

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

**ACTION REQUIRED BY GPI SHAREHOLDERS**

- This entire Circular is important and should be read with particular attention to the section entitled “Action required by GPI Shareholders”, which commences on page 3.
- If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal adviser, accountant or other professional adviser immediately.
- If you have disposed of all of your Shares, please forward this Circular together with the attached form of proxy (*yellow*), to the purchaser of such shares, or the CSDP, Broker or other agent through whom the disposal was effected.
- GPI does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any holder of Dematerialised Shares to notify such Dematerialised Shareholder of the transactions and actions set out in this Circular.



**GRAND PARADE**  
INVESTMENTS LIMITED

## Grand Parade Investments Limited

Incorporated in the Republic of South Africa

(Registration number: 1997/003548/06)

Share code: GPL ISIN: ZAE000119814

(“GPI” or “the Company”)

## CIRCULAR TO GPI SHAREHOLDERS

Relating to:

- **the BEE Specific Issue and the BEE Share Acquisition;**
- **the BEE Funding;**
- **the Hot Slots Acquisition Issue; and**
- **the Amendment to the MOI.**

and incorporating:

- **the Notice of General Meeting; and**
- **a form of proxy (*yellow*) in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with “own-name” registration only).**

**Sponsor and  
Corporate Adviser**



PSG CAPITAL

**Independent Reporting  
Accountants and  
Auditors**



**Legal Adviser**



**Lead Corporate Adviser**



Date of issue: **Friday, 8 November 2013**

Copies of this Circular are available in English only and may, from Friday, 8 November 2013 until Wednesday, 11 December 2013 (both days inclusive), be obtained from the registered office of GPI, the Sponsor and the Transfer Secretaries, at the addresses set out in the “Corporate information” section of this Circular. A copy of this Circular will also be available on GPI’s website ([www.grandparade.co.za](http://www.grandparade.co.za)).

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## CORPORATE INFORMATION

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The definitions and interpretation commencing on page 5 of this Circular apply *mutatis mutandis* to this Corporate Information section.

### Company Secretary

Lazelle Parton  
33 on Heerengracht, Foreshore  
Cape Town, 8001

### Lead Corporate Adviser

Leaf Capital (Proprietary) Limited  
(Registration number: 1997/020724/07)  
5th Floor, Protea Place  
Corner Protea Road and Dreyer Street  
Claremont, Cape Town, 7708  
(PO Box 44302, Claremont, 7735)

### Registered office of the Company

33 on Heerengracht, Foreshore  
Cape Town, 8001  
(PO Box 6563, Roggebaai, 8012)

### Independent Reporting Accountants and Auditors to GPI

Ernst & Young Incorporated  
(Registration number: 2005/002308/21)  
Ernst & Young House  
35 Lower Long Street  
Cape Town, 8001  
(PO Box 656, Cape Town, 8000)

### Sponsor and Corporate Adviser

PSG Capital (Proprietary) Limited  
(Registration number 2006/015817/07)  
1st Floor, Ou Kollege  
35 Kerk Street  
Stellenbosch, 7599  
(PO Box 7403, Stellenbosch, 7599)

and at

1st Floor, Building 8  
Inanda Greens Business Park  
54 Wierda Road West  
Wierda Valley  
Sandton, 2196  
(PO Box 987, Parklands, 2121)

### Transfer Secretaries

Computershare Investor Services (Proprietary) Limited  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

### Date of incorporation of GPI

12 March 1997

### Place of incorporation of GPI

Pretoria

### Legal Adviser

Bernadt Vukic Potash & Getz  
11th Floor  
No 1 Thibault Square  
Cape Town, 8001  
(PO Box 252, Cape Town, 8000)

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## **FORWARD-LOOKING STATEMENT DISCLAIMER**

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The definitions set out on page 5 of this Circular apply to this forward-looking statement disclaimer.

This Circular contains statements about GPI and/or the GPI Group that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. GPI cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which GPI operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by GPI, as communicated in publicly available documents by GPI, all of which estimates and assumptions, although GPI believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to GPI or not currently considered material by GPI.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of GPI not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. GPI has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

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## ACTION REQUIRED BY SHAREHOLDERS

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The definitions commencing on page 5 of this Circular apply *mutatis mutandis* to this section on the action required by GPI Shareholders.

**Please take careful note of the following provisions regarding the action required by GPI Shareholders.**

1. If you are in any doubt as to what action to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional adviser immediately.
2. If you have disposed of all your Shares in GPI, please forward this Circular together with the attached form of proxy (*yellow*), to the purchaser of such Shares or to the CSDP, Broker, banker or other agent through whom the disposal was effected.
3. **A General Meeting of GPI Shareholders will be held at 19:00 on Wednesday, 11 December 2013, at Market Hall, GrandWest Casino, Goodwood, Cape Town, Western Cape, to consider and, if deemed fit, to pass the resolutions set out in the Notice of General Meeting attached to this Circular.**

### 4. GENERAL MEETING

#### 4.1 If you hold Dematerialised Shares:

##### 4.1.1 **Own-name registration**

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 19:00 on Monday, 9 December 2013.

##### 4.1.2 **Other than own-name registration**

If your CSDP or Broker does not contact you, you are advised to contact your CSDP or Broker and provide them with your voting instructions. If your CSDP or Broker does not obtain instructions from you, they will be obliged to vote in accordance with the instructions contained in the Custody Agreement concluded between you and your CSDP or Broker. You must **not** complete the attached form of proxy. In accordance with the Custody Agreement between you and your CSDP or Broker you must advise your CSDP or Broker timeously if you wish to attend, or be represented at the General Meeting. Your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend, or to be represented at the General Meeting.

#### 4.2 If you hold Certificated Shares

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 19:00 on Monday, 9 December 2013.

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## IMPORTANT DATES AND TIMES

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The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this important dates and times section.

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**2013**

Circular containing Notice of General Meeting and form of proxy ( <i>yellow</i> ) posted to Shareholders on	Friday, 8 November
BEE Specific Issue and BEE Share Acquisition announcement and Notice convening the General Meeting released on SENS on	Friday, 8 November
BEE Specific Issue and BEE Share Acquisition announcement and Notice convening the General Meeting published in the South African press on	Monday, 11 November
Last day to trade in order to be eligible to vote at the General Meeting	Friday, 29 November
Record date to be eligible to vote at the General Meeting	Friday, 6 December
Last day to lodge forms of proxies ( <i>yellow</i> ) in respect of the General Meeting by 19:00 on	Monday, 9 December
General meeting of Shareholders to be held at 19:00 on	Wednesday, 11 December
Results of the General Meeting released on SENS on	Thursday, 12 December
Results of the General Meeting published in the South African press on	Friday, 13 December
Anticipated date for listing on the JSE of the GPI Shares issued in terms of the BEE Specific Issue and the Hot Slots Acquisition Issue on	Thursday, 12 December
Accounts at CSDP or Broker updated in respect of Dematerialised Shareholders participating in the BEE Specific Issue and the Hot Slots Acquisition Issue on	Thursday, 12 December

**Notes:**

1. The above dates and times are subject to amendment. Any such amendment will be released on SENS.
2. GPI Shareholders are referred to page 3 of the Circular for information on the action required by Shareholders.
3. If the General Meeting is adjourned or postponed, forms of proxy (*yellow*) submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.
4. All times referred to in this Circular are references to South African time.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the following words and expressions bear the meanings assigned to them below:

“Act” or “Companies Act”	the Companies Act, No 71 of 2008 (as amended);
“Amendment to the MOI”	the amendment to the MOI of the Company, the further details whereof are more fully set out in paragraph 4 hereafter;
“BEE Act”	the Broad-Based Black Economic Empowerment Act, No 53 of 2003;
“BEE Codes”	the Broad Based Black Economic Empowerment Codes of Good Practice in operation from time to time and issued by the Department of Trade and Industry in terms of section 9 of the BEE Act from time to time;
“BEE Funding”	the funding in the amount of R100 000 000 (one hundred million Rand) that GPI will provide to the BEE SPV by way of subscribing for preference shares in the BEE SPV, the proceeds whereof will be used to finance the subscription price payable by the BEE Party to the Company for the BEE Specific Issue Shares and to finance the purchase price payable by the BEE Party for the BEE Share Acquisition, the further details whereof are more fully set out in paragraph 2 hereafter;
“BEE Party”	the GPI Women’s BBBEE Empowerment Trust, a broad-based Black economic empowerment ownership trust, to be established in terms of a trust deed which will be lodged with the Master of the High Court;
“BEE Share Acquisition”	the acquisition of GPI Shares by the BEE Party in the open market to the value of R40 000 000 (forty million Rand);
“BEE Specific Issue”	the issue of the BEE Specific Issue Shares to the BEE Party at a cash issue price of R4.05 per GPI Share, equal to the 30-day volume weighted average trading price of GPI Shares on the JSE, for the 30-day period ending on the day prior to 23 October 2013, equating to a total subscription price of R60 000 000 (sixty million Rand) to be undertaken by the Company in order to increase and entrench the level of Black Shareholding in GPI, the details of which are more fully set out in paragraph 2 of the Circular;
“BEE Specific Issues and the BEE Share Acquisition Agreements”	collectively, the following agreements in terms of which the BEE Specific Issues and the BEE Share Acquisition will be implemented: <ul style="list-style-type: none"><li>• a subscription agreement between the BEE Party and the Company in respect of the subscription for the BEE Specific Issue Shares;</li><li>• a preference share subscription agreement between the BEE SPV and the Company in respect of the subscription for the RCPS;</li><li>• the conclusion of an agreement between the BEE Party and the BEE SPV in terms of which the capital contribution of R100 000 000 (one hundred million Rand) will be made; and</li></ul>

