

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this Circular apply throughout this Circular including this front cover.

If you are in any doubt as to what action you should take arising from this Circular, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

Actions required

If you have disposed of all of your Shares, this Circular should be handed to the purchaser of such Shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.

Shareholders are referred to page 1 of this Circular, which sets out the actions required by them.



TSOGO SUN HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1989/002108/06

Share code: TSH ISIN: ZAE000156238

CIRCULAR TO SHAREHOLDERS

Regarding:

- the HCI Transaction, being the acquisition of a 49.0% to 50.8% interest in Gameco from HCI, which constitutes a category 2 transaction for Tsogo and is classified as a Related Party transaction, in terms of the Listings Requirements; and
- the General Meeting

and incorporating:

- information on the Minority Offer, being the offer by Tsogo to acquire the shares of the Gameco Minorities in Gameco pursuant to the Minority Offer, which constitutes a category 2 transaction for Tsogo in terms of the Listings Requirements;
 - a notice convening the General Meeting; and
 - a form of proxy (for use by Certificated Shareholders and Dematerialised Shareholders with “own name” registration only).
-

Corporate adviser and transaction sponsor

Out of the Ordinary®



Specialist Bank

Corporate law adviser



Independent expert



Independent reporting accountants



Date of issue: 16 August 2017

This Circular is available in English only and copies hereof may be obtained from the registered office of Tsogo at the address as set out in the “Corporate information and advisers” section of this Circular, during normal business hours on Business Days during the period from Wednesday, 16 August 2017 to Thursday, 14 September 2017 both days inclusive. A copy of this Circular will also be available on Tsogo’s website (www.tsogosun.com).

CORPORATE INFORMATION AND ADVISERS

Directors of Tsogo

JA Copelyn** (*Chairman*)
J Booysen (*Chief Executive Officer*)
RB Huddy (*Chief Financial Officer*)
MA Golding**
VE Mphande**
Y Shaik**
BA Mabuza*
MSI Gani*
JG Ngcobo*

* Independent non-executive

** Non-executive

Company secretary and registered office of Tsogo

GD Tyrrell
Tsogo Sun Holdings Limited
(Registration number 1989/002108/06)
Palazzo Towers East
Montecasino Boulevard
Fourways, 2055
(Private Bag X200, Bryanston, 2021)

Date and place of incorporation

1989, South Africa

Corporate adviser and transaction sponsor to Tsogo

Investec Bank Limited
(Registration number 1969/004763/06)
100 Grayston Drive
Sandton, 2196
(PO Box 785700, Sandton, 2146)

Corporate law adviser to Tsogo

Taback and Associates Proprietary Limited
(Registration number 2000/010434/07)
13 Eton Road
Parktown, 2193
(PO Box 3334, Houghton, 2041)

Transfer secretaries of Tsogo

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

Independent Expert for the Transaction

BDO Corporate Finance Proprietary Limited
(registration number 1983/002903/07)
22 Wellington Road
Parktown
Johannesburg, 2193
(Private Bag X60500, Houghton, 2041)

Independent reporting accountants for the Transaction

PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
2 Eglin Road
Sunninghill, 2157
(Private Bag X36, Sunninghill, 2157)

ACTIONS REQUIRED BY SHAREHOLDERS

This Circular is important and requires your immediate attention.

Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what actions to take, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all of your Shares, this Circular should be handed to the purchaser of such Shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.

The General Meeting will be held at 13:00 on Thursday, 14 September 2017 at SunSquare City Bowl, 23 Buitengracht Street, Cape Town City Centre for purposes of considering and, if deemed fit, passing the ordinary and special resolutions required to authorise the implementation of the HCI Transaction and the cancellation of the Clawback Shares (if acquired by Tsogo). The notice convening the General Meeting is attached to and forms part of this Circular.

1. **DEMATERIALIZED SHAREHOLDERS WHO ARE NOT OWN-NAME DEMATERIALIZED SHAREHOLDERS**

1.1 **Voting at the General Meeting**

- 1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.
- 1.1.2 If you have not been contacted by your Broker or CSDP, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.
- 1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.
- 1.1.4 You must **not** complete the attached form of proxy.

1.2 **Attendance and representation at the General Meeting**

In accordance with the mandate between you and your Broker or CSDP, you must advise your Broker or CSDP if you wish to attend the General Meeting and if so, your Broker or CSDP will issue the necessary letter of representation to you to attend and vote at the General Meeting.

2. **CERTIFICATED SHAREHOLDERS AND DEMATERIALIZED SHAREHOLDERS WHO ARE OWN-NAME DEMATERIALIZED SHAREHOLDERS**

2.1 **Voting and attendance at the General Meeting**

- 2.1.1 You may attend the General Meeting in person and may vote at the General Meeting.
- 2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy in accordance with the instructions contained therein. It is recommended that, for administrative purposes only, the form of proxy, duly completed, be returned to the Transfer Secretaries as soon as possible (preferably by Tuesday, 12 September 2017), but in any event, duly completed forms of proxy must be received by the Transfer Secretaries prior to the proxy exercising any of your rights as a Shareholder at the General Meeting.

3. **GENERAL**

3.1 **Approvals necessary for the implementation of the HCI Transaction at the General Meeting**

The implementation of the HCI Transaction is subject, *inter alia*, to the approval by Shareholders of the requisite ordinary resolutions at the General Meeting in accordance with the Listings Requirements, the Companies Act and Tsogo's Memorandum of Incorporation. In order to be approved an ordinary resolution must be adopted with the support of more than 50% of the voting rights exercised on such resolution at the General Meeting.

3.2 **Authority to cancel shares which may be acquired by Tsogo pursuant to the Clawback**

In the event of the Clawback being implemented, some or all of the Clawback Shares may, at the election of Tsogo, be acquired by Tsogo and/or one or more of Tsogo's subsidiaries. If any of the Clawback Shares are to be acquired by Tsogo, it will be necessary to pass a special resolution cancelling such Shares in the issued share capital of Tsogo. In order to be approved, a special resolution must be adopted with the support of at least 75% of the voting rights exercised on such resolution at the General Meeting.

3.3 **Electronic participation in the General Meeting**

Shareholders wishing to participate electronically in the General Meeting are required to deliver, by no later than 10:00 on Tuesday, 12 September 2017, a written notice to Tsogo (marked for the attention of Company Secretary) indicating that they wish to participate via electronic communication in the General Meeting.

In order for the abovementioned notice to be valid it must contain (a) if the Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the General Meeting via electronic communication; (c) a valid email address and/or facsimile number; and (d) confirmation of whether the Shareholder wishes to vote via electronic communication.

Tsogo will use its reasonable endeavours to notify a Shareholder wishing to participate in the General Meeting by way of electronic communication, of the relevant details through which the Shareholder can participate via electronic communication, by no later than 24 hours before the commencement of the General Meeting.

Should a Shareholder wish to participate in the General Meeting by way of electronic communication as mentioned above, such Shareholder or his proxy will be required to dial-in to the dial-in facility on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, from the time of commencement of, and for the duration of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the General Meeting. The costs of such participation will be for the Shareholder's or proxy's own account.

3.4 **Dematerialisation of Certificated Shares**

If any Certificated Shareholder wishes to dematerialise its Shares, such Certificated Shareholder should contact its Broker.

TABLE OF CONTENTS

Page

CORPORATE INFORMATION AND ADVISERS	Inside front cover
ACTIONS REQUIRED BY SHAREHOLDERS	I
IMPORTANT DATES AND TIMES	4
DEFINITIONS AND INTERPRETATIONS	5
CIRCULAR TO SHAREHOLDERS	
1. INTRODUCTION	9
2. PURPOSE OF THIS CIRCULAR	10
3. RATIONALE	10
4. NIVEUS UNBUNDLING AND ASSIGNMENT AGREEMENT	10
5. THE HCI TRANSACTION	10
6. THE MINORITY OFFER	11
7. THE CLAWBACK	11
8. CONDITIONS PRECEDENT	13
9. WARRANTIES	13
10. NATURE OF THE BUSINESS OF TSOGO	13
11. <i>PRO FORMA</i> FINANCIAL EFFECTS	13
12. PROSPECTS	14
13. MATERIAL CONTRACTS	14
14. SHARE CAPITAL OF TSOGO	15
15. MAJOR BENEFICIAL SHAREHOLDERS	16
16. MATERIAL CHANGES	16
17. DIRECTORS' INTERESTS	16
18. COSTS	17
19. DIRECTORS' RESPONSIBILITY STATEMENT	17
20. STATEMENT OF WORKING CAPITAL	17
21. OPINIONS AND RECOMMENDATIONS	17
22. LITIGATION STATEMENT	17
23. EXCHANGE CONTROLS	18
24. CONSENTS	18
25. DOCUMENTS AVAILABLE FOR INSPECTION	18
Annexure 1: <i>Pro forma</i> consolidated balance sheet and <i>pro forma</i> consolidated income statement of Tsogo	19
Annexure 2: Independent reporting accountants' assurance report on the <i>pro forma</i> financial information	25
Annexure 3: Fairness opinion required in terms of the Listings Requirements	27
Attached: Notice of General Meeting and Form of Proxy	32

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to this section

2017

Notice record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to receive the Notice of General Meeting, on	Friday, 11 August
Circular posted to Shareholders and Notice of the General Meeting released on SENS, on	Wednesday, 16 August
Last day to trade Shares in order to be eligible to attend and participate in and vote at the General Meeting (see note 2 below) on	Tuesday, 5 September
General Meeting record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to attend and participate in and vote at the General Meeting, by the close of trade on	Friday, 8 September
Written notice to participate electronically in the General Meeting to be delivered to Tsogo's offices (marked for the attention of the Company Secretary) by 10:00, on	Tuesday, 12 September
Forms of proxy in respect of the General Meeting, to be lodged with the Transfer Secretaries before the proxy exercises any rights of the Shareholder appointing the proxy, at the General Meeting by 13:00, on	Tuesday, 12 September
General Meeting held at 13:00, on	Thursday, 14 September
Results of the General Meeting published on SENS on	Thursday, 14 September
Results of General Meeting published in the press on	Friday, 15 September
Detailed timetable in relation to the Minority Offer will be announced in due course.	

