with Standard Alliance's Registrars – First Registrars & Investor Services Limited**

Any shareholder who wishes to update his particulars including mailing address from what is currently held with the Company's Registrars - First Registrars & Investor Services Limited (Plot 2, Abebe Village Road, Off Eric Moore Road, Iganmu, Lagos) should do so in writing not later than fourteen (14) days after the AGM. In this context, "written notice" (including any letter of appointment, direction or authority) means notice in writing, bearing the original signature(s) and mandate of Standard Alliance shareholder(s) (as the case may be), or his/her/their agents (for corporate shareholders) duly appointed in writing (evidence of whose appointment, in form reasonably satisfactory to Standard Alliance should be produced with notice). Telex, electronic mail, facsimile transmission or photocopies will not constitute sufficient written notice. Those shareholders who do not notify the Company's Registrars within the specified period will have their newly issued share certificates sent to the contact name and address as per the existing Register or to the Central Securities Clearing System ("CSCS") as applicable.

**vi. Provision for Shareholders who have misplaced their share certificates**

As of the effective date, the shares will become null and void and newly issued share certificates will be dispatched to the shareholders of Standard Alliance by the Company's Registrars – First Registrars & Investor Services Limited not later than twenty -one (21) days after the effective date of the Share Capital Reconstruction.

**vii. Provision for Shareholders who have dematerialized their shares with the CSCS**

Those shareholders who have dematerialized their shares with the CSCS will have their shares held as at the effective date as approved by the Court adjusted directly in their CSCS account.

Those shareholders who have their shares placed under a lien with the CSCS will also have their shares held as at the effective date as approved by the Court adjusted directly in their CSCS account.

***Balance Sheet Restructuring***

Standard Alliance currently carries accumulated losses of ₦13,870,648,414 on its statement of financial position, as at 31 December, 2016, which has been a key factor hampering the Company's ability to deliver returns to its shareholders in the form of dividend payments. In order to address this, Standard Alliance proposes to use the entire Share Reserve Account of ₦11,833,473,827 created from the above proposed Share Capital Reconstruction to reduce the Company's accumulated losses to ₦2,037,174,588 and consequently bring the Company a step further on its pathway to sustainable future dividend payment.

The proposed Balance Sheet Restructuring would impliedly result in a reduction of the Company's share capital and consequently would also be carried out in accordance with Section 105 -111 of CAMA and a special resolution of the Company's shareholders obtained in this regard.

Notwithstanding the above, upon conclusion of the Balance Sheet Restructuring, the Equity balance on the Company's books is not expected to change.

## **C. ELEMENTS OF THE RESTRUCTURING**

### **i. Benefits and Effects of the Restructuring**

The proposed Restructuring would have the following benefits to Standard Alliance and its stakeholders:

- a. Lay a foundation for better performance for the Company and improve its competitiveness in its sector/industry;
- b. Bring the capital structure to a position that will enable the Company accommodate the various funding sources available;
- c. Effect a proportionate increase in the Company's share price so that the capitalization and percentage holding of each shareholding will remain unaltered; and
- d. Improve the potential for the Company to pay dividends or issue bonus shares to its shareholders in the near future.

### **ii Capital Gains Tax**

No Capital Gains Tax is payable on the disposal of shares by virtue of Section 30 (1) of the Capital Gains Tax Act CAP 42 LFN 1990.

### **iii Conditions Precedent**

The Restructuring will become effective and binding on the Company and its shareholders if:

- a. It is ratified by a majority of shareholders representing not less than three-fourths (3/4) in value of the Company's shares held by those present and voting, either in person or by proxy, at the AGM; and
- b. The Federal High Court confirms the Restructuring, on such conditions as the court may, impose in its discretion.

### **vii. Meeting to Approve the Restructuring and Voting Rights**

The AGM of Standard Alliance will be convened to also consider and if thought fit, approve the Restructuring. At the AGM, voting on the resolutions relating to the approval of the Restructuring will be by poll. Each shareholder present in person or by proxy will be entitled to one vote for every ordinary share held.

### **viii. Effectiveness of the Restructuring**

Upon registration with the Corporate Affairs Commission of the following documents:

- a. A copy of the Federal High Court order confirming the reduction of the Company's share capital (in relation to both the Share Capital Reconstruction and the Balance Sheet Restructuring); and
- b. A copy of the minutes of the meeting of the Company showing, with respect to the Company's share capital as altered by the order:
  - i. the amount of the share capital;
  - ii. the number of shares into which it is to be divided, and the amount of each share; and

- iii. the amount (if any) at the date of the registration deemed to be paid up on each share,

the Restructuring will become effective and binding on all shareholders of Standard Alliance, irrespective of whether or not they attended or voted at the relevant AGM.

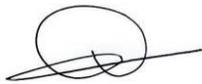
**ix Notification of the Securities and Exchange Commission**

The Securities and Exchange Commission would duly be notified of the Restructuring as soon as it becomes effective.

**CONCLUSION AND RECOMMENDATION**

Your directors, having considered the elements of the Restructuring to be fair and reasonable, as well as the benefits thereof, and as advised by the Advisers unanimously recommend that you vote in favour of the special resolutions which will be proposed at your AGM scheduled to hold on 21 September, 2017.

Yours faithfully,



**Chuka Eseka**  
**Managing Director**  
**Vetiva Capital Management Limited**