	<ul style="list-style-type: none"> <li>the conclusion of a pledge agreement between the BEE Party and the BEE SPV in terms of which the BEE Party will pledge its GPI Shares as security for the obligation to repay the capital contribution;</li> </ul>
“BEE Specific Issue Conditions Precedent”	the conditions precedent of the BEE Specific Issue set out in paragraph 2.3 of the Circular to which the BEE Specific Issues are subject to;
“BEE Specific Issue Shares”	14 814 815 GPI Shares to be issued to the BEE Party pursuant to the BEE Specific Issue equal to 3.12% of the issued share capital of GPI post the BEE Specific Issue;
“Black Shareholding”	the percentage of GPI Shares held by Black People;
“Black” or “Black People”	“black” or “black people” means all persons who qualify as “black” persons in terms of the applicable legislation, regulations, guidelines, codes and/or charters as published by the South African government or the South African regulatory authorities from time to time, relating to equity ownership by black person;
“BEE SPV”	Rilapath Proprietary Limited (registration number 2013/065530/07), a private company incorporated under the laws of South Africa and a wholly owned subsidiary of GPI;
“Board” or “Directors”	the board of directors of GPI;
“Broker”	a “stockbroker” as defined in the Financial Markets Act, or its nominee;
“Business Day”	any day, other than a Saturday, Sunday or official public holiday in South Africa;
“Cents”	South African cents;
“Certificated Shareholders”	shareholders who hold Certificated Shares;
“Certificated Shares”	shares which have not been dematerialised, title to which is represented by a share certificate or other Document of Title;
“Circular”	this bound document distributed to Shareholders, dated Friday, 8 November 2013, including its annexures, the notice of General Meeting and a form of proxy ( <i>yellow</i> ) and prepared in accordance with the JSE Listings Requirements;
“CSDP”	a central securities depository participant registered in terms of the Financial Markets Act, with whom a beneficial holder of shares holds a dematerialised share account;
“Custody Agreement”	the agreement which regulates the relationship between the CSDP or Broker and each beneficial holder of Dematerialised Shares;
“Dematerialised Shares”	shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical documents of title;
“Dematerialised Shareholders”	shareholders who hold Dematerialised Shares;
“Dematerialised Own-name Shareholders”	shareholders who hold Dematerialised Shares and who have instructed their CSDP to hold their shares in their own name on the sub-register;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the GPI Shares in question acceptable to the Board;
“Ernst & Young”	Ernst & Young Incorporated (registration number 2005/002308/21), incorporated under the laws of South Africa;



“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012;
“General Meeting”	the General Meeting of Shareholders to be held at 19:00 on Wednesday, 11 December 2013, at the Market Hall, GrandWest Casino, Goodwood, Western Cape, to consider and, if deemed fit, approve the Resolutions proposed in the Notice of General Meeting;
“GPI” or “the Company”	Grand Parade Investments Limited (registration number 1997/003548/06), a public company incorporated under the laws of South Africa and listed on the JSE;
“GPI House”	GPI House Properties Proprietary Limited (registration number: 2011/007938/07), a private company incorporated under the laws of South Africa;
“GPI Management Services”	GPI Management Services Proprietary Limited (registration number: 2008/011456/07), a private company incorporated under the laws of South Africa;
“GPI Shareholders” or “Shareholders”	holders of GPI Shares;
“GPI Shares” or “Shares”	ordinary shares of no par value in the issued listed share capital of the Company;
“GPI Slots”	GPI Slots Proprietary Limited (registration number 2003/005175/07), a private company incorporated under the laws of South Africa;
“GPI Slots Group” or “Slots Group”	GPI Slots and its subsidiary companies;
“GGR”	gross gaming revenue;
“Grand Food”	Grand Food Proprietary Limited (registration number: 2012/165169/07), a private company incorporated under the laws of South Africa;
“Grand Lifestyles”	Grand Lifestyles Proprietary Limited (registration number: 2006/022090/07), a private company incorporated under the laws of South Africa;
“Grand Online”	Grand Online Proprietary Limited (registration number 2012/149116/07), a private company incorporated under the laws of South Africa;
“Grand Sport”	Grand Sport Proprietary Limited (registration number: 2011/009919/07), a private company incorporated under the laws of South Africa;
“Group” or “GPI Group”	the Company and its Subsidiaries;
“Hot Slots”	Bohwa 1 Gaming Proprietary Limited (registration number: 2003/0015499/07), trading as Hot Slots, a private company incorporated under the laws of South Africa;
“Hot Slots Acquisition”	the acquisition by GPI Slots, a wholly owned subsidiary of GPI, of the entire issued share capital and operations of Hot Slots;
“Hot Slots Acquisition Conditions Precedent”	the conditions precedent set out in paragraph 3.3 of the Circular to which the Hot Slots Acquisition is subject to;
“Hot Slots Acquisition Issue”	the issue of so many GPI Shares (rounded down to the nearest whole number) to the Hot Slots Vendors as is determined by dividing R40 000 000 (forty million Rand) by the Hot Slots Acquisition Issue Price;
“Hot Slots Acquisition Issue Price”	a subscription price per GPI Share equal to the 30-day volume weighted average trading price of GPI Shares on the JSE, for the 30-day period immediately preceding the Hot Slots Completion Date;

“Hot Slots Completion Date”	the 3rd Business Day following the fulfilment of the Hot Slots Conditions Precedent;
“Hot Slots Purchase Consideration”	the total purchase consideration payable in respect of the Hot Slots Acquisition comprising a cash amount of R22 000 000 (twenty two million Rand) and the GPI Shares issued in terms of the Hot Slots Acquisition Issue, plus any increase in the Hot Slots Vendors’ loan claims against Hot Slots from 9 April 2013 until the Hot Slots Completion Date, which increase will be settled in cash;
“Hot Slots Vendors”	the vendors of the share capital and operations of Hot Slots;
“IFRS”	International Financial Reporting Standards;
“Income Tax Act”	Income Tax Act, No. 58 of 1962, as amended;
“Independent Reporting Accountants and Auditors” or “Independent Reporting Accountants to GPI”	Ernst & Young;
“JSE”	the exchange, licensed under the Financial Markets Act, operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa;
“JSE Listings Requirements”	the Listings Requirements of the JSE;
“Last Practicable Date”	the last practicable date before finalisation of this Circular, being 1 November 2013;
“LPM”	limited pay-out machine;
“MOI”	the memorandum of incorporation of the Company;
“Notice of General Meeting”	the notice of the General Meeting forming part of this Circular;
“Ordinary Resolutions”	the ordinary resolutions contained in the Notice of General Meeting, which will be tabled at the General Meeting and in terms whereof Shareholders will, subject to the passing thereof, authorise the BEE Specific Issue and the Hot Slots Acquisition Issue;
“Own-name Registration”	the registration of Shareholders who hold Shares that have been dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
“PSG Capital”	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“RCPS”	Redeemable Cumulative Preference Shares of R100 000 000 (one hundred million Rand) issued by the BEE SPV to GPI;
“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
“Resolutions”	the Ordinary Resolutions and the Special Resolutions;
“SANAS”	the South African National Accreditation System;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;

“Special Resolutions”	the special resolutions contained in the Notice of General Meeting which will be tabled at the General Meeting, in terms whereof Shareholders will, subject to the passing thereof, authorise the BEE Funding to the extent required in terms of section 44(3)(a)(ii) and section 45(3)(a)(ii) of the Companies Act;
“Strate”	Strate Limited (registration number 1998/022242/06), a public company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
“Subsidiary”	a subsidiary as defined in the Companies Act;
“Trust Deed”	the trust deed of the BEE Party as amended from time to time;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa; and
“Worcester Casino”	Worcester Casino Proprietary Limited (registration number 1998/016221/07), a private company incorporated under the laws of South Africa.