Notes:

1. The above dates and times are subject to amendment at the discretion of Tsogo. Any such amendment will be released on SENS and published in the South African press.
2. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 5 September 2017 will not be eligible to attend at, participate in and to vote at the General Meeting.
3. All dates and times indicated above are South African Standard Times.
4. If the General Meeting is adjourned or postponed, forms of proxy submitted in respect of the General Meeting will remain valid in respect of any adjournment or postponement thereof.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and vice versa, words importing one gender include the other genders and references to a person include references to a body corporate and vice versa:

“Assignment Agreement”	the assignment agreement dated 27 June 2017 between HCI and Niveus, in terms of which Niveus will assign to HCI all of its rights and obligations in terms of the Clawback, including its obligation to make payment of the Clawback Amount to Tsogo, against transfer by Niveus to HCI of 8 214 286 Gameco Shares with an aggregate value of R80 000 000;
“Board”	the board of Directors of Tsogo comprising those Directors whose names appear in the “Corporate information and advisers” section of this Circular;
“Broker”	any person registered as a “broking member (equities)” in terms of the Rules of the JSE made in accordance with the provisions of the Financial Markets Act;
“Business Day”	a day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	Shares represented by a share certificate or other physical document of title, which have not been Dematerialised;
“Circular”	this circular to Shareholders, dated Wednesday, 16 August 2017 including the annexures hereto, the Notice of General Meeting and the form of proxy;
“Clawback”	the right of Tsogo to receive the Clawback Amount from Niveus (or HCI, as assignee of Niveus under the Assignment Agreement) in the event that no EBTs are legally operating in the KwaZulu-Natal Province prior to or on 31 March 2020, the salient features of which are contained in paragraph 7 of this Circular;
“Clawback Amount”	the amount of the Clawback determined in terms of the Transaction Agreement, details of which are contained in paragraph 7 of this Circular;
“Companies Act”	the Companies Act, 2008, as amended;
“CSDP”	a Central Securities Depository Participant, being a “participant” as defined in the Financial Markets Act;
“Dematerialise”	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of securities holders maintained by a CSDP and “Dematerialised” shall bear the corresponding meaning;
“Dematerialised Shareholder”	a Shareholder who holds Dematerialised Shares;
“Dematerialised Shares”	Shares which have been Dematerialised;
“Directors”	the directors of Tsogo whose names appear in the “Corporate information and advisers” section of this Circular;
“EBT”	electronic bingo terminal;
“Financial Markets Act”	the Financial Markets Act, 2012, as amended;
“Galaxy”	Galaxy Gaming and Entertainment Proprietary Limited, registration number 2007/026773/07, a private company registered and incorporated with limited liability according to the laws of South Africa and a wholly-owned subsidiary of Gameco;

“Gameco”	Niveus Invest 19 Limited, registration number 2015/269000/06, a private company registered and incorporated with limited liability according to the laws of South Africa and a wholly-owned subsidiary of Niveus;
“Gameco Group”	Gameco, its subsidiaries and affiliates;
“Gameco Minorities”	the holders of Gameco Shares (other than HCI but including Niveus) registered as such on the Minority Offer Record Date;
“Gameco Shares”	ordinary shares of no par value in the issued share capital of Gameco;
“General Meeting”	the general meeting of Shareholders to be held at 13:00 on Thursday, 14 September 2017 at SunSquare City Bowl, 23 Buitengracht Street, Cape Town City Centre convened in terms of the Notice of General Meeting;
“HCI”	Hosken Consolidated Investments Limited, registration number 1973/007111/06 a public company registered and incorporated with limited liability according to the laws of South Africa, being the controlling company and a Related Party of Tsogo;
“HCI Transaction”	the acquisition by Tsogo of either: – a 50.8% shareholding interest in Gameco (if the Assignment Agreement shall have been implemented); or – a 49.0% shareholding interest in Gameco (if the Assignment Agreement shall not have been implemented), from HCI, the salient details of which are set out in paragraph 5 of this Circular;
“HCI Transaction Closing Date”	the first Friday after the Minority Offer Date, or if such Friday is a public holiday, then the first Business Day thereafter;
“Independent Board Committee”	the independent committee of the Board comprising those Directors who are considered by the Board to be independent Directors, established by the Board for the purposes of considering and if deemed fit, approving the Transaction;
“Independent Expert”	BDO Corporate Finance Proprietary Limited, registration number 1983/002903/07, a private company registered and incorporated with limited liability according to the laws of South Africa;
“Independent Reporting Accountants”	PricewaterhouseCoopers Inc., registration number 1998/012055/21, registered auditors, a firm of Chartered Accountants (SA) and the independent reporting accountants to Tsogo reporting on the <i>pro forma</i> financial effects and <i>pro forma</i> financial information set out on page 13 and Annexure I of this Circular, respectively;
“JSE”	JSE Limited, registration number 2005/022959/06, a public company registered and incorporated with limited liability according to the laws of South Africa and licensed to operate an exchange under the Financial Markets Act;
“KZN Gaming Businesses”	the businesses and/or bingo licences owned by Galaxy and/or operated from time to time from or in respect of the KZN Sites by the Gameco Group;
“KZN Sites”	those sites leased and/or owned by Galaxy and/or its subsidiaries in KwaZulu-Natal;
“Last Practicable Date”	Tuesday, 8 August 2017, being the last practicable date prior to the finalisation of this Circular;
“Listings Requirements”	the Listings Requirements of the JSE, from time to time;
“LPM”	limited pay-out machines;
“Minority Offer”	the offer to the Gameco Minorities to be made by Tsogo in terms of the Transaction Agreement, pursuant to which Tsogo will offer to acquire the Gameco Shares held by the Gameco Minorities, the salient features of which are contained in paragraph 6 of this Circular;

“Minority Offer Closing Date”	the date that is thirty Business Days after the Minority Offer Date, being on or about Monday, 11 December 2017;
“Minority Offer Opening Date”	the date that is five Business Days after the Niveus Unbundling Completion Date, being on or about Monday, 30 October 2017;
“Minority Offer Record Date”	the record date for Gameco Minorities to be registered as shareholders of Gameco, being Monday, 23 October 2017, in order to receive the circular in respect of the Minority Offer;
“Niveus”	Niveus Investments Limited, registration number 1996/005744/06 a public company registered and incorporated with limited liability according to the laws of South Africa, a subsidiary of HCI and a Related Party of Tsogo;
“Niveus Board”	the board of directors of Niveus as constituted from time to time;
“Niveus Shares”	ordinary shares of no par value in the issued share capital of Niveus, which are listed on the JSE;
“Niveus Shareholders”	the registered holders of Niveus Shares
“Niveus Unbundling”	the distribution <i>in specie</i> by Niveus of that number of Gameco Shares, comprising 93.75% of Niveus' entire holding of Gameco Shares, to its shareholders, <i>pro rata</i> to their respective shareholdings in Niveus; and
“Notice of General Meeting”	the notice convening the General Meeting, enclosed with and forming part of this Circular;
“Parties”	collectively, HCI, Niveus and Tsogo;
“Prime Rate”	the prime rate of interest published as being charged by Nedbank Limited on overdraft (nominal annual, compounded monthly in arrear) as certified by any manager of that bank, whose certificate shall, in the absence of manifest error, be binding on Tsogo, Niveus and HCI);
“Record Date”	the record date to be recorded in the Register in order to be eligible to accept the Minority Offer; this being Monday, 11 December 2017
“Register”	the securities register of Shareholders maintained by Tsogo in terms of the Companies Act including the register of certificated Shareholders and the sub-registers of Dematerialised Shares maintained by the relevant CSDPs in accordance with the Companies Act;
“Related Party”	a “related party” as that term is defined in the Listings Requirements;
“SENS”	the Stock Exchange News Service of the JSE;
“Shares”	ordinary par value shares of R0.02 each in the share capital of Tsogo;
“Shareholders”	the registered holders of Shares appearing on the Register;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Proprietary Limited, registration number 1998/022242/07, a private company registered and incorporated with limited liability according to the laws of South Africa, and a registered central securities depository responsible for the electronic custody and settlement system for transactions that take place on the JSE and off-market trades;
“Transaction”	collectively, the HCI Transaction, the Minority Offer and the Clawback;
“Transaction Agreement”	the written agreement, as amended, entered into between Tsogo, HCI and Niveus on Tuesday, 27 June 2017, in terms of which the Transaction will be implemented;
“Transfer secretaries”	Link Market Services South Africa Proprietary Limited, registration number 2000/007239/07, a private company registered and incorporated with limited liability according to the laws of South Africa;

“TRP”	the Takeover Regulation Panel established in terms of the Companies Act;
“Tsogo”	Tsogo Sun Holdings Limited, registration number 1989/002108/06, a public company registered and incorporated with limited liability according to the laws of South Africa;
“Tsogo Consideration Shares”	ordinary par value shares of R0.02 each in the authorised but unissued share capital of Tsogo to be issued by Tsogo to HCI in terms of the HCI Transaction and to the Minorities in terms of the Minority Offer;
“Vukani”	Vukani Gaming Corporation Proprietary Limited, registration number 1995/000842/07, a private company registered and incorporated with limited liability according to the laws of South Africa and a wholly-owned subsidiary of Gameco
“VWAP”	volume weighted average trading price.



TSOGO SUN HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1989/002108/06

Share code: TSH ISIN: ZAE000156238

Directors

JA Copelyn** (Chairman)
J Booysen (Chief Executive Officer)
RB Huddy (Chief Financial Officer)
MA Golding**
VE Mphande**
Y Shaik**
BA Mabuza* (Lead Independent Director)
MSI Gani*
JG Ngcobo*

* Independent non-executive

** Non-executive

CIRCULAR TO SHAREHOLDERS

I. INTRODUCTION

I.1 As contemplated in the announcements released on SENS on Tuesday, 14 March 2017, Thursday, 11 May 2017 and Tuesday, 27 June 2017, Tsogo has entered into the Transaction Agreement with HCI and Niveus, in terms of which Tsogo will, subject, *inter alia*, to the Niveus Unbundling being implemented:

- I.1.1 acquire from HCI a 50.8% shareholding interest in Gameco (if the Assignment Agreement shall have been implemented), in exchange for 81 272 918 Tsogo Consideration Shares (8.4% of Tsogo's issued share capital before the Transaction) and having an aggregate value of R2 232 567 057 (based on the VWAP of Shares on the JSE for the 30 trading days prior to the date of the announcement of the Transaction on SENS on 14 March 2017); or;
- I.1.2 acquire from HCI a 49.0% shareholding interest in Gameco (if the Assignment Agreement shall not have been implemented), in exchange for 78 415 775 Tsogo Consideration Shares (8.1% of Tsogo's issued share capital before the Transaction) and having an aggregate value of R2 154 081 339 (based on the VWAP of Shares on the JSE for the 30 trading days prior to the date of the announcement of the Transaction on SENS on 14 March 2017),

in terms of the HCI Transaction; and:

- I.1.3 on the Minority Offer Date, make an offer to the Gameco Minorities to acquire all the Gameco Shares of the Gameco Minorities as follows:
 - 226 340 462 Gameco Shares in aggregate (comprising of 49.2% of Gameco issued share capital) and having an aggregate value of R2 204 359 185 if the Assignment Agreement shall have been implemented; or
 - 234 554 748 Gameco Shares in the aggregate (comprising of 51.0% of Gameco issued share capital) and having an aggregate value of R2 284 359 185, if the Assignment Agreement shall not have been implemented.
- I.1.4 In consideration for their Gameco Shares, Gameco Minorities will receive 1 Tsogo Consideration Share for every 2.875 Gameco Shares or, at their election, 20% in Tsogo Consideration Shares (in the ratio of 1 Tsogo Consideration Share for every 2.875 Gameco Shares) and 80% of R9.739 per Gameco Share in cash.