**GRAND PARADE**  
INVESTMENTS LIMITED

# Grand Parade Investments Limited

Incorporated in the Republic of South Africa  
(Registration number: 1997/003548/06)  
Share code: GPL ISIN: ZAE000119814  
("GPI" or "the Company")

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## Directors

Hassen Adams (*Executive Chairman*)  
Alan Edward Keet (*Chief Executive Officer*)  
Sukena Petersen (*Financial Director*)  
Alexander Abercrombie (*Executive Director,  
Gaming Operations*)

Anthony William Bedford\*  
Norman Victor Maharaj (*Lead Independent Director*) \*\*  
Nombeko Mlambo\*\*  
Colin Michael Priem\*\*  
Mogamat Faldi Samaai\*  
Walter Geach\*\*

\*Non-executive  
#Independent

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## CIRCULAR TO GPI SHAREHOLDERS

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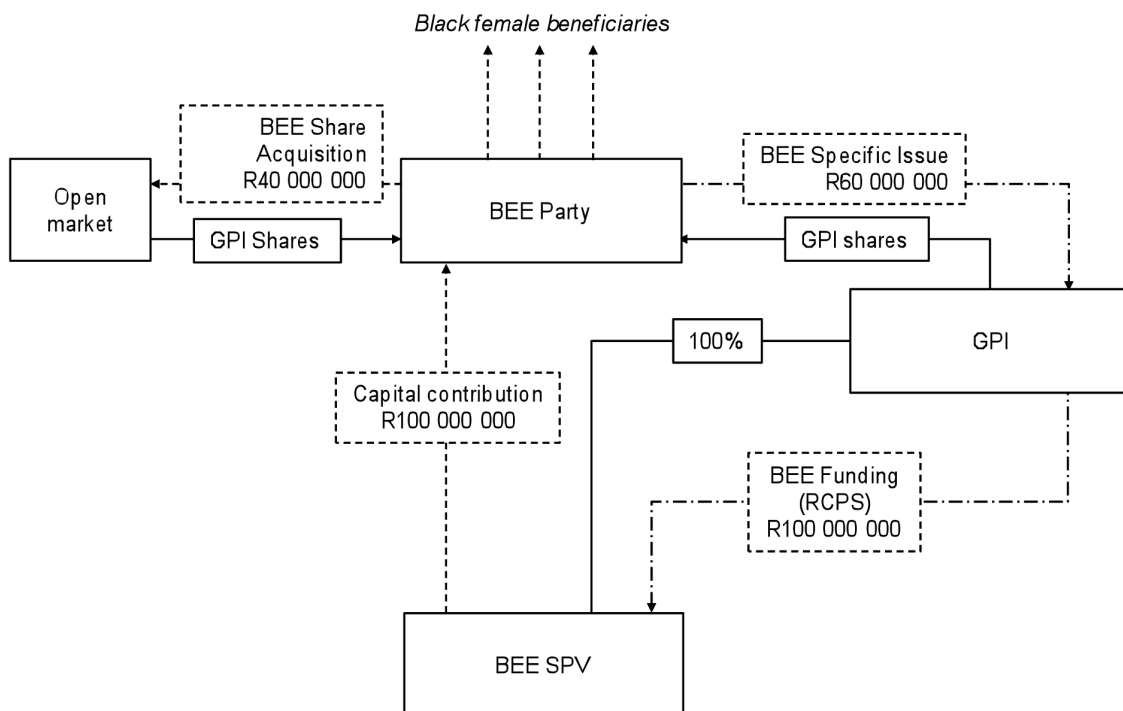
### 1. INTRODUCTION

#### 1.1 Introduction

- 1.1.1 GPI Shareholders were advised on Friday, 8 November 2013, on SENS and on Monday, 11 November 2013, in the South African press, that GPI wishes to establish a Black ownership structure, being the BEE Party, in terms of which the BEE Party will:
  - (i) subscribe for GPI Shares in terms of the BEE Specific Issue; and
  - (ii) acquire GPI Shares in the open market in terms of the BEE Share Acquisition.
- 1.1.2 The BEE Party refers to the GPI Women's BBBEE Empowerment Trust, which is in the process of being established to uplift and develop Black females who live in the communities in which GPI's businesses and investee companies operate. The Black ownership structure will also serve to increase and entrench the level of Black Shareholding in GPI, thereby benefiting all shareholders given GPI's status as an empowerment company.
- 1.1.3 The BEE Specific Issue and the BEE Share Acquisition will result in the BEE Party holding approximately 24 691 358 GPI Shares equal to approximately 5.19% of the issued share capital of GPI post the BEE Specific Issue and the BEE Share Acquisition to the value of R100 000 000 (one hundred million Rand). For the purposes of the Circular it has been assumed that both the BEE Share Acquisition and the BEE Specific Issue are undertaken at R4.05 per GPI Share, being the 30-day volume weighted average trading price of GPI Shares on the JSE, for the 30-day period ending on the day prior to 23 October 2013. The actual number of Shares to be held by the BEE Party will depend on the market price at which GPI Shares are acquired pursuant to the BEE Share Acquisition.
- 1.1.4 The BEE Specific Issue and the BEE Share Acquisition will be funded by a capital contribution of R100 000 000 (one hundred million Rand) made to the BEE Party by the BEE SPV, a wholly owned subsidiary of GPI. The capital contribution will be repaid to the BEE SPV by the BEE Party prior to any benefits flowing to the beneficiaries of the BEE Party.
- 1.1.5 The capital contribution made by the BEE SPV to the BEE Party will be funded by GPI subscribing for RCPS in the BEE SPV to the value of R100 000 000 (one hundred million Rand).

- 1.1.6 Following implementation of the BEE Specific Issue and the BEE Share Acquisition, the BEE Party will have received capital contributions from the BEE SPV of R100 000 000 (one hundred million Rand) which will be fully invested in GPI Shares.
- 1.1.7 The proceeds of the BEE Specific Issue (R60 000 000) (sixty million Rand) and BEE Funding (R100 000 000) (one hundred million Rand) will partially set-off against each other resulting in a net cash outflow of R40 000 000 (forty million Rand) from GPI.
- 1.1.8 The BEE Specific Issue constitutes a specific issue of shares for cash in terms of the JSE Listings Requirements and therefore requires Shareholder approval by way of an ordinary resolution (requiring at least a 75% majority of the votes cast in favour of such resolution).
- 1.1.9 The BEE Party is restricted from selling the BEE Specific Issue Shares, without the express permission of GPI, for a period of five years from the subscription date of the BEE Specific Issue Shares by the BEE Party, thereby ensuring that it continues to contribute to GPI's level of Black Shareholding on a long term basis.
- 1.1.10 In addition to the establishment of a Black ownership structure, GPI Shareholders were advised on Friday, 2 August 2013, on SENS, that GPI Slots, a wholly owned Subsidiary of GPI, had, subject to GPI Shareholder approval of the Hot Slots Acquisition Issue and the Hot Slots Acquisition Conditions Precedent, concluded an agreement to acquire the entire issued share capital of Hot Slots. GPI will partially fund the Hot Slots Purchase Consideration through the Hot Slots Acquisition Issue and a cash payment of R22 000 000 (twenty two million Rand).
- 1.1.11 The Hot Slots Acquisition does not constitute a reportable transaction for JSE Listings Requirements purposes and, accordingly, does not require GPI Shareholder approval in terms of the JSE Listings Requirements. Notwithstanding the aforementioned, the MOI of the Company requires GPI Shareholder approval for any issue of GPI Shares.
- 1.1.12 The majority of Hot Slots' shareholders are Black individuals or entities and the Hot Slots Acquisition Issue will therefore also contribute positively to GPI's level of Black ownership.
- 1.1.13 The Amendment to the MOI is being proposed in order to align the MOI with the provisions of the JSE Listings Requirements and the Companies Act, in relation to the issue of shares for the acquisition of assets by the Company or its subsidiaries.

**1.2 Summary structure diagram of the BEE Party, the BEE Specific Issue, the BEE Share Acquisition and the BEE Funding**



### 1.3 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with the requisite information in accordance with the MOI of the Company, the JSE Listings Requirements and the provisions of the Companies Act in regard to the BEE Specific Issue, the BEE Funding, the Hot Slots Acquisition Issue and the Amendment to the MOI, to enable Shareholders to make an informed decision as to how they will vote in respect of the Resolutions set out in the Notice of the General Meeting enclosed with this Circular.

## 2. THE BEE SPECIFIC ISSUE AND THE BEE SHARE ACQUISITION

### 2.1 Purpose

GPI is an established empowerment company and has historically leveraged its strong Black ownership credentials to unlock value for investee companies and all Shareholders. In light of GPI's current Black Shareholding and taking into account the increasing importance of Black Female ownership under the BEE Codes, GPI therefore wishes to implement a Black ownership structure to increase and entrench the level of Black Shareholding in GPI. The Black ownership structure will also greatly benefit previously disadvantaged communities and specifically Black females.

GPI will implement the Black ownership structure through the combination of a specific issue of GPI Shares and the acquisition of GPI Shares in the open market. Acquiring a portion of the GPI Shares in the open market, as opposed to a specific issue, will increase and entrench the Black Shareholding in GPI without diluting GPI Shareholders to the full extent of the BEE Funding (R100 000 000) (one hundred million Rand).

The Company will therefore seek the authority of Shareholders at the General Meeting to undertake the BEE Specific Issue to the BEE Party and to provide the related financial assistance to the BEE Party (the BEE Funding).

### 2.2 Particulars regarding the BEE Specific Issue and the BEE Share Acquisition

- 2.2.1 In terms of the BEE Specific Issue, GPI will issue 14 814 815 GPI Shares to the BEE Party.
- 2.2.2 The BEE Specific Issue Shares will be issued at an issue price of R4.05 per GPI Share, which price is equal to the 30-day volume weighted average trading price of GPI Shares on the JSE, for the 30-day period ending on the day prior to 23 October 2013, resulting in gross proceeds to GPI from the BEE Specific Issue of R60 000 000 (sixty million Rand). GPI will provide R100 000 000 (one hundred million Rand) of funding pursuant to the BEE Funding and therefore the net cash outflow (excluding transaction costs) from GPI from implementing the BEE Specific Issue, in conjunction with the BEE Funding and the BEE Share Acquisition, will be R40 000 000 (forty million Rand).
- 2.2.3 The BEE SPV will be specifically established as a wholly owned Subsidiary of GPI to finance the BEE Party's subscription for GPI Shares and an acquisition of GPI Shares in the open market by way of a capital contribution. The BEE Party will, accordingly, apply proceeds received from the capital contribution made by the BEE SPV to fund the subscription for the GPI Shares and the acquisition of GPI Shares in the open market pursuant to the BEE Specific Issue and the BEE Share Acquisition, respectively. The capital contribution will be repaid to the BEE SPV by the BEE Party prior to any benefits flowing to the beneficiaries of the BEE Party.
- 2.2.4 The BEE SPV will raise funding for the capital contribution to the BEE Party through the issue of RCPS to GPI amounting to R100 000 000 (one hundred million Rand).
- 2.2.5 In addition to the subscription for the GPI Shares by the BEE Party pursuant to the BEE Specific Issue, the BEE Party will also apply R40 000 000 (forty million Rand) of the proceeds received as a capital contribution from the BEE SPV to acquire GPI Shares in the open market.
- 2.2.6 As security for the capital contribution made by the BEE SPV, the BEE Party will pledge the GPI Shares subscribed or acquired pursuant to the BEE Specific Issue and the BEE Share Acquisition as security to the BEE SPV.
- 2.2.7 The BEE Party is a public shareholder, with "public" being as defined in the JSE Listings Requirements.

## 2.3 **BEE Specific Issue Conditions Precedent**

2.3.1 The BEE Specific Issue is subject to the fulfilment of the following conditions precedent:

2.3.1.1 GPI shareholder approval of the BEE Specific Issue and the BEE Funding;

2.3.1.2 the amendment of the MOI of the BEE SPV to include the RCPS; and

2.3.1.3 the trustees of the BEE Party providing copies of all relevant trustee resolutions approving the conclusion of all agreements referred to herein to which the BEE Party is signatory.

## 2.4 **Salient terms of the BEE Funding**

2.4.1 The salient terms of the BEE Funding are set out in **Annexure 3** hereto.

## 2.5 **Nature, purpose and beneficiaries of the BEE Party**

### 2.5.1 ***Nature of the BEE Party***

The BEE Party has been established as a broad-based Black economic empowerment ownership trust in accordance with the BEE Codes. The Trust Deed and operating practices of the BEE Party have been prepared, based on the advice sought by the GPI Board, to be compliant with the rules relating to Broad-Based Ownership Schemes and Trusts as prescribed by the BEE Codes as constituted on the Last Practicable Date. The GPI board has sought the opinion of an independent SANAS accredited BEE verification agency to ensure that the BEE Party is fully compliant with the BEE Codes as constituted.

The BEE Party will initially be funded by the BEE SPV by way of a capital contribution of R100 000 000 (one hundred million Rand) which will be used to subscribe for R60 000 000 (sixty million Rand) of GPI Shares and acquire R40 000 000 (forty million Rand) worth of GPI Shares in the open market pursuant to the BEE Specific Issue and the BEE Share Acquisition respectively.

### 2.5.2 ***Purpose of the BEE Party***

The purpose of the BEE Party is to benefit, uplift and develop Black females who live in the areas and communities in which GPI's businesses and investee companies operate.

### 2.5.3 ***Beneficiaries of the BEE Party***

GPI's shareholding base is underrepresented by Black females and given the increased importance of Black female ownership in the BEE Codes the BEE Party will be for the benefit of Black previously disadvantaged females.

The Beneficiaries of the BEE Party will be limited to:

2.5.3.1 Black previously disadvantaged females;

and will specially exclude:

2.5.3.2 GPI Group employees and/or their associates; and

2.5.3.3 GPI Group board members and/or their associates.

### 2.5.4 ***Trustees of the BEE Party***

2.5.4.1 In terms of the Trust Deed, and consistent with the Codes, more than 50% of the trustees of the BEE Party must be independent persons having no employment or indirect beneficial interest in the Trust. In addition, at least 50% of the Trustees must be Black people, and 25% must be Black Women. Furthermore, in order to safeguard the independence of the Trust, the Trust Deed provides that more than 50% of the Trustees of the BEE Party must not i) be an executive or non-executive director of any company in the GPI Group; ii) be an employee of any company in the GPI Group; iii) be engaged in any business relationship with any company in the GPI Group; or iv) have any interest in any entity that is engaged in any business relationship with any company in the GPI Group.

- 2.5.4.2 Taking account of these requirements, GPI will have the right to nominate all of the Trustees of the BEE Party. However more than 50% of the nominated Trustees must satisfy the criteria set out in paragraph 2.5.4.1 above. In addition, GPI will be entitled to remove a Trustee from office on reasonable cause. In the event that there is any dispute as to the existence of reasonable cause for the removal of a Trustee from office, such dispute will be referred for expert determination which determination shall be final and binding on all parties to the dispute. Any of the Trustees of the BEE Party can also refer the aforementioned dispute for expert determination.
- 2.5.4.3 Subject to compliance with the requirements of the Trust Deed, including those outlined above, the Company shall be entitled to appoint additional Trustees and to replace any Trustee who ceases to hold office.
- 2.5.4.4 Trustees are appointed for an indefinite period.
- 2.5.4.5 The appointment of the initial Trustees is in accordance with the BEE Codes and the Trust Deed. As stated above, given that more than 50% of the trustees of the BEE Party must at all time be independent in the manner outlined above, this will ensure that the BEE Party is independent from the Company.

## 2.6 **Required Shareholder approval for the BEE Specific Issue**

In terms of paragraph 5.51(g) of the Listings Requirements of the JSE the BEE Specific Issue requires the approval by way of an ordinary resolution (requiring at least a 75% majority of the votes cast in favour of such resolution) by all Shareholders present or represented by proxy at the General Meeting on which the BEE Party and its associates, have not voted on, or whose votes have not been counted in respect of such ordinary resolution.

## 2.7 **Required Shareholder approval for the BEE Funding**

- 2.7.1 The BEE Funding granted by GPI to the BEE SPV in connection with the BEE Specific Issue and the BEE Share Acquisition, which the BEE SPV in turn will provide to the BEE Party by way of a capital contribution, will finance the subscription price that is payable by the BEE Party to the Company for the BEE Specific Issue Shares and the acquisition consideration that is payable by the BEE Party to the relevant vendors thereof for the BEE Share Acquisition.
- 2.7.2 The BEE SPV will be regarded as a related company to GPI as that term is contemplated by the Companies Act. Regard being had to the terms of the Trust Deed, the BEE Party may be regarded as a juristic person that is related to GPI as that term is contemplated by the Companies Act.
- 2.7.3 The provision of finance as contemplated in clauses 2.7.1 and 2.7.2 will or may be regarded as financial assistance to the BEE SPV and/or the BEE Party in connection with the subscription and acquisition of shares in GPI as well as financial assistance to a related or inter-related person.
- 2.7.4 Section 44(3)(a)(ii) of the Companies Act requires that where a company, directly or indirectly, provides financial assistance for the acquisition or subscription of its own shares, the shareholders of such company must authorise such financial assistance by way of a special resolution.
- 2.7.5 Section 45(3)(a)(ii) of the Companies Act require that where a company directly or indirectly provides financial assistance to a related company or a person that is related to the company, the shareholders of such company must authorise such financial assistance by way of a special resolution.
- 2.7.6 The Special Resolutions authorising all such financial assistance will accordingly be tabled for approval by Shareholders at the General Meeting.



### 3. THE HOT SLOTS ACQUISITION

#### 3.1 Introduction

GPI Shareholders were advised on Friday, 2 August 2013, on SENS that GPI, through its wholly owned subsidiary GPI Slots, had subject to GPI Shareholder approval and the Hot Slots Acquisition Conditions Precedent, concluded an agreement to acquire the entire issued share capital of Hot Slots.