The maximum number of Tsogo Consideration Shares issued in terms of the Minority Offer will be 81 584 260 (8.5% of Tsogo's issued share capital before the Transaction).

1.2 The Niveus Unbundling, the HCI Transaction and the Minority Offer are inter-conditional.

2. PURPOSE OF THIS CIRCULAR

- 2.1 The purpose of this Circular is to provide Shareholders with the relevant information relating to the HCI Transaction, which is classified as a Related Party transaction in terms of the Listings Requirements as HCI is a Related Party to Tsogo due to the fact that HCI is a material beneficial shareholder in Tsogo (47.6% of Tsogo's issued share capital) and to give notice convening the General Meeting in order to consider and, if deemed fit, pass the ordinary and special resolutions necessary to approve and implement the HCI Transaction and the cancellation of Clawback Shares in the issued share capital of Tsogo, to the extent that they are acquired by Tsogo in terms of the Clawback.
- 2.2 The Minority Offer is classified as a category 2 transaction for the purposes of the Listings Requirements and does not require Shareholder approval. The details of the Minority Offer have been included in this Circular for information purposes.

3. RATIONALE

- 3.1 Tsogo is controlled by HCI and Niveus is a subsidiary of HCI.
- 3.2 The Transaction restructures HCI's South African gaming operations under one vehicle, Tsogo, simplifies the HCI group structure and provides investors with a single entry point for gaming exposure.
- 3.3 Vukani is the largest route operator of LPMs in South Africa and manages more than 5 000 LPMs at third-party sites. It is the only LPM route operator that is licensed in all provinces and has been involved in the industry since its inception.
- 3.4 Galaxy was established in 1997 to operate licensed bingo centres. Bingo is offered through EBTs and paper bingo games at Galaxy's licensed bingo centres. Currently, Galaxy is licensed in Gauteng, KwaZulu-Natal, Limpopo, North West, Mpumalanga and the Eastern Cape. Galaxy also operates the Kuruman Grand Oasis Casino in the Northern Cape.

4. NIVEUS UNBUNDLING AND ASSIGNMENT AGREEMENT

- 4.1 Prior to the implementation of the HCI Transaction Niveus will, subject to certain approvals, distribute 431 250 094 Gameco Shares (comprising of 93.8% of the issued share capital of Gameco) by way of a distribution *in specie* to all Niveus shareholders in the ratio of 3.6190 Gameco Shares for every Niveus ordinary share held by Niveus shareholders on the record date of the Niveus Unbundling. Niveus will retain 28 750 006 Gameco Shares (comprising of 6.2% of the issued share capital of Gameco). Following the implementation of the Niveus Unbundling, HCI will own 225 445 352 Gameco Shares, comprising of 49.0% of the issued share capital of Gameco

Furthermore, Niveus and HCI have entered into an Assignment Agreement, in terms of which Niveus will assign to HCI all of its rights and obligations in terms of the Clawback, including the potential obligation to make payment of the Clawback amount to Tsogo, against transfer by Niveus of 8 214 286 Gameco shares with an aggregate value of R80 000 000 to HCI.

5. THE HCI TRANSACTION

- 5.1 Subject to the Niveus Unbundling being implemented, Tsogo will acquire HCI's entire interest in Gameco, which at the date hereof is estimated to be:
- 5.1.1 233 659 638 Gameco Shares, comprising 50.8% of the issued share capital of Gameco (if the Assignment Agreement shall have been implemented) in exchange for 81 272 918 Tsogo Consideration Shares (comprising of 8.4% of Tsogo's issued share capital before the Transaction), in the ratio of 1 Tsogo Consideration Share for every 2.875 Gameco shares and having an aggregate value of R2 232 567 057 (based on the VWAP of Shares on the JSE for the 30 trading days prior to the date of the announcement of the Transaction on SENS on 14 March 2017); or

- 5.1.2 225 445 352 Gameco Shares, comprising 49.0% of the issued share capital of Gameco (if the Assignment Agreement shall not have been implemented) in exchange for 78 415 775 Tsogo Consideration Shares (comprising of 8.1% of Tsogo issued share capital before the Transaction), in the ratio of 1 Tsogo Consideration Share for every 2.875 Gameco shares and having an aggregate value of R2 154 081 339 (based on the VWAP of Shares on the JSE for the 30 trading days prior to the date of the announcement of the Transaction on SENS on 14 March 2017).
- 5.2 As the HCI Transaction is a Related Party transaction for Tsogo, in terms of the Listings Requirements, HCI and its associates will be precluded from voting on the resolutions that specifically relate to the HCI Transaction. The votes of HCI will, however, be taken into account in determining whether a quorum of Shareholders is present at the General Meeting.
- 5.3 The date for implementation of the HCI Transaction will be the first Friday after the Minority Offer Date, or if such Friday is a public holiday, then the first Business Day thereafter.

6. THE MINORITY OFFER

- 6.1 Tsogo has agreed with HCI and Niveus, that subject to the HCI Transaction being implemented, it will make an offer to the Gameco Minorities registered as shareholders of Gameco on the Minority Offer Record Date to acquire their respective Gameco Shares (which at the Minority Offer Record Date, will be 226 340 462 Gameco Shares in the aggregate, if the Assignment Agreement shall have been implemented or 234 554 748 Gameco Shares in the aggregate, if the Assignment Agreement shall not have been implemented).
- 6.2 In consideration for their Gameco Shares, Gameco Minorities will receive 1 Tsogo Consideration Share for every 2.875 Gameco Shares or, at their election, 20% in Tsogo Consideration Shares (in the ratio of 1 Tsogo Consideration Share for every 2.875 Gameco Shares) and 80% of R9.739 per Gameco Share in cash.
- 6.3 Niveus is one of the recipients of the Minority Offer. Niveus is deemed to be a Related Party to Tsogo in terms of section 10 of the Listings Requirements. Given the size of the offer to Niveus, the transaction is regarded as a "small related party transaction" in terms of section 10.7 of the Listings Requirements. A small related party transaction is not subject to shareholder approval provided an independent expert has confirmed the terms of the transaction are fair as far as shareholders of the company are concerned. A fairness opinion from the Independent Expert is contained in **Annexure 3** to this Circular.
- 6.4 In the event that:
 - 6.4.1 20% or more of the issued share capital of Gameco is held by Gameco minority shareholders other than Tsogo on the first business day after the Tsogo Minority Offer Closing Date, Tsogo has irrevocably undertaken to and in favour of HCI and Niveus to make application to the JSE to list the Gameco Shares on the main board of the JSE, within a period of 12 months from such date; and
 - 6.4.2 90% or more of the Gameco Shares which are the subject of the Minority Offer, is acquired by Tsogo in terms of the Minority Offer; Tsogo intends to invoke the provisions of section 124 of the Companies Act to acquire the remaining Gameco Shares which are the subject of the Minority Offer on, *mutatis mutandis*, the same terms and conditions as the Minority Offer.
- 6.5 Tsogo will make application to the JSE for a listing on the JSE's main board of the Tsogo Consideration Shares issued to the Gameco Minorities accepting the Minority Offer, with effect from the date on which such Tsogo Consideration Shares are issued to such Gameco Minorities.

7. THE CLAWBACK

- 7.1 As at the date of the Circular, the regulatory approval required for the operation of EBTs in the KwaZulu-Natal Province is being delayed due a number of factors, including the uncertainty pertaining to the legality of operating EBTs in such province. Subject to the Minority Offer being implemented and Niveus receiving the consideration for its Gameco Shares pursuant to the Minority Offer, in the event that no EBTs are legally operating in the KwaZulu-Natal province prior to or on 31 March 2020, Niveus will deliver to Tsogo that number of Shares ("**Clawback Amount**") equal in value to the aggregate of:
 - 7.1.1 an amount equal to the value of 10 000 000 Shares ("**Clawback Shares**"), which value shall be calculated as the 30-day VWAP of Shares on the JSE as at 31 March 2020; plus

- 7.1.2 an amount equal to the aggregate of all distributions made *pro rata* to Tsogo Shareholders' Shareholding (whether by way of dividend in cash or *in specie* or otherwise) ("**Clawback Shares Distributions**") declared and paid by Tsogo in respect of Shares between the date of issue of the Tsogo Consideration Shares to Niveus in terms of the Minority Offer and 31 March 2020 (both inclusive), which Niveus would have received on 10 000 000 Shares had it held such Shares during such period; plus
- 7.1.3 an amount equal to 72% of the Prime Rate, calculated on the aggregate amount of the Clawback Shares Distributions declared and paid, from the date of payment thereof to 31 March 2020 (both inclusive); less
- 7.1.4 an amount equal to the aggregate of:
- 7.1.4.1 the amount of the proceeds or other value received or receivable from a disposal of all or any portion or assets of the KZN Gaming Businesses after the Minority Offer Closing Date but before 31 March 2020; plus
 - 7.1.4.2 the aggregate of the amount of earnings generated by the KZN Gaming Businesses during the period from the Minority Offer Closing Date until 31 March 2020 (both inclusive); less
 - 7.1.4.3 the amount of any losses made by the KZN Gaming Businesses during such period; less
 - 7.1.4.4 the amount of capital expenditure incurred in respect of the KZN Gaming Businesses during the period from the Minority Offer Closing Date until 31 March 2020 (both inclusive); plus
 - 7.1.4.5 an amount equal to 72% of the Prime Rate, calculated on the amount determined in terms of paragraph 7.1.4.2 above, from the date of the relevant disposal referred to in paragraph 7.1.4.2 above to 31 March 2020 (both inclusive); plus
 - 7.1.4.6 an amount equal to the market value of the KZN Gaming Businesses as at 31 March 2020, as agreed between the Parties, and failing such agreement, such market value shall be determined by an independent expert; plus
- 7.1.5 an amount equal to the amount determined in terms of paragraphs 7.1.2 to 7.1.4 above (both inclusive) escalated at 72% of the Prime Rate, calculated from 1 April 2020 to the date of discharge of the Clawback Amount in terms of paragraph 7.2;
- provided that if the Clawback Amount determined in terms of paragraphs 7.1.1 to 7.1.5 above (both inclusive) is a negative amount, the Clawback Amount will be zero.
- 7.2 Unless otherwise agreed between the Parties, Niveus (or HCI as assignee, pursuant to the Assignment Agreement of the rights and obligations of Niveus under the Clawback) is obliged to discharge the Clawback Amount within 30 days of receipt by Niveus (or HCI as the case may be) of a written demand therefor from Tsogo (or, if any portion of the Clawback Amount is subject to a valuation as contemplated in paragraph 7.1.4.6 above, within 30 days after such valuation shall have been finally determined, by delivering (in negotiable form or crediting their securities account with their respective CSDPs) to Tsogo and/or one or more of Tsogo's subsidiaries as Tsogo may, by notice in writing to Niveus (or HCI, as the case may be) nominate, that number of Shares (the value of which will be calculated as the 30-day VWAP of Shares on the JSE as at 31 March 2020), as will equal the value of the Clawback Amount.
- 7.3 Tsogo has provided Niveus and HCI certain warranties and undertakings regarding the conduct of the KZN Gaming Businesses, from the HCI Transaction Closing Date until the earlier of 31 March 2020 and the date on which Tsogo, by notice in writing to Niveus and HCI, informs Niveus and HCI that Tsogo has abandoned its rights to receive payment of the Clawback Amount.
- 7.4 Tsogo has also granted HCI a right of first refusal from the HCI Transaction Closing Date until the earlier of 31 March 2020 and the date on which Tsogo, by notice in writing to Niveus and HCI, informs Niveus and HCI that Tsogo has abandoned its rights to receive payment of the Clawback Amount, in respect of the KZN Gaming Businesses and KZN Sites.
- 7.5 To the extent that Shares are acquired by Tsogo pursuant to the Clawback, it is necessary that such Shares be cancelled in the issued (but not the authorised) share capital of Tsogo. Accordingly, Shareholders will be requested to provide approval for such cancellation at the General Meeting.

8. **CONDITIONS PRECEDENT**

As at the Last Practicable Date, the Transaction remains subject to the fulfilment or waiver, *inter alia*, of the following conditions precedent:

- 8.1 the Niveus Shareholders having passed all such resolutions as are required to approve the implementation of the Niveus Unbundling;
- 8.2 the obtaining of the approval of the Shareholders for the HCI Transaction in accordance with the provisions of the Listings Requirements;
- 8.3 the obtaining of such regulatory approvals as may be necessary;
- 8.4 Gameco shareholders undertaking in favour of Tsogo, to dispose of not less than 345 000 100 Gameco Shares (in the aggregate) held pursuant to the implementation of the Niveus Unbundling, to Tsogo in terms of the Minority Offer and the HCI Transaction.

9. **WARRANTIES**

Niveus and HCI, jointly and severally, have provided warranties and indemnities to Tsogo that are standard for a transaction of the nature of the Transaction.

10. **NATURE OF THE BUSINESS OF TSOGO**

- 10.1 Tsogo is a leading gaming, hotel and entertainment business with a vision to provide quality hospitality and leisure experiences at every one of its destinations. Tsogo is headquartered in Fourways, South Africa, and the Shares are listed and admitted to trading on the main board of the JSE. Tsogo's portfolio comprises:
 - 10.1.1 14 gaming and entertainment destinations in six provinces of South Africa;
 - 10.1.2 over 90 hotels, offering in excess of 14 500 rooms across all sectors of the market, from luxury to budget, in South Africa, the rest of Africa, the Middle East and the Seychelles;
 - 10.1.3 theatres, cinemas, restaurants and bars; and
 - 10.1.4 over 250 conference and banqueting facilities, including the Sandton Convention Centre.
- 10.2 Twelve of Tsogo's casinos are wholly-owned, accounting for 96.9% of the Tsogo group's total gaming income for the year ended 31 March 2017.
- 10.3 As a result of their geographic distribution, casinos in South Africa mainly compete with providers of other leisure and entertainment activities for patronage, such as shopping centres, restaurants and sporting and concert venues, rather than with other casinos.

11. **PRO FORMA FINANCIAL EFFECTS**

- 11.1 The *pro forma* financial effects of the Transaction are the responsibility of the Directors and have been prepared for illustrative purposes only to provide information about how the Transaction may have affected Tsogo's consolidated income statement had the Transaction been undertaken at the commencement of the financial year ended 31 March 2017, being 1 April 2016 and, in the case of Tsogo's consolidated balance sheet, had the Transaction been undertaken on 31 March 2017. Due to their nature, the *pro forma* financial effects may not fairly present Tsogo's financial position, changes in equity, and results of operations or cash flows after the implementation of the Transaction.
- 11.2 The *pro forma* financial effects have been prepared in accordance with the Listings Requirements, the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied to the reviewed condensed consolidated financial statements of Tsogo for the year ended 31 March 2017.
- 11.3 The table below sets out the *pro forma* financial effects of the Transaction based on the published annual results for the year ended 31 March 2017.

- 11.4 The *pro forma* consolidated income statement and consolidated balance sheet of Tsogo are set out in **Annexure 1** to this Circular and the Independent Reporting Accountant's assurance report on the *pro forma* financial information is included in **Annexure 2** to this Circular.

	Before	<i>Pro forma</i> after the Transaction	% change
Basic and diluted earnings per share (cents)	262.0	247.0	(5.7)
Basic and diluted headline earnings per share (cents)	212.4	202.1	(4.9)
Basic and diluted adjusted headline earnings per share (cents)	207.6	197.7	(4.8)
Net asset value per share (Rand)	11.3	9.2	(18.6)
Net tangible asset value per share (Rand)	4.4	2.9	(34.1)
Number and weighted average number of shares in issue ('million)	957	1 054	

Notes:

1. The "Before" column is based on the reviewed condensed consolidated financial results of Tsogo for the year ended 31 March 2017.
2. The "*Pro forma* after the Transaction" column reflects the *pro forma* impact of the Transaction on Tsogo, assuming all Gameco Minorities elect the cash and shares offer.
3. The effects on earnings, diluted earnings, headline earnings, and diluted headline earnings per share are calculated on the basis that the Transaction was effective 1 April 2016, while the effects on net asset value and net tangible asset value per share are calculated on the basis that the Transaction was effective 31 March 2017.
4. The detailed notes and assumptions to the *pro forma* financial effects are presented in **Annexure 1** to this Circular and the financial effects should be read in conjunction with the *pro forma* consolidated balance sheet and the *pro forma* consolidated income statement contained in **Annexure 1** to this Circular. The independent reporting accountant's assurance report on the *Pro forma* Financial Information is contained in **Annexure 2** to this Circular.
5. The increase in the weighted average and total number of shares in issue is congruent with the issue of 97 million new shares to HCI and Gameco Minorities in terms of the Transaction. 81.3 million of the new shares are issued by Tsogo to HCI pursuant to the HCI Transaction and 15.7 million new shares are issued to the Gameco Minorities pursuant to the Minority Offer, assuming all Gameco Minorities elect the cash and shares offer.

12. PROSPECTS

The Transaction will allow Tsogo to access new gaming markets that it currently does not participate in. In addition, both Vukani and Galaxy have the ability to roll out additional LPMs and EBTs which should result in these businesses growing at a faster rate than the traditional casino business over the short to medium term.

13. MATERIAL CONTRACTS

Save for the HCI Transaction and the Minority Offer as contemplated in this Circular, and the disposal of a hotel portfolio to Hospitality Property Fund Limited as detailed in the SENS announcement dated 18 May 2017, Tsogo has not entered into any restrictive funding arrangement or material contract other than in the ordinary course of business within two years prior to the date of this Circular, or entered into at any time and containing an obligation or settlement that is material to Tsogo at the date of this Circular.

14. SHARE CAPITAL OF TSOGO

The tables below sets out the authorised and issued share capital of Tso go before and after the Transaction:

	R'm
14.1 Share capital as at 31 March 2017	
Authorised share capital	
1 200 000 000 ordinary shares with a par value of R0.02 each	24
Authorised preference share capital	
20 000 000 preference shares with no par value of each	–
Total authorised share capital	24
Issued share capital	
1 049 181 389 ordinary shares with a par value of R0.02 each	2
Issued preference share capital	–
Share premium	4 782
Treasury shares (including share trust)	
91 808 300 ordinary shares with a par value of R0.02 each	(208)
Total issued share capital	4 576
14.2 Share capital as at 31 March 2017 – After the HCI Transaction	
Authorised share capital	
1 200 000 000 ordinary shares with a par value of R0.02 each	24
Authorised preference share capital	
20 000 000 preference shares with no par value of each	–
Total authorised share capital	24
Issued share capital	
1 130 454 307 ordinary shares with a par value of R0.02 each	3
Issued preference share capital	–
Share premium	6 622
Treasury shares (including share trust)	
91 808 300 ordinary shares with a par value of R0.02 each	(208)
Total issued share capital	6 418
14.3 Share capital as at 31 March 2017 – After the HCI Transaction and the Minority Offer I	
Authorised share capital	
1 200 000 000 ordinary shares with a par value of R0.02 each	24
Authorised preference share capital	
20 000 000 preference shares with no par value of each	–
Total authorised share capital	24
Issued share capital	
1 146 199 730 ordinary shares with a par value of R0.02 each	4
Issued preference share capital	–
Share premium	6 978
Treasury shares (including share trust)	
91 808 300 ordinary shares with a par value of R0.02 each	(208)
Total issued share capital	6 774

15. MAJOR BENEFICIAL SHAREHOLDERS

The following major beneficial Shareholders, other than Directors, were, as at the Last Practicable Date, directly or indirectly, the beneficial owners of 5% or more of the issued share capital of Tsogo:

Shareholder	Number of shares held	Percentage of issued share capital
HCI	459 492 699	47.6%
Total	459 492 699	47.6%

16. MATERIAL CHANGES

There have been no material changes in the financial or trading position of Tsogo since the publication of Tsogo's reviewed condensed consolidated financial results for the year ended 31 March 2017, up to and including the Last Practicable Date.

17. DIRECTORS' INTERESTS

Direct and indirect beneficial interests of the Directors' (and their associates), including Directors that have resigned during the last 18 months, in the share capital of Tsogo, as at 31 March 2017, are as follows:

Number of Shares held as at 31 March 2017				
	Direct beneficial	Indirect beneficial	Associates	Percent of total issued share capital
Executive Directors				
J Booysen (appointed with effect from 1 June 2017)	1 825 243	—	—	0.19%
RB Huddy	1 048 543	—	—	0.11%
MN von Aulock (resigned with effect from 1 June 2017)	3 339 806	—	—	0.35%
Non-executive Directors				
JA Copelyn	167 775	—	—	0.02%
Total	6 381 367	—	—	0.67%

There have been no changes in the Directors' interests in Shares during the period from 31 March 2017 up to and including the Last Practicable Date.