#### 3.2 Details of the Hot Slots Acquisition

3.2.1 Hot Slots is licensed as a route operator in Gauteng to operate 1 000 LPMs and has 343 active LPMs in the Gauteng province and a strong management team with a proven track record in the LPM-industry. The Hot Slots brand has an established presence in Gauteng and will join the GPI Slots stable alongside its other brands which include Grandslots in the Western Cape, Kingdomslots in Kwazulu Natal and Grand Gaming Slots in Gauteng and Mpumalanga.

3.2.2 The total purchase price payable in respect of the Hot Slots Acquisition amounts to R62 000 000 (sixty two million Rand) plus any increase (if any) in the Hot Slots Vendors' loan claims against Hot Slots from 9 April 2013 until the Hot Slots Completion Date. The Hot Slots Purchase Consideration will be settled in a combination of a cash payment of R22 000 000 (twenty two million Rand) and the Hot Slots Acquisition Issue equating to R40 000 000 (forty million Rand). Any increase in the Hot Slots Vendors' loan claims against Hot Slots as contemplated above will be settled in cash.

3.2.3 The Hot Slots Acquisition will take GPI closer to achieving its stated objective of acquiring LPM route operator licences for 7 500 LPM machines.

#### 3.3 Hot Slots Acquisition Conditions Precedent

3.3.1 The Hot Slots Acquisition is subject to the fulfilment of the following conditions precedent:

3.3.1.1 that by not later than 31 December 2013, to the extent required by law, the unconditional written approval of the Hot Slots Acquisition shall have been obtained from the Gauteng Gambling Board; and

3.3.1.2 that by not later than 31 December 2013 the approval of the shareholders of GPI of the Hot Slots Acquisition Issue.

#### 3.4 Required Shareholder approval for the Hot Slots Acquisition

3.4.1 The Hot Slots Acquisition does not constitute a reportable transaction for JSE Listings Requirements purposes and, accordingly, GPI Shareholder approval, in terms of the JSE Listings Requirements, is not required.

3.4.2 However, notwithstanding the foregoing, in terms of the MOI of GPI, GPI Shareholder approval is required for any issue of GPI Shares and due to the fact that a portion of the Hot Slots Purchase Consideration will be settled by the Hot Slots Acquisition Issue, GPI Shareholder approval will have to be obtained in respect thereof.

### 4. AMENDMENT TO THE MOI

#### 4.1 Details of the Amendment to the MOI

The Amendment to the MOI is being proposed in order to align the MOI with the provisions of the JSE Listings Requirements and the Companies Act, in relation to the issue of shares for the acquisition of assets by the Company or its subsidiaries.

#### 4.2 Required Shareholder approval for the Hot Slots Acquisition

Section 16(1)(c) of the Companies Act requires, the shareholders of the Company to authorise the Amendment to the MOI by way of a special resolution.

## 5. THE BUSINESS OF GPI

5.1 GPI is a Western Cape-based, Black-owned and controlled company historically focussed on non-operated investments in the South African hospitality and gaming industry. In recent years, GPI has also positioned itself to take advantage of high growth opportunities beyond this sector, particularly where there are strong synergies with existing investments, while maintaining a core focus on maximising the potential of new and existing hospitality and gaming investments. GPI continues to leverage off its strong Black ownership credentials and balance sheet to create value for investee companies and all shareholders.

5.2 The business of GPI can be summarised as follows:

5.2.1 Non-operated hospitality and gaming investments comprising minority interests in the GrandWest, Golden Valley, and Sibaya casinos, the Table Bay Hotel, and the CTICC; and

5.2.2 GPI operated businesses and new growth opportunities, currently comprising GPI Slots (an LPM operator), Burger King SA (a restaurant chain operating in the quick service restaurant sector), property and other early-stage gaming and non-gaming opportunities.

### 5.2.3 **Non-operated hospitality and gaming investments**

#### 5.2.3.1 *SunWest*

SunWest is the holding company for GPI's 25.1% investment in GrandWest Casino and the Table Bay Hotel. GPI also owns a 24.75% economic interest (6.2% effective interest) in the CTICC through SunWest.

GrandWest Casino is situated in Goodwood, Cape Town, and offers round-the-clock entertainment for the whole family. Operations include gambling (casino tables and slot machines), together with a host of entertainment facilities, from restaurants to bars, fast food outlets, cinemas, a theatre, and retail outlets. Visitors have a choice of the 4-star Grand Hotel or the City Lodge for accommodation. GrandWest also offers full conference and banqueting facilities and has played host to a variety of events, exhibitions and gala dinners. Additional construction in 2006 and 2007 at a cost of approximately R450 000 000 (four hundred and fifty million Rand) almost doubled the size of the casino to accommodate a non-smoking casino, an additional 1 000 (one thousand) parking bays, a parking garage and a new covered walkway. A multi-purpose arena with seating for more than 5 000 (five thousand) people was opened in October 2007 and has been exceptionally well received by the Cape Town community.

The Table Bay Hotel is an internationally recognised, luxury 5-star hotel situated at the V&A Waterfront in Cape Town with 329 rooms, three restaurants, a pool, gymnasium, health spa, conference facilities, chauffeur service and underground parking.

The CTICC is situated on the Cape Town Foreshore and is a city-based initiative that formed part of the original bidding process by SunWest in tendering for the operating casino licence in 1999. SunWest has a 24.75% interest in Convento (the holding company of CTICC) while the balance of 75.25% is held by the Western Cape Provincial Government and the City of Cape Town. The CTICC is recognised as a world-class convention centre that, since its completion in 2003, has seen millions of visitors across all walks of life attending consumer exhibitions, conferences and trade shows. The CTICC is internationally regarded as being at the forefront of the industry, having been meticulously designed with regard for the end-user and utilising modern amenities and technology throughout the building. The CTICC's commitment to professionalism is complemented by the destination's service standards and sophisticated infrastructure.

#### 5.2.3.2 *Worcester Casino*

Worcester Casino is the holding company for GPI's 25.1% investment in Golden Valley Casino and Golden Valley Lodge, comprising a casino, hotel, conference centre and other leisure facilities in Worcester in the Western Cape. The casino was the fifth and final casino to be opened in the Western Cape, and has both

slot machines and tables in operation, as well as a conference centre, restaurant and other entertainment facilities. Golden Valley Lodge is a 98-room, 4-star hotel located adjacent to the casino and conference centre.

#### 5.2.3.3 *Akhona GPI*

Akhona GPI is the holding company for GPI's 24.9% investment in Dolcoast Investments Limited, which holds a 22.4% interest in Sibaya Casino. GPI owns 59.0% of Akhona GPI, giving GPI a 3.3% indirect interest in Sibaya Casino. GPI however is in the process of acquiring the remaining 41.0% of Akhona GPI which would increase GPI's indirect interest in Sibaya Casino to 5.6%. The acquisition is expected to complete by the end of 2013 and remains subject to KZN Gambling Board approval only.

Sibaya Casino is a lucrative and exceptionally well-positioned casino located just north of Durban between Umdloti and Umhlanga. Sibaya Casino has over 1 000 slots, 24 touch-bet roulette machines and 43 tables across the ever-evolving gaming floors. Sibaya Casino also has two hotels – which boast spectacular views of the Indian Ocean – the luxurious 5-star Royal Sibaya Hotel and the 3-star Sibaya Lodge. Both facilities are within reach of the main casino building and all of its opulent restaurants and facilities.

### 5.2.4 **GPI-operated businesses**

#### 5.2.4.1 *GPI Slots Group*

GPI Slots is a group of companies primarily involved in the operation of LPMs with Route Operator Licences in each of the four most prominent gambling provinces, namely the Western Cape, KwaZulu-Natal, Gauteng and Mpumalanga. Each Route Operator Licence entitles the holder to manage and operate 1 000 LPMs within the respective province, with the exception of Mpumalanga where the two licensed operators (namely GPI and Vukani Gaming Corporation) are able to manage and operate up to 2 000 LPMs. GPI Slots is the second largest operator of LPMs in South Africa with 2 011 LPMs in operation across all licences as at the 10 October 2013.

The LPM industry offers consistent financial performance and attractive growth prospects:

- significant barriers to entry exist due to the stringent licencing requirements of Route Operators and the significant capital requirements necessary to purchase LPMs and subsequently roll them out;
- the industry is relatively underdeveloped, primarily due to the slow speed at which provincial gambling boards have allotted Route Operator licences in the remaining provinces, therefore providing scope for further growth and expansion; and
- there are a limited number of Route Operator licences available in each province.

GGR from GPI Slots' operations increased by 17.1% year-on-year for the financial years ended 30 June 2012 and 2013. GPI Slots also continues to improve its majority market share in the Western Cape, which is the business's strongest performing division in terms of both GGR, GGR per machine per day and profitability.