- 17.1 At the Last Practicable Date, none of the Directors, including Directors who have resigned in the 18 months prior to the Last Practicable Date, directly or indirectly had a material beneficial interest in transactions effected by Tsogo during the current or immediately preceding financial year, or during an earlier year in relation to any transactions concluded during that earlier that remain in any respect outstanding or unperformed, other than as a result of their shareholdings in Tsogo as disclosed above.

18. COSTS

The expenses (exclusive of VAT) that are estimated to be incurred by Tsogo for the Transaction are set out in the table below:

Description	Estimated amount (Rand)
Corporate adviser and transaction sponsor – Investec Bank	3 000 000
Legal and other advisory fees – Tabacks	2 800 000
Printing and related costs – Ince Proprietary Limited	51 040
Independent expert's fees – BDO	250 000
Independent reporting accountants fees – PricewaterhouseCoopers Inc	250 000
JSE documentation fees	26 500
Total	6 377 540

19. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given in the "Corporate information and advisers" section of this Circular, and the Independent Board collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to Tsogo and certify that, to the best of their knowledge and belief there are no facts that have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

20. STATEMENT OF WORKING CAPITAL

The Directors, after considering the effect of the Transaction, are of the opinion that the working capital available to Tsogo will be sufficient for Tsogo's present requirements for at least the next 12 months from the date of issue of this Circular.

21. OPINIONS AND RECOMMENDATIONS

- 21.1 In terms of the Listings Requirements, the HCI Transaction constitutes a Related Party transaction due to the fact that HCI is a material shareholder of Tsogo. Accordingly, Shareholders are required to approve the HCI Transaction by means of an ordinary resolution to be passed by Shareholders other than HCI and its associates. In addition, a fairness opinion relating to the fairness of the terms and conditions of the HCI Transaction is required in terms of the Listings Requirements.
- 21.2 The Directors have appointed the Independent Expert to provide the fairness opinion on the HCI Transaction and the Minority Offer, which is contained in **Annexure 3** to this Circular.
- 21.3 The Independent Expert has advised that it has considered the terms and conditions of the HCI Transaction and the Minority Offer and at the Last Practicable Date, its opinion and advice to the Board is that the terms and conditions of the HCI Transaction and the Minority Offer are fair to Shareholders.
- 21.4 The Independent Board Committee has considered the terms and conditions of the HCI Transaction and, taking into account the fairness opinion by the Independent Expert, is of the opinion that the terms and conditions thereof are fair and reasonable to Shareholders. Accordingly, the Independent Board Committee recommends to Shareholders that they vote in favour of the resolutions to be considered at the General Meeting.

22. LITIGATION STATEMENT

There are no legal or arbitration proceedings, pending or threatened, of which Tsogo or any of its subsidiaries are aware, that may have or have had, in the 12-month period preceding the Last Practicable Date, a material effect on the financial position of Tsogo.

23. EXCHANGE CONTROLS

In terms of the Exchange Control Regulations of South Africa:

- 23.1 any share certificates that might be issued to non-resident shareholders will be endorsed Non-Resident;
- 23.2 any new share certificates, dividend and residual cash payments based on emigrant's shares controlled in terms of the Exchange Control Regulations, will be forwarded to the authorised dealer in foreign exchange controlling their blocked assets. The election by emigrants for the above purpose must be made through the authorised dealer in foreign exchange controlling their blocked assets. Such share certificates will be endorsed Non-Resident; and
- 23.3 dividend and residual cash payments due to non-residents are freely transferable from the republic.

24. CONSENTS

The corporate law advisers, Independent Expert, corporate adviser and transaction sponsor, Independent Reporting Accountants and Transfer Secretaries have consented in writing to act in the capacities stated in this Circular and to their names being stated in this Circular, and have not withdrawn their consent prior to the publication of this Circular.

25. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the registered office of Tsogo and the office of the transaction sponsor which addresses are set out in the "Corporate information" section of the Circular, during normal business hours from Wednesday, 16 August 2017 up to and including Thursday, 14 September 2017.

- 25.1 a copy of the Memorandum of Incorporation of Tsogo;
- 25.2 a copy of the Transaction Agreement;
- 25.3 a copy of the Assignment Agreement;
- 25.4 a copy of the reviewed condensed consolidated financial results of Tsogo for the 12 months ended 31 March 2017;
- 25.5 the signed Independent Reporting Accountants' limited assurance report on the *pro forma* financial information of Tsogo;
- 25.6 the signed Independent Expert's fairness opinion;
- 25.7 Gameco condensed consolidated financial statements;
- 25.8 the signed auditors' report on the basis of preparation of the Gameco condensed consolidated financial statements;
- 25.9 copies of the audited annual financial results of Tsogo for the financial years ended 31 March 2015 and 2016 and the reviewed condensed consolidated financial results for the financial year ended 31 March 2017;
- 25.10 the written consent letters referred to in paragraph 24 above; and
- 25.11 a signed copy of this Circular.

For and on behalf of:

TSOGO SUN HOLDINGS LIMITED

J BOOYSEN

16 August 2017

Registered office

Palazzo Towers East
Montecasino Boulevard
Fourways, 2055
(Private Bag X200, Bryanston, 2021)

PRO FORMA CONSOLIDATED BALANCE SHEET AND PRO FORMA CONSOLIDATED INCOME STATEMENT OF TSOGO

The *pro forma* financial information of Tsogo, as set out in this Circular consists of the *pro forma* financial effects (paragraph 11 of this circular), the *pro forma* consolidated balance sheet as at 31 March 2017 and the *pro forma* consolidated income statement for the year then ended ("the *Pro forma* Financial Information of Tsogo").

The tables below set out the *Pro forma* Financial Information of Tsogo which has been prepared to illustrate the financial effects of the HCI Transaction, the Minority Offer and the Clawback (collectively the "Transaction") on the results of Tsogo for the year ended 31 March 2017.

The Transaction is assumed to have occurred on 31 March 2017 for purposes of presenting the financial effects thereof on the *pro forma* consolidated balance sheet and 1 April 2016 for purposes of the *pro forma* consolidated income statement. The *Pro forma* Financial Information of Tsogo does not purport to be indicative of the financial results and effects of the Transaction if it had been implemented on a different date and the *Pro forma* Financial Information of Tsogo may not give a fair reflection of the financial position, changes in equity and results of operations or cash flows of Tsogo after the Transaction.

The Directors are responsible for the compilation, contents and preparation of the *Pro forma* Financial Information of Tsogo. Their responsibility includes determining that the *Pro forma* Financial Information of Tsogo has been properly compiled on the basis stated, and that the *pro forma* adjustments are appropriate for purposes of the *Pro forma* Financial Information of Tsogo disclosed pursuant to the Listings Requirements.

The *Pro forma* Financial Information of Tsogo has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in preparing the condensed consolidated financial statements of Tsogo for the year ended 31 March 2017.

The *Pro forma* Financial Information of Tsogo is presented in accordance with the Listings Requirements and the guide on *pro forma* financial information issued by the South African Institute of Chartered Accountants.

The *pro forma* consolidated balance sheet as at 31 March 2017 and the *pro forma* consolidated income statement for the year then ended, should be read in conjunction with the Independent Reporting Accountants' assurance report thereon as set out in **Annexure 2** to this Circular.

PRO FORMA CONSOLIDATED BALANCE SHEET AND PRO FORMA CONSOLIDATED INCOME STATEMENT OF TSOGO

PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

R'm	Before¹	Acquisition of Gamco Group²	Purchase consideration³	Transaction costs⁴	Pro forma after the Transaction
Net gaming win	7 483	1 295	–	–	8 778
Rooms revenue	3 078	–	–	–	3 078
Food and beverage revenue	1 434	–	–	–	1 434
Property rental income	445	–	–	–	445
Other revenue	782	74	–	–	856
Income	13 222	1 369	–	–	14 591
Gain on fair value adjustment of investment properties	757	–	–	–	757
Other income	–	4	–	–	4
Gaming levies and Value Added Tax	(1 557)	–	–	–	(1 557)
Property and equipment rentals	(303)	–	–	–	(303)
Amortisation and depreciation	(846)	(121)	–	–	(967)
Employee costs	(3 044)	–	–	–	(3 044)
Other operating expenses	(3 530)	(912)	–	(6)	(4 448)
Operating profit	4 699	340	–	(6)	5 033
Interest income	43	4	–	–	47
Finance costs	(1 066)	(1)	(169)	–	(1 236)
Share of profit of associates and joint ventures	38	(7)	–	–	31
Profit before income tax	3 714	336	(169)	(6)	3 875
Income tax expense	(665)	(101)	47	–	(719)
Profit for the year	3 049	235	(122)	(6)	3 156
Profit attributable to:					
Equity holders of the company	2 507	224	(122)	(6)	2 603
Non-controlling interests	542	11	–	–	553

R'm	Before¹	Acquisition of Gameco Group²	Purchase consideration³	Transaction costs⁴	Pro forma after the Transaction
Reconciliation of earnings attributable to equity holders of the company to headline earnings					
Profit attributable to equity holders of the company	2 507	224	(122)	(6)	2 603
Loss on disposal of property, plant and equipment	12	–	–	–	12
Impairment of property, plant and equipment	77	1	–	–	78
Gain on disposal of investment property	(36)	–	–	–	(36)
Gain on fair value adjustment of investment properties	(757)	–	–	–	(757)
Impairment of intangibles	1	–	–	–	1
Gain on deemed disposal of financial asset classified as available-for-sale	(46)	–	–	–	(46)
Gain on bargain purchases	(82)	–	–	–	(82)
Share of associates' headline earnings adjustments	2	–	–	–	2
Total tax effects of adjustments	(27)	–	–	–	(27)
Total non-controlling interest effects of adjustments	382	–	–	–	382
Headline earnings	2 033	225	(122)	(6)	2 130
Other exceptional items (net) included in operating profit	44	–	–	–	44
Gain on re-measurement of put liability	(35)	–	–	–	(35)
Deferred tax liability derecognised on plant, property and equipment on sale to the group's REIT subsidiary	(56)	–	–	–	(56)
Deferred tax asset derecognised on foreign subsidiary assessed losses	19	–	–	–	19
Share of associates' exceptional items	(11)	–	–	–	(11)
Total non-controlling interest effects of adjustments	(7)	–	–	–	(7)
Adjusted headline earnings	1 987	225	(122)	(6)	2 084
Weighted average number of shares in issue (million)	957		97.0		1 054
Basic and diluted earnings per share (cents)	262.0				247.0
Basic and diluted headline earnings per share (cents)	212.4				202.1
Basic and diluted adjusted headline earnings per share (cents)	207.6				197.7

Notes:

1. The "Before" column is based on the condensed consolidated income statement of Tsogo for the year ended 31 March 2017.
2. The "Acquisition of Gameco Group" column is extracted from the condensed consolidated financial statements of Gameco for the year ended 31 March 2017, which financial statements and the report by the auditor on the basis of preparation thereof are available for inspection as set out in paragraph 25 to the Circular.
3. The cash consideration to be paid to the Gameco Minorities of R1 763 million, assumes all Gameco Minorities elect the cash and shares offer and that it is funded through Tsogo's cash management facility with a weighted average cost of debt of 9.7% p.a. An interest cost of R169 million and related tax has been recognised.
In the event that all Gameco Minorities elect the shares offer, *pro forma* basic and diluted earnings per share and headline earnings per share will be 244.0 cents and 201.6 cents respectively.
4. Transaction costs, estimated at R6.4 million, to be incurred by Tsogo.

PRO FORMA CONSOLIDATED BALANCE SHEET AT 31 MARCH 2017

R'm	Before¹	Acquisition of Gameco Group²	Purchase consideration³	Transaction costs⁴	Consolidation adjustments^{5,6}	Pro forma after the Transaction
ASSETS						
Non-current assets						
Property, plant and equipment	15 556	457	—	—	—	16 013
Investment properties	4 969	7	—	—	—	4 976
Goodwill and other intangible assets	6 567	63	—	—	—	6 630
Investments in associates and joint ventures	609	57	3 961	—	(3 961)	666
Available-for-sale financial assets	1 272	—	—	—	—	1 272
Non-current receivables	60	27	—	—	—	87
Deferred income tax assets	121	27	—	—	—	148
	29 154	638	3 961	—	(3 961)	29 792
Current assets						
Inventories	115	—	—	—	—	115
Other	66	125	—	—	—	191
Trade and other receivables	682	—	—	—	—	682
Derivative financial instruments	14	—	—	—	—	14
Current income tax assets	78	—	—	—	—	78
Cash and cash equivalents	2 424	103	(1 763)	(6)	—	758
	3 379	228	(1 763)	(6)	—	1 838
Total assets	32 533	866	2 198	(6)	(3 961)	31 630
EQUITY						
Capital and reserves attributable to equity holders of the company						
Ordinary share capital and premium	4 576	330	2 198	—	(330)	6 774
Other reserves	874	(18)	—	—	18	874
Common control reserve	—	—	—	—	(3 271)	(3 271)
Retained earnings	5 321	378	—	(6)	(378)	5 315
Total shareholders' equity	10 771	690	2 198	(6)	(3 961)	9 692
Non-controlling interests	2 685	(16)	—	—	—	2 669
Total equity	13 456	674	2 198	(6)	(3 961)	12 361

Non-current liabilities				
Interest-bearing borrowings	9 439	—	—	9 439
Derivative financial instruments	37	—	—	37
Deferred income tax liabilities	2 029	—	—	2 029
Provisions and other liabilities	511	4	—	515
	12 016	4	—	12 020
Current liabilities				
Interest-bearing borrowings	5 098	—	—	5 098
Derivative financial instruments	28	—	—	28
Trade and other payables	1 454	147	—	1 601
Provisions and other liabilities	385	1	—	386
Current income tax liabilities	96	40	—	136
	7 061	188	—	7 249
Total liabilities	19 077	192	—	19 269
Total equity and liabilities	32 533	866	2 198	(3 961)
Number of shares in issue (million)	957		97.0	1 054
NAV per share (Rand)	11.3			9.2
TNAV per share (Rand)	4.4			2.9

Notes:

1. The "Before" column is based on the condensed consolidated balance sheet of Tsogo for the period ended 31 March 2017.
2. The "Acquisition of Gameco Group" column is extracted from the condensed consolidated financial statements of Gameco for the year ended 31 March 2017, which financial statements and the report by the auditor on the basis of preparation thereof are available for inspection as set out in paragraph 25 to the Circular.

3. Purchase Consideration:

HCI Transaction and Assignment Agreement:

In terms of the HCI Transaction, Tsogo will acquire from HCI a 49.01% interest in Gameco, comprising 225 445 352 Gameco Shares in exchange for 78 415 775 Tsogo Shares. Assuming the Assignment Agreement is implemented, Tsogo will acquire an additional 1.8% interest in Gameco, comprising 8 214 286 Gameco Shares, settled through the issue of Tsogo shares in the ratio of 2.875 Gameco Shares for every 1 Tsogo Share. The consideration is recognised at fair value at the date of acquisition. The Last Practicable Date is used to determine the fair value of the HCI Transaction and the Assignment Agreement consideration.

Minority Offer:

Pursuant to the successful implementation of the HCI Transaction, Tsogo will make an offer to the Gameco Minorities to acquire their shares in Gameco. The Minority Offer entails an offer to acquire 100% of the Gameco Minorities' shares in Gameco settled through the issue of Tsogo shares in the ratio of 1 Tsogo Share for every 2.875 Gameco Shares or at the election of Gameco Minorities, settled as to 20% in Tsogo Shares (in the ratio of 1 Tsogo Share for every 2.875 Gameco Shares) and 80% of R9.739 per Gameco Share in cash.

The table below assumes 100% of the Gameco Minorities elect the cash and share option.

Purchase consideration	Number of Gameco Shares	Exchange ratio	Number of Tsogo Shares	Last Practicable Date share price of Tsogo	Purchase Consideration (R'm)
HCI Transaction	225 445 352	1 Tsogo share for 2,875 Gameco Shares	78 415 775	R22.66	R1 776
Assignment Agreement	8 214 286	1 Tsogo share for 2,875 Gameco Shares	2 857 143	R22.66	R65
Minority Offer: 20% non-cash share consideration	45 268 092	1 Tsogo share for 2,875 Gameco Shares	15 745 423	R22.66	R357
Total non-cash consideration	278 927 730	1 Tsogo share for 2,875 Gameco Shares	97 018 341	R22.66	R2 198
Minority Offer: 80% cash consideration	181 072 370	R9.739 per Gameco Share	N/A	N/A	R1 763
Total cash consideration	181 072 370	R9.739 per Gameco Share	N/A	N/A	R1 763
Total	460 000 100	N/A	97 018 341	N/A	R3 961

In the event that all Gameco Minorities elect the shares offer *pro forma* net asset and tangible net asset value per share after the Transaction will be R10.2 and R4.3 respectively.

Clawback Amount:

In the terms of the Clawback, Tsogo has the right to receive the Clawback Amount from Niveus (or HCI, as assignee of Niveus under the Assignment Agreement) in the event that no EBITs are legally operating in the KwaZulu-Natal Province prior to or on 31 March 2020. The Directors are of the view that there is a high probability of the EBITs legally operating in the KZN Province prior to 31 March 2020 and as a result no effect is given for the Clawback Amount/this derivative in the *pro forma* financial information. To the extent a derivative is raised on the effective date, this derivative would need to be revalued at each reporting date with any movement in value being charged to income.

4. Transaction costs, estimated at R6.4 million, to be incurred by Tsogo.

5. The Transaction is deemed to be a transaction under common control and consequently falls outside the scope of IFRS3: Business Combinations. Tsogo's accounting policy is to apply predecessor accounting to common control transactions.

Common control reserve	R'm
Net asset value acquired	690
Total purchase consideration (Refer Note 3)	(3 961)
Common control reserve	(3 271)

6. Consolidation entries to eliminate at acquisition total shareholders' equity.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF TSOGO SUN HOLDINGS LIMITED

10 August 2017
The Board of Directors
Tsogo Sun Holdings Limited
Palazzo Towers East, Montecasino Boulevard
Fourways
2055

Independent Reporting Accountant's Assurance Report on the compilation of *pro forma* financial Information of Tsogo Sun Holdings Limited ("Tsogo" or "the Company")

Introduction

Tsogo Sun Holdings Limited ("Tsogo" or the "Company") is issuing a circular (the "Circular") regarding the acquisition of the gaming interests of Niveus Investments Limited ("Niveus") currently housed in Niveus Invest 19 Limited, its subsidiaries and affiliates (the "Gameco Group"). Subsequent to the unbundling of the Gameco Group shares to Niveus shareholders (the "Unbundling") Tsogo will acquire Hosken Consolidated Investment Limited's ("HCI") entire share in the Gameco Group (the "HCI Transaction") and make an unconditional offer to the minority shareholders of Gameco for their share in the Gameco Group (the "Minority Offer"), collectively (the "Transaction").

At your request and for the purposes of the Circular to be dated on or about 10 August 2017, we present our assurance report on the compilation of the *pro forma* financial information of Tsogo by the directors. The *pro forma* financial information, presented in paragraph 11 and **Annexure I** to the Circular, consists of the *pro forma* consolidated balance sheet as at 31 March 2017, the *pro forma* consolidated income statement for the 12 months ended 31 March 2017 and the *pro forma* financial effects ("the *Pro forma* Financial Information"). The *Pro forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *Pro forma* Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Company's reported financial position as at 31 March 2017, and the Company's financial performance for the year then ended, as if the Transaction had taken place at 31 March 2017 and 1 April 2016, respectively. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's condensed financial statements for the year ended 31 March 2017 on which a review report has been published.

Directors' responsibility

The directors of Tsogo are responsible for the compilation, contents and presentation of the *Pro forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 11 and Annexure I. The directors of Tsogo are also responsible for the financial information from which it has been prepared.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 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 specified in the JSE Listings Requirements 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. 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 JSE Listings Requirements.

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.

As the purpose of *Pro forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, 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 in the compilation of the *Pro forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, 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.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event 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 JSE Listings Requirements and described in paragraph 11 and **Annexure I** to, the Circular.

PricewaterhouseCoopers Inc.