GPI Slots plans to achieve further positive growth by focusing on:

- increasing the number of Route Operator Licences held, both through acquisition and by applying to the respective provincial gambling boards for licences when they become available and are financially attractive;
- increasing the number of active LPMs in each province to as close to capacity (1 000 LPMs per licence) as possible;
- improving the quality of the gaming offerings and managing GPI Slots' network to achieve maximum GGR per machine per day; and

- roll-out of Type B site licences across all four provinces as the respective gambling boards increase the number of approved Type B sites. Type B licences allow for up to 40 LPMs at one site. GPI Slots currently has one Type B site which operates in Gauteng.

One of the factors that could positively impact earnings for GPI Slots in the near future is an increase in the maximum bet, which currently stands at R5 and which has been maintained at this level since the inception of the industry. Management believe that potential legislative changes could see the maximum bet limit increased to as much as R30 per bet. This should result in an increase in the payout limit and as a further result increase GGR per machine.

#### 5.2.4.2 *GPI Management Services*

GPI Management Services was set up in 2010 as a central management company to own and manage the LPMs and other assets used by the GPI Slots Group, enter into employment contracts with the staff of GPI and its operating businesses, and manage the day to day operations of GPI and its operating businesses. GPI Management Services charges group companies appropriate intercompany charges for staff time and the use of the LPMs.

#### 5.2.4.3 *Utish*

GPI, through its wholly owned subsidiary Utish, and Burger King Worldwide have formed Burger King SA, which holds the long-term master franchise agreement for Burger King in South Africa and will have exclusive rights to develop and expand the Burger King brand in the country's quick service restaurant market.

GPI has aggressive growth plans for the business and expects to quickly establish a meaningful presence in the quick-service restaurant market. This will enable the Burger King business to become a major presence and a major employer in South Africa.

The first Burger King restaurant opened in Cape Town in May 2013 and has been followed by new restaurants at Cavendish Square, Tygervalley Shopping Centre and Cape Gate Shopping Centre. Burger King generated R5 000 000 (five million Rand) of turnover in the first seven weeks of operation.

#### 5.2.4.4 *GPI House*

GPI House is the property owning entity within GPI and is the registered owner of the head office property located at 33 on Heerengracht in the Cape Town CBD. The building was acquired to support the continued growth of operations and to improve the working environment of staff. The first Burger King store to be opened in South Africa is located in the head office property, which also houses the training facilities that will support the roll-out of Burger King by GPI nationally. GPI House owns 21 Friedland Drive, Longmeadow Business Park, Gauteng, which operates as GPI's regional offices in Gauteng.

#### 5.2.4.5 *Grand Sport*

Grand Sport is a wholly owned subsidiary of GPI and on 11 July 2013 the company's application to the Western Cape Gambling and Racing Board for a book maker licence was approved.

#### 5.2.4.6 *Grand Lifestyles, Grand On-line and Grand Foods*

Grand Lifestyles, Grand On-line and Grand Foods were acquired as shelf companies and are intended to be used as vehicles for future investments that may arise. As at the Last Practicable Date, none of the aforementioned Subsidiaries of GPI have traded and nor do they hold any investments.

#### 5.2.4.7 *Grand Merkur*

Grand Merkur is a wholly owned subsidiary of GPI via Grand Capital. The company has been earmarked for the manufacturing of LPMs and is in the process of obtaining the required approvals from the Western Cape Gambling and Racing Board to manufacture LPMs locally.

## 6. PROSPECTS OF GPI

The Board of GPI is of the view that the business has attractive growth prospects over the medium to long-term. The management team is well placed to take advantage of new opportunities that have already been identified as potential investments, and to continue to identify suitable new investment and growth opportunities.

## 7. FINANCIAL INFORMATION OF GPI

The consolidated *pro forma* financial effects of the BEE Specific Issue and the BEE Share Acquisition, as set out below, are the responsibility of the Directors. The consolidated *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information has been prepared and in terms of the Company's accounting policies. The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of the Company's financial position post the implementation of the BEE Specific Issue and the BEE Share Acquisition.

No *pro forma* financial effects of the Hot Slots Acquisition Issue have been included given that the Hot Slots Acquisition is below the threshold to categorise same in terms of the JSE Listings Requirements and the *pro forma* financial effects on GPI are not significant.

The consolidated *pro forma* financial effects set out below should be read in conjunction with the consolidated *pro forma* statement of financial position as set out in **Annexure 1**, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in **Annexure 1**. The Independent Reporting Accountants' report on the consolidated *pro forma* financial information appears at **Annexure 2** to this Circular.

The table below sets out the *pro forma* financial effects of the adjustments on the Company, based on the reviewed results for the year ended 30 June 2013 and on the assumption that, for calculating the net asset value per GPI Share and net tangible asset value per GPI Share, the adjustments were effected on 30 June 2013. In respect of the earnings per GPI Share and headline earnings per GPI Share it is assumed that the adjustments were effected on 1 July 2012.

	Results before the adjustments	<i>Pro forma</i> results after the BEE Specific Issue and BEE Share Acquisition	Change (%)
Net asset value per Share (cents)	359.00	339.00	(5.6)
Net tangible asset value per Share (cents)	320.00	301.00	(5.9)
Earnings per Share (cents)	28.55	27.36	(4.2)
Headline earnings per Share (cents)	28.76	27.56	(4.2)
Number of Shares in issue ('000)	460 680	475 495	3.2
Weighted number of Shares in issue ('000)	460 680	475 495	3.2

### ASSUMPTIONS:

- It has been assumed that the BEE Specific Issue and the BEE Share Acquisition took place on 1 July 2012 when determining the effect on the condensed statement of comprehensive income.
- It has been assumed that the BEE Specific Issue and the BEE Share Acquisition took place on 30 June 2013 when determining the effects on the condensed statement of financial position.
- Where applicable the tax rate has been assumed at 28%.
- It has been assumed that the issue of GPI Shares have been made at R4.05 (four Rand and five Cents) per share.
- It has been assumed that the acquisitions of GPI Shares on the open market have been made at R4.05 (four Rand and five Cents) per share.
- Where applicable the Securities Transfer Tax has been assumed at 0.25%.
- It has been assumed that the average interest rate earned on cash investments by the GPI Group is 4.78% per annum.

## NOTES:

1. The "Unadjusted and audited results for the year ended 30 June 2013" column has been extracted from the audited financial statements of GPI for the 12 months ended 30 June 2013.
2. In order to implement a black ownership structure, GPI made a specific issue of 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) ordinary no par value shares to the BEE Party. The total consideration for the BEE Specific Issue amounts to R60 000 000 (sixty million Rand) and the shares were issued at R4.05 (four Rand and five Cents) per share.

In terms of SIC 12: Consolidation – Special Purpose Entities, the BEE Party forms part of the GPI Group, therefore the 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) shares issued to the BEE Party are treated as treasury shares. When calculating the adjusted headline and adjusted diluted headlines earnings per share for the GPI Group, the treasury shares held by the BEE Party are deducted from the weighted average number of shares ("WANOS") and the BEE Party's net profit after tax eliminated from the group's headlines earnings.
3. Also in terms of the implementation of the black ownership structure, the BEE Party acquired 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) GPI Shares on the open market. The GPI Shares were acquired at R4.05 (four Rand and five Cents) per share for a total consideration of R 40,0 million.

In terms of SIC 12: Consolidation – Special Purpose Entities, the BEE Party forms part of the GPI Group, therefore the 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) shares that the BEE Party acquired on the open market are treated as treasury shares. When calculating the adjusted headline and adjusted diluted headlines earnings per share for the GPI Group, the treasury shares held by the BEE Party are deducted from the WANOS and the BEE Party's net profit after tax eliminated from the group's headlines earnings.
4. Transaction fees for the proposed transaction are R1 527 000 (one million five hundred and twenty seven thousand Rand) in total. These costs have been allocated on a *pro rata* basis to the BEE Specific issue (R916 000) and to the BEE Share Acquisition (R611 000).

The R916 000 (nine hundred and sixteen thousand Rand) transaction fees relating to the BEE Specific issue have been deducted from the par value of the shares issued.

The R611 000 (six hundred and eleven thousand Rand) transaction fees relating to the BEE Share Acquisition have been considered to be capital in nature and as a result have been added to the carrying value of the treasury shares.
5. In order to implement the black ownership structure, GPI made a specific issue of 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) ordinary no par value shares to the BEE Party. The total consideration for the BEE Specific Issue amounts to R60 000 000 (sixty million Rand) and the shares were issued at R 4.05 (four Rand and five Cents) per share. No Securities Transfer Tax ("STT") has been levied on the new issue of shares.

In terms of SIC 12: Consolidation – Special Purpose Entities, the BEE Party forms part of the GPI Group, therefore the 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) shares issued to the BEE Party are treated as treasury shares. When calculating the adjusted headline and adjusted diluted headlines earnings per share for the GPI Group, the treasury shares held by the BEE Party are deducted from the WANOS and the BEE Party's net profit after tax eliminated from the group's headlines earnings.
6. Also in terms of the implementation of the black ownership structure, the BEE Party acquired 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) GPI Shares on the open market. The GPI Shares were acquired at R 4.05 (four Rand and five Cents) per share for a total consideration of R40 000 000 (forty million Rand). R100 000 (one hundred thousand Rand) in STT has been levied on the BEE Share Acquisition and added to the carrying value of the treasury shares.

In terms of SIC 12: Consolidation – Special Purpose Entities, the BEE Party forms part of the GPI Group, therefore the 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) shares that the BEE Party acquired on the open market are treated as treasury shares. When calculating the adjusted headline and adjusted diluted headlines earnings per share for the GPI Group, the treasury shares held by the BEE Party are deducted from the WANOS and the BEE Party's net profit after tax eliminated from the group's headlines earnings.
7. The GPI Group utilised R916 000 (nine hundred and sixteen thousand Rand) to settle the transaction fees related to the BEE Specific Issue of 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) ordinary no par value shares to the BEE Party.

GPI earns on average 4.78% per annum on its cash reserves and as a result of utilizing its cash reserves, to settle the transaction fees related to the BEE Specific Issue, reduced its interest earned for the year by R44 000.

Interest earned by the GPI Group is subject to companies tax and as a result of the reduction in the interest of R44 000, the tax value reduced by R12 000 for the year.
8. The GPI Group utilised R 40 000 000 (forty million Rand) of cash on hand to fund the acquisition of the 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) shares on the open market and a further R711 000 (seven hundred and eleven thousand Rand) to settle the STT (R100 000) and the transaction fees (R611 000) relating to the BEE Share Acquisition.

GPI earns on average 4.78% per annum on its cash reserves and as a result of utilising its cash reserves, to fund the acquisition of shares on the open market and to settle the STT and transaction fees related to the BEE Share Acquisition, reduced its interest earned for the year by R1 944 000.

Interest earned by the GPI Group is subject to companies tax and as a result of the reduction in the interest of R1 944 000, the tax value reduced by R544 000 for the year.
9. All adjustments, except for transaction costs, are expected to have a continuing effect.

## 8. GENERAL MEETING

A General Meeting of GPI Shareholders will be held at 19:00 on Wednesday, 11 December 2013, at the Market Hall, GrandWest Casino, Goodwood, Western Cape, to consider and, if deemed fit, to pass, with or without modification, the Resolutions set out in the Notice of General Meeting attached to this Circular.

## 9. DIRECTORS

- 9.1 The full names, ages, business address and capacities of the Directors of GPI and the directors of the major subsidiaries of GPI are outlined below:

Full name	Age	Capacity	Business Address
Hassen Adams	61	Executive Chairman	10th Floor, 33 Heerengracht Street Foreshore, Cape Town, 8001
Alex Abercrombie	62	Executive	10th Floor, 33 Heerengracht Street Foreshore, Cape Town, 8001
Alan Edward Keet	45	Chief Executive Officer	10th Floor, 33 Heerengracht Street Foreshore, Cape Town, 8001
Sukena Petersen	33	Financial Director	10th Floor, 33 Heerengracht Street Foreshore, Cape Town, 8001
Norman Victor Maharaj	62	Lead independent director	23 Oliehout Drive, Platteklouf, 7500
Nombeko Mlambo	67	Non-executive	3 Derna Road, Kenwyn, Cape Town
Anthony William Bedford	58	Non-executive	10 Elizabeth Lane, Constantia Cape Town
Colin Michael Priem	54	Non-executive	22 Welwyn Avenue, Pinelands Cape Town
Mogamat Faldi Samaai	53	Non-executive	16th Floor, Triangle House 22 Riebeeck Street, Cape Town
Walter Geach	58	Non-executive	University of Western Cape Modderdam Road, Cape Town

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

- 9.2 The full names, ages, business address and capacities of the directors of the major subsidiaries of GPI are outlined in **Annexure 6** below.
- 9.3 Save for being a Shareholder of GPI, no Director (including any person who may have resigned as a Director within the last 18 months) has any material beneficial interest, directly or indirectly, in the BEE Specific Issue, the BEE Share Acquisition, the Hot Slots Acquisition or in any transactions that were (1) effected by the Company during the current or immediately preceding financial year, or (2) during an earlier financial year and remain in any respect outstanding or unperformed.
- 9.4 Save for being a Shareholder of GPI, no Director has had any material beneficial interest, either direct or indirect, in the BEE Specific Issue and no promoter or director of GPI is or was a member of a partnership, syndicate or other association of persons that has or had such an interest.
- 9.5 Save for being a Shareholder of GPI, no Director has had any material beneficial interest, either direct or indirect, in the promotion of the Company. No cash or securities have been paid and no benefit has been given to any promoter within the last three years.
- 9.6 For the year ended 30 June 2013, no Director has received management, consulting or technical fees from the Group nor any part of any other fees for such services rendered, directly or indirectly, including payments to management companies.
- 9.7 For the year ended 30 June 2013, no Director has received any commission, gain or entered into any profit-sharing arrangement with the Group.

- 9.8 A breakdown of the remuneration and benefits paid or accrued as payable to Directors by the Group for the year ended 30 June 2013, is set out below:

	Salary (R'000s)	Directors' fees (R'000s)	Fees for other services (R'000s)	Short-term benefits (R'000s)	Bonuses and performance-related payments (R'000s)	Long-term benefits (R'000s)	Total (R'000s)
A Abercrombie	1 227	–	–	182	975	184	2 568
H Adams	1 802	–	–	585	6 470	270	9 127
A Bedford	–	145	40	–	–	–	185
R Hopton <sup>(1)</sup>	275	–	–	28	150	41	494
A Keet	1 576	–	–	124	1 000	236	2 936
N Maharaj	–	161	33	–	–	–	194
N Mlambo	–	171	20	–	–	–	191
S Petersen	678	–	–	87	740	113	1 618
C Priem <sup>(2)</sup>	–	127	59	–	–	–	186
F Samaai	–	139	38	–	–	–	177
W Geach <sup>(3)</sup>	–	–	–	–	–	–	–

**Notes:**

1. Resigned as executive director on 30 November 2012.
2. Appointed as non-executive director on 20 August 2012.
3. Appointed as non-executive director on 17 September 2013.

- 9.9 The remuneration of the Directors will not be varied as a result of the BEE Specific Issue or the Hot Slots Acquisition Issue.
- 9.10 No share options were issued in terms of the GPI Share Incentive Trust scheme for the year ended 30 June 2013. However the following Directors were awarded the following options on 31 August 2013 in terms of the GPI Share Incentive Trust scheme:

Director	Number of share options awarded on 1 August 2013	Exercise price per share option awarded
H Adams	4 501 385	R3.61
A Abercrombie	1 837 327	R3.61
A Keet	2 674 019	R3.61
S Petersen	921 053	R3.61
<b>Total</b>	<b>9 933 784</b>	<b>R3.61</b>

**Note:** In terms of the trust deed regulating the GPI Share Incentive Trust ("the Trust Deed"), Shares awarded under the GPI Share Incentive Trust vest over a five year period from the grant date, namely:

- 25% thereof as at the second anniversary of the option grant date;
- 25% thereof as at the third anniversary of the option grant date;
- 25% thereof as at the fourth anniversary of the option grant date; and
- 25% thereof as at the fifth anniversary of the option grant date.

The trustees have a discretion in terms of the Trust Deed to award Shares to participants in the GPI Share Incentive Trust on a more favourable basis to that set out above.



- 9.11 The following fees have been approved for the non-executive directors of GPI for the year ended 30 June 2013:

Fees payable to non-executive directors for the year ended 30 June 2013	Base fee (R'000s)	Attendance fee (R'000s)	Attendance fee above minimum number of meetings (R'000s)	Minimum number of meetings per year
Lead Independent Director	121	12	7	4
Directors	97	12	7	4
Audit and Risk Committee Chairman	–	19	7	4
Audit and Risk Committee Member	–	10	7	4
Remuneration and Nomination Committee Chairman	–	15	7	2
Remuneration and Nomination Committee Member	–	7	7	2
Social and Ethics Committee member	–	7	7	2
Investment Committee member	–	7	–	2

#### 9.12 Service contracts of executive directors

- 9.12.1 Each of the executive Directors has concluded service contracts with terms and conditions that are standard for such appointments, which are available for inspection in terms of paragraph 19 below.
- 9.12.2 Restraints of trade have been imposed by GPI on executive Directors in respect of the business conducted by GPI, in terms of which executive directors are restrained from operating any business that could adversely affect GPI's businesses for a period of two years from the date of termination of their service contracts.
- 9.12.3 The duration of each executive Director's appointment is determined by the service contracts referred to in paragraph 9.12.1 above, whilst the duration of the appointment of non-executive Directors is determined by the MOI which is also available for inspection in terms of paragraph 19 below.