Director: BS Humphreys

Registered Auditor

Sunninghill

10 August 2017

FAIRNESS OPINION REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS

The Directors
Tsogo Sun Holdings Limited
Palazzo Towers East
Montecasino Boulevard
Fourways
2055
10 August 2017

Dear Sirs

FAIRNESS OPINION TO TSOGO SUN HOLDINGS LIMITED REGARDING THE ACQUISITION OF HOSKEN CONSOLIDATED INVESTMENTS LIMITED'S ENTIRE INTEREST IN NIVEUS INVEST 19 LIMITED
INTRODUCTION

As set out in the announcements released on the Stock Exchange News Service of the JSE Limited ("JSE") ("**SENS**") on 14 March 2017 and on 27 June 2017, Tsogo Sun Holdings Limited ("**Tsogo**" or "**Company**") has entered into a written agreement with Hosken Consolidated Investments Limited ("**HCI**") and Niveus Investments Limited ("**Niveus**") on 26 June 2017 ("**Transaction Agreement**") and the assignment agreement dated 27 June 2017 between HCI and Niveus ("**Assignment Agreement**"), in terms of which Tsogo will:

- acquire from HCI a 50.8% interest in Niveus Invest 19 Limited ("**Gameco**") (if the Assignment Agreement shall have been implemented), comprising 233 659 638 ordinary shares of no par value in the issued share capital of Gameco ("**Gameco Shares**") ("**HCI Gameco Interest**"), in exchange for 81 272 918 ordinary shares of no par value in the authorised but unissued share capital of Tsogo ("**Shares**" or "**Tsogo Shares**") ("**Tsogo Consideration Shares**"), subject to the distribution *in specie* by Niveus of that number of Gameco Shares comprising 93.75% of Niveus' entire holding of Gameco Shares to its shareholders, *pro rata* to their respective shareholdings in Niveus ("**Niveus Unbundling**"); or
- acquire from HCI a 49.0% interest in Gameco (if the Assignment Agreement shall not have been implemented), comprising 225 445 352 Gameco Shares in exchange for 78 415 775 Tsogo Consideration Shares, subject to the Niveus Unbundling

("HCI Transaction")

and

- subject to the HCI Transaction being implemented, Tsogo will make an offer to the holders of Gameco Shares (other than HCI) ("**Gameco Minorities**") to acquire their respective Gameco Shares (being 226 340 462 Gameco Shares in the aggregate, if the Assignment Agreement shall have been implemented or 234 554 748 Gameco Shares in the aggregate, if the Assignment Agreement shall not have been implemented) ("**Minority Offer**"). In terms of the Minority Offer, Tsogo will offer to acquire Gameco Shares for a consideration of 1 Tsogo Consideration Share for every 2.875 Gameco Shares or, at the election of Gameco Minorities, 20% in Tsogo Consideration Shares (in the ratio of 1 Tsogo Consideration Share for every 2.875 Gameco Shares) and 80% of R9.739 per Gameco Share in cash ("**Minority Offer Consideration**").

The Niveus Unbundling, the HCI Transaction and the Minority Offer are inter-conditional.

The assets of Gameco, which is a wholly owned subsidiary of Niveus, include the entire issued share capital of Vukani Gaming Corporation Proprietary Limited ("**Vukani**"), Galaxy Gaming and Entertainment Proprietary Limited ("**Galaxy**") and all their associated entities, trusts and businesses (collectively the "**Gaming Businesses**").

FAIRNESS OPINION REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

HCI is a material shareholder in and a related party to Tsogo (as defined in section 10.1(b)(i) of the Listings Requirements of the JSE ("**Listings Requirements**") read together with the definition of material shareholder). The HCI Transaction is a related party transaction and in terms of section 10.4 of the Listings Requirements, the board of directors of Tsogo

("Directors" or "Board") is required to include a statement from an independent professional expert confirming whether the HCI Transaction is fair insofar as the shareholders of Tsogo are concerned ("**HCI Transaction Fairness Opinion**"), which must be included in the circular to registered holders of Shares ("**Shareholders**"), dated on or about Wednesday, 16 August 2017 ("**Circular**").

Niveus is one of the recipients of the Minority Offer. Niveus is deemed to be a related party to Tsogo in terms of section 10 of the Listings Requirements. Given the size of the offer to Niveus, the transaction is regarded as a "small related party transaction" in terms of section 10.7 of the Listings Requirements and Tsogo is required to provide the JSE with written confirmation from an independent professional expert confirming whether the terms and conditions of the Transaction are fair as far as the shareholders of Tsogo are concerned ("**Minority Offer Fairness Opinion**").

The Board has appointed a sub-committee of Directors who do not have any direct or indirect beneficial or non-beneficial interest in the HCI Transaction ("**Independent Board**") in order to fulfil this obligation. BDO Corporate Finance Proprietary Limited ("**BDO Corporate Finance**") has been appointed as the independent professional expert by the Directors in respect of the HCI Transaction and Minority Offer.

RESPONSIBILITY

Compliance with the Listings Requirements is the responsibility of the Directors. Our responsibility is to report to the Directors and shareholders of Tsogo on the fairness of the HCI Transaction.

EXPLANATION AS TO HOW THE TERM "FAIR" APPLIES IN THE CONTEXT OF THE HCI TRANSACTION

Schedule 5.7 of the Listings Requirements states that the "fairness" of a transaction is based on quantitative issues. A transaction will generally be considered fair to a company's shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value ceded by a company.

The HCI Transaction would be considered fair to the shareholders of Tsogo if the value of the Tsogo Consideration Shares is less than or equal to the value of the HCI Gameco Interest (i.e. a fair exchange ratio is less than or equal to 2.875x), or unfair if the Tsogo Consideration Shares is more than the value of the HCI Gameco Interest (i.e. an exchange ratio of more than 2.875x is not fair).

The Minority Offer would be considered fair to the shareholders of Tsogo if the value of the Minority Offer Consideration is less than or equal to the value of a Gameco Share, or unfair if the Minority Offer Consideration is more than the value of a Gameco Share.

DETAILS AND SOURCES OF INFORMATION

In arriving at our opinion we have relied upon the following principal sources of information:

- The Transaction Agreement and Assignment Agreement;
- Historical and forecast financial information of Tsogo, comprising:
 - Audited annual financial statements of Tsogo, for the years ended 31 March 2015 and 2016;
 - Reviewed condensed consolidated financial results of Tsogo for the year ended 31 March 2017;
 - Forecast financial information of Tsogo, on a consolidated basis, for the financial years ("FY") ending 2018 – 2022;
- Historical and forecast financial information of the Gaming Businesses, comprising:
 - Audited annual financial statements of Vukani for FY 2016 and Galaxy signed consolidation reporting pack for FY 2016;
 - Select financial information of Vukani and Galaxy for FY 2017;
 - Vukani budget for FY 2018;
 - Forecast financial information of Vukani and Galaxy for FY 2018 - 2021;
- Precedent transactions of a similar nature;
- Discussions with Tsogo's and the Gaming Businesses' directors and management regarding the rationale for the HCI Transaction;
- Discussions with Tsogo's and the Gaming Businesses' directors and management regarding the historical and forecast financial information;
- Discussions with Tsogo's and the Gaming Businesses' directors and management on prevailing market, economic, legal and other conditions which may affect underlying value;

- Publicly available information relating to the Casinos and Gaming and Hospitality Sectors in general; and
- Publicly available information relating to Tsogo and the Gaming Businesses that we deemed to be relevant, including company announcements and media articles.

The information above was secured from:

- Directors and management of Tsogo and the Gaming Businesses and their advisors; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Tsogo and the Gaming Businesses.

PROCEDURES AND CONSIDERATION

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the HCI Transaction and Minority Offer:

- Reviewed the terms and conditions of the HCI Transaction and Minority Offer;
- Reviewed the audited and unaudited financial information related to Tsogo and the Gaming Businesses, as detailed above;
- Reviewed and obtained an understanding from management as to the forecast financial information of Tsogo and the Gaming Businesses and assessed the achievability thereof by considering historical information as well as macro-economic and sector-specific data;
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the Casinos and Gaming and Hospitality Sectors generally;
- BDO performed a discounted free cashflow ("DCF") valuation of Tsogo on a consolidated basis and a sum-of-the-parts ("SOTP") valuation of Gameco which consists of DCF valuations for Vukani and Galaxy. We considered and applied appropriate valuation discounts to the results of our DCF valuation analysis of Tsogo as deemed applicable to derive the fair value of a Tsogo Share on a minority, marketable basis;
- Reviewed certain publicly available information relating to Tsogo and the Gaming Businesses, comparable publicly traded companies and the Casinos and Gaming and Hospitality Sectors that we deemed to be relevant, including company announcements and media articles;
- Where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the Casinos and Gaming and Hospitality Sectors, and to analyse external factors that could influence the business; and
- Held discussions with the directors and management of Tsogo and the Gaming Businesses and their advisers as to their strategy and the rationale for the HCI Transaction and Minority Offer and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends.

ASSUMPTIONS

We arrived at our opinion based on the following assumptions:

- That all agreements that are to be entered into in terms of the HCI Transaction and Minority Offer will be legally enforceable;
- That the HCI Transaction and Minority Offer will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of Tsogo and Gameco; and
- That reliance can be placed on the financial information of Tsogo and the Gaming Businesses.

APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Conducting analytical reviews on the historical financial results and forecast financial information, such as key ratio and trend analyses; and
- Determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of Tsogo and the Gaming Businesses and the economic environment in which the companies operate.

LIMITING CONDITIONS

This opinion is provided to the Directors and Shareholders in connection with and for the purposes of the HCI Transaction and Minority Offer. The opinion does not purport to cater for each individual Shareholder's perspective, but rather that of the general body of Shareholders.

Individual Shareholders' decisions regarding the HCI Transaction and Minority Offer may be influenced by such Shareholder's particular circumstances and accordingly individual Shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the HCI Transaction and Minority Offer.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

We have also assumed that the HCI Transaction and Minority Offer will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of Tsogo and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

INDEPENDENCE

We confirm that we have no direct or indirect interest in Shares or the HCI Transaction and Minority Offer. We also confirm that we have the necessary qualifications and competence to provide the fairness opinion on the HCI Transaction and Minority Offer.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent upon the success of the HCI Transaction and Minority Offer.

VALUATION

BDO performed a valuation of a Tsogo Share and a Gameco Share to determine whether the HCI Transaction and Minority Offer is fair to Shareholders. The valuations of Tsogo, Vukani and Galaxy were performed by applying the DCF methodology as our primary approach. In addition, we considered the market approach (based on financial data for comparable publicly traded companies and for recent transactions in significant equity interests in comparable companies) as a secondary methodology to support the results of the DCF valuations. The valuation of Tsogo was performed on a consolidated basis, using consolidated cash flow forecasts.

The valuation was performed taking cognisance of risk and other market and industry factors affecting Tsogo and the Gaming Businesses.

In performing our valuation analysis of Tsogo Shares and Gameco Shares we considered the sensitivity of the valuations to changes in assumptions around key value drivers. We found that the key internal value drivers of the valuation of the Tsogo Shares and Gameco Shares are estimates of revenue growth, projected profit margins, movements in net working capital, and capital expenditure requirements.

The internal value drivers for Gameco are a function of the average gross gaming revenue ("**GGR**") per machine. The average GGR per machine is the main driver of expected revenues to be derived over the forecast period, based on current machine count and forecast net roll-out of machines per region.

The internal value drivers for Tsogo are a function of gaming revenue and rooms revenue. Gaming revenue is a function of net slots revenue and net table revenue. Rooms revenue is a function of hotel occupancy rates.

Free cash flow is sensitive to these assumptions. The key external value drivers relate to the rates of economic growth, inflation and prevailing interest rates as well as market and industry conditions specific to the Casinos and Gaming and Hospitality Sectors.

Our valuation results are also sensitive to the weighted average cost of capital applied in the discounted cash flow valuations.

OPINION

BDO Corporate Finance has considered the terms and conditions of the HCI Transaction and Minority Offer and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the HCI Transaction and Minority Offer are fair to Shareholders.

Our opinion is necessarily based upon the information available to us up to 8 August 2017, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the HCI Transaction and Minority Offer have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Yours faithfully

N Lazanakis

Director

BDO Corporate Finance Proprietary Limited

22 Wellington Road
Parktown
2193



TSOGO SUN HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1989/002108/06

Share code: TSH

ISIN: ZAE000156238

NOTICE OF GENERAL MEETING

All terms defined in the Circular, to which this Notice of General Meeting is attached, shall bear the same meanings when used in this Notice of General Meeting.

Notice is hereby given to Shareholders that the General Meeting will be held at 13:00, on Thursday, 14 September 2017 at SunSquare City Bowl, 23 Buitengracht Street, Cape Town City Centre, to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder.

The record date for determining which Shareholders must be registered in the Register in order to receive the Circular is Friday, 11 August 2017.

The record date for determining which Shareholders are entitled to participate in and vote at the General Meeting is Friday, 8 September 2017. Accordingly, the last day to trade in order to be eligible to participate and vote at the General Meeting will be Tuesday, 5 September 2017.

Please note that Tsogo intends to provide for participation at the General Meeting by way of electronic communication. In this regard, please read the notes at the end of this notice.

Ordinary resolution number 1 – Approval of the HCI Transaction as a transaction with a Related Party

“Resolved as an ordinary resolution that, Tsogo be and is hereby authorised in terms of the Listings Requirements to acquire either (i) a 50.8% equity stake in Gameco (if the Assignment Agreement shall have been implemented); or (ii) a 49.0% equity stake in Gameco (if the Assignment Agreement shall not have been implemented) from HCI, a Related Party to Tsogo, on the terms and conditions set out in the Transaction Agreement, a copy of which has been tabled at the General Meeting.”

In terms of the Companies Act, Tsogo's memorandum of incorporation and the Listings Requirements, the adoption of this resolution will require the support of more than 50% of the voting rights exercised on this resolution.

As HCI is a Related Party to Tsogo for the purposes of the Listings Requirements, by virtue of the fact that HCI is a material shareholder of Tsogo, in order to implement the HCI Transaction an ordinary resolution of the Company must be passed by Shareholders, other than HCI and its associates.

Special resolution number 1 – Approval of the issue of the Tsogo Consideration Shares

“Resolved as a special resolution that, the issue by Tsogo of the Tsogo Consideration Shares to HCI pursuant to the HCI Transaction and to Niveus pursuant to the Minority Offer, be and it is hereby approved.”

In terms of the Companies Act, Tsogo's memorandum of incorporation and the Listings Requirements, the adoption of this resolution will require the support of at least 75% of the voting rights exercised on this resolution.

In terms of Section 41 of the Companies Act the issue of Shares to a person related or inter-related to Tsogo, must be approved by a special resolution of the Shareholders. HCI as the controlling shareholder of Tsogo and Niveus as a subsidiary of HCI are related and/or inter-related persons to Tsogo.

Special resolution number 2 – Approval of the cancellation of Clawback Shares

“Resolved as a special resolution that, any Shares which may be acquired by Tsogo (as opposed to its subsidiaries) in terms of the Clawback, be and are hereby cancelled in the issued (but not the authorised) share capital of Tsogo.”

In terms of the Companies Act, Tsogo's memorandum of incorporation and the Listings Requirements, the adoption of this resolution will require the support of at least 75% of the voting rights exercised on this resolution.

Ordinary resolution number 2 – Directors' authority to take all such actions necessary to implement the Transaction

“Resolved as an ordinary resolution that, any director of Tsogo or the Company Secretary, be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions or procure the doing of all such things, the signature of all such documents and the taking of all such actions as may be necessary for or incidental to the implementation of the Transaction and any of the above resolutions.”

In terms of the Companies Act and Tsogo's memorandum of incorporation, the adoption of this resolution will require the support of more than 50% of the voting rights exercised on this resolution.

Entitlement to attend and vote at the General Meeting and appointment of Proxies

Shareholders who wish to participate in the General Meeting should note that in terms of the Companies Act, they are required to provide reasonable satisfactory identification before being entitled to attend or participate in a Shareholders' meeting.

Certificated Shareholders or Own-name Dematerialised Shareholders may attend and vote at the General Meeting, or alternatively appoint a proxy to attend, speak and, vote in their stead. It is recommended that the form of proxy attached to the Circular, duly completed, be returned to the Transfer Secretaries at the address given in the Circular as soon as possible for administrative purposes only (preferably by 12 September 2017), but in any event, duly completed forms of proxy must be received by the Transfer Secretaries prior to the proxy exercising any of such Shareholder's rights as a Shareholder at the General Meeting.

Dematerialised Shareholders other than Own-name Dematerialised Shareholders, must contact their CSDP or Broker, as the case may be, and obtain the relevant letter of representation from it if they wish to attend the General Meeting. If Shareholders are unable to attend the General Meeting but wish to be represented thereat, they must furnish their CSDP or Broker, as the case may be, with their instructions for voting at the General Meeting.

The completion of a form of proxy will not preclude a Shareholder from attending the General Meeting.

Participation in the General Meeting by electronic communication

Shareholders wishing to participate electronically in the General Meeting are required by no later than 10:00 on 12 September 2017, to deliver written notice to Tsogo at Palazzo Towers East, Montecasino Boulevard, Fourways, (marked for the attention of the Company Secretary) that they wish to participate via electronic communication at the General Meeting (**Electronic Notice**).

In order for the above mentioned notice to be valid it must contain (a) if the Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the General Meeting via electronic communication; (c) a valid e-mail address and/or facsimile number; and (d) confirmation of whether the Shareholder wishes to vote via electronic communication.

Tsogo will use its reasonable endeavours to notify a Shareholder wishing to participate in the General Meeting by way of electronic communication, of the relevant details through which the Shareholder can participate via electronic communication, by no later than 24 hours before the commencement of the General Meeting.

Should a Shareholder wish to participate in the General Meeting by way of electronic communication as mentioned above, such Shareholder or his proxy will be required to dial-in to the dial-in facility on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, from the time of commencement of, and for the duration of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the General Meeting. The costs of such participation will be for the Shareholder's or proxy's own account.

For and on behalf of:

TSOGO SUN HOLDINGS LIMITED

J BOOYSEN

16 August 2017

Registered office

Palazzo Towers East
Montecasino Boulevard
Fourways, 2055
(Private Bag X200, Bryanston, 2021)



TSOGO SUN HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1989/002108/06

Share code: TSH

ISIN: ZAE000156238

FORM OF PROXY – GENERAL MEETING

All terms defined in the Circular, to which this form of proxy is attached, shall bear the same meanings when used in this form of proxy.

For use by Certificated Shareholders or Own-name Dematerialised Shareholders at the General Meeting to be held at 13:00 on Thursday, 14 September 2017 at SunSquare City Bowl, 23 Buitengracht Street, Cape Town City Centre.

Dematerialised Shareholders, other than Own-name Dematerialised Shareholders, must not complete this form of proxy.

Full name: I/We (BLOCK LETTERS)

of (address):

Telephone: (Work)

Telephone: (Home)

Fax:

Cell number:

being the holder(s) of Shares hereby appoint:

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairperson of the General Meeting,

as my/our proxy to vote for me/us on my/our behalf at the General Meeting or any adjournment thereof as follows:

Resolution	For	Against	Abstain
Ordinary resolution number 1 Approval of the HCI Transaction as a transaction with a Related Party			
Special resolution number 1 Approval of the issue of the Tsogo Consideration Shares			
Special resolution number 2 Approval of the cancellation of Clawback Shares			
Ordinary resolution number 2 Directors' authority to take all such actions necessary to implement the Transaction and the Ordinary Resolution number 1 and the Special Resolutions numbered 1 and 2			

Signed at _____ this _____ day of _____ 2017

Signature _____

Assisted by me (if applicable) _____

Please read the notes on the reverse side hereof.

A Shareholder entitled to attend and vote at the General Meeting may appoint one person as his/her proxy to attend, speak or vote in his/her stead at the General Meeting. A proxy need not be a Shareholder.

On a show of hands, every Shareholder or his proxy shall have one vote (irrespective of the number of Shares held). On a poll, every Shareholder or his proxy shall have one vote for each Tsogo Share held or represented by him.

Notes:

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of his choice in the spaces provided with or without deleting the chairperson of the General Meeting, but any such deletion must be initialled by the Shareholder. The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please indicate in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Shares exercisable by you, insert the number of Shares held in respect of which you wish to vote. Failure to provide an indication as to the manner in which you wish your votes to be cast will be deemed to authorise and compel the chairperson, if the chairperson is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he deems fit, in respect of all your votes exercisable thereat. A Shareholder or his proxy is not obliged to use all the votes exercisable by the Shareholder or its proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Shareholder or his proxy.
3. It is recommended that forms of proxy, duly completed, be lodged with the Transfer Secretaries as soon as possible, for administrative purposes (preferably by Tuesday, 12 September 2017), but in any event, duly completed forms of proxy must be received by the Transfer Secretaries prior to the proxy exercising any of such Shareholder's rights as a Shareholder at the General Meeting.
4. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairperson of the General Meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
7. The chairperson of the General Meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairperson is satisfied as to the manner in which the Shareholder wishes to vote.
8. This form of proxy shall not be valid after the expiration of the General Meeting or any adjournment thereof.
9. Joint holders – any such persons may vote at the General Meeting in respect of such joint Shares as if he were solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, that one of the said persons whose name stands first in the register in respect of such Shares or his proxy, as the case may be, is alone entitled to vote in respect thereof.

Summary of the rights established in terms of section 58 of the Companies Act:

For purposes of this summary, shareholder shall have the meaning ascribed thereto in the Companies Act.

10. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.
11. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4) (c) of the Companies Act or expires earlier as contemplated in section 58(8) (d) of the Companies Act.
12. Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
 - 3.2 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
 - 3.3 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - 3.4 A copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
13. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
14. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
15. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4) (c) (ii) of the Companies Act.
16. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder; or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
17. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.
18. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
 - 9.1 such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
 - 9.2 the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
 - 9.3 the company must not require that the proxy appointment be made irrevocable; and
 - 9.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.