### 9.13 Directors' interests in the issued shares of GPI

9.13.1 The table below sets out the direct and indirect beneficial interests of the Directors' (and their associates), including any Directors who may have resigned during the last 18 months, in GPI's issued share capital as at the Last Practicable Date:

<b>Beneficial interest (ordinary shares)</b>				
<b>Director</b>	<b>Direct (000's)</b>	<b>Indirect (000's)</b>	<b>Total (000's)</b>	<b>% Held</b>
A Abercrombie	5 237	300	5 537	1.20
H Adams	3 565	43 903	47 468	10.30
A Bedford	175	3 988	4 163	0.91
A Keet	600	293	893	0.19
N Maharaj	–	5	5	–
N Mlambo	20	43	63	0.01
S Petersen	400	–	400	0.09
C Priem	–	–	–	–
F Samaai	29	377	406	0.09
W Geach	–	–	–	–
<b>Total</b>	<b>10 026</b>	<b>48 909</b>	<b>58 935</b>	<b>12.79</b>

9.13.2 The following changes have taken place in the interests of the following Directors' in the issued ordinary share capital of GPI in the period from 30 June 2013 to the Last Practicable Date:

<b>Date</b>	<b>Name of Director</b>	<b>Number of shares</b>	<b>Price per share</b>	<b>Nature of change</b>
10/09/2013	Hassen Adams <sup>(1)</sup> (through an associate)	130 570	430 cents	Disposal
11/09/2013	Hassen Adams <sup>(1)</sup> (through an associate)	87 821	429 cents	Disposal
12/09/2013	Hassen Adams <sup>(1)</sup> (through an associate)	2 390	430 cents	Disposal
13/09/2013	Hassen Adams <sup>(1)</sup> (through an associate)	31 830	424 cents	Disposal
13/09/2013	Anthony Bedford	8 921	425 cents	Disposal
16/09/2013	Anthony Bedford	66 444	421 cents	Disposal
17/09/2013	Hassen Adams <sup>(1)</sup> (through an associate)	37 000	420 cents	Disposal
17/09/2013	Anthony Bedford	55 555	420 cents	Disposal
19/09/2013	Anthony Bedford	9 710	419 cents	Disposal
20/09/2013	Anthony Bedford	60 000	397	Disposal
27/09/2013	Hassen Adams <sup>(2)</sup> (through an associate)	5 000 000	405 cents	Disposal
27/09/2013	Hassen Adams <sup>(1)</sup> (through an associate)	336 926	410 cents	Disposal
11/10/2013	Hassen Adams <sup>(1)</sup> (through an associate)	100 901	410 cents	Disposal
14/10/2013	Hassen Adams <sup>(1)</sup> (through an associate)	36 650	410 cents	Disposal
15/10/2013	Hassen Adams <sup>(1)</sup> (through an associate)	284 595	410 cents	Disposal

Date	Name of Director	Number of shares	Price per share	Nature of change
16/10/2013	Hassen Adams <sup>(1)</sup> (through an associate)	440 199	416 cents	Disposal

## 10. SHARE CAPITAL

- 10.1 The Share capital of the Company before the BEE Specific Issue and the Hot Slots Acquisition Issue is set out below:

	R'000
<b>Authorised share capital</b>	
2 000 000 000 ordinary Shares of no par value	–
<b>Issued share capital</b>	
460 679 901 ordinary Shares of no par value	<b>730 364</b>

- 10.2 The expected share capital of the Company following implementation of the BEE Specific Issue is set out below:

	R'000
<b>Authorised share capital</b>	
2 000 000 000 ordinary Shares of no par value	–
<b>Issued share capital</b>	
475 494 716 ordinary Shares of no par value	<b>789 448</b>

- 10.3 The expected share capital of the Company following implementation of the Hot Slots Acquisition Issue is set out below:

	R'000
<b>Authorised share capital</b>	
2 000 000 000 ordinary Shares of no par value	–
<b>Issued share capital</b>	
485 371 259 ordinary Shares of no par value	<b>829 448</b>

- 10.4 The GPI Group has 1 032 396 treasury shares and following the implementation of the BEE Specific Issue and the BEE Share Acquisition the GPI Group will have 25 723 754 treasury shares (assuming the BEE Share Acquisition is done at the 30-day volume weighted average trading price of GPI Shares on the JSE, for the 30-day period ending on the day prior to 23 October 2013).

## 11. MAJOR SHAREHOLDERS

- 11.1 As far as the Company is aware, as at the Last Practicable Date the following persons are beneficially interested, directly or indirectly, in 5% or more of the shares in issue:

Name of Shareholder	Number of Shares held	Percentage of shares in issue (%)
Regarding Capital Management (Pty) Ltd <sup>4</sup>	63 959 682	13.88
Chandos Trust <sup>1</sup>	47 268 792	10.26
Midnight Storm Investments 387 (Pty) Ltd <sup>2</sup>	29 848 649	6.48
Quintessence Opportunities (Pty) Ltd <sup>3</sup>	27 186 788	5.90
<b>Total</b>	<b>168 263 911</b>	<b>36.52</b>

**Notes:**

1. No Director of GPI is a trustee or a beneficiary of Chandos Trust.
2. Hassen Adams is a Director and Hassen Adams or his associates are shareholders of Midnight Storm Investments 387 (Pty) Ltd.
3. Hassen Adams is a Director and Hassen Adams or his associates are shareholders of Quintessence Opportunities (Pty) Ltd.
4. Regarding Capital Management (Pty) Ltd is an asset management company which holds the GPI Shares on behalf of its clients.

11.2 There has been no change in the controlling shareholder nor trading objects of GPI in the five years prior to the Last Practicable Date, nor in respect of any of its Subsidiaries, save for the change in control when GPI acquired such companies as Subsidiaries.

## 12. ADDITIONAL INFORMATION

### 12.1 Material changes

There have been no material changes in the financial or trading position of GPI and its Subsidiaries since its published its reviewed financial results for the year ended 30 June 2013.

### 12.2 Material contracts

Save for the BEE Specific Issues and the BEE Share Acquisition Agreements, there have been no material contracts entered into either verbally or in writing by GPI or its Subsidiaries, being a contract entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by GPI and/or its Subsidiaries, within the two years preceding the Last Practicable Date, or concluded at any time, and which contain an obligation or settlement that is material to GPI and/or its Subsidiaries at the date of this Circular.

### 12.3 Issues of securities

GPI issued 8 128 436 GPI Shares to shareholders of Playmeter Leisure Services (Pty) Ltd on 29 April 2011. Save for the aforementioned GPI has not issued any GPI Shares in the three years preceding the Last Practicable Date.

## 13. CODE OF CORPORATE PRACTICE AND CONDUCT

13.1 GPI and its Directors are committed to the principles of effective corporate governance and application of the highest ethical standards in the conduct of its business and affairs.

13.2 GPI is committed to the principles of transparency, integrity and accountability as advocated in the King Code III. Accordingly, GPI endorses the King Code III and aims to apply its principles in all sensible and material respects with the spirit and intent thereof in the control, management and direction of the Company.

13.3 Details of GPI's code of corporate practice and conduct and its application of the King Code III are set out in **Annexure 5**.

## 14. LITIGATION STATEMENT

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have or have over the previous 12 months had a material effect on the financial position of the GPI Group.

## 15. EXPENSES

15.1 The estimated costs of preparing and distributing this Circular, holding the General Meeting and implementing the BEE Specific Issue, the BEE Share Acquisition and the Hot Slots Acquisition Issue, including the fees payable to professional advisors, are approximately R1.53 million, excluding Value Added Tax, and include the following:

<b>Expenses</b>	<b>R'000</b>
Sponsor and Corporate Adviser – PSG Capital	450
Lead Corporate Adviser – Leaf Capital	450
Legal Adviser – Bernardt Vukic Potash & Getz	210
Independent Reporting Accountants to GPI – Ernst & Young Inc	45
Tax Adviser – Bowman Gilfillan	25
Transfer Secretaries – Computershare	25
JSE documentation fee	12
JSE listing fee	65
Strate fees	10
Printing and postage costs – Ince	75
Announcements and publication	60
Other – contingency	100
<b>Estimated total</b>	<b>1 527</b>

15.2 Other than as set out above, GPI has incurred no preliminary expenses in relation to the BEE Specific Issue, the BEE Share Acquisition and the Hot Slots Acquisition Issue during the three years preceding this Circular.

## 16. DIRECTORS' RECOMMENDATION

16.1 The Directors have considered the terms and conditions of the BEE Specific Issue and the Hot Slots Acquisition Issue and have considered the Resolutions and are of the opinion that they are in the interests of GPI Shareholders.

16.2 The Directors recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

16.3 The Directors, in their personal capacities, intend to vote the Shares held by them in favour of the Resolutions to be proposed at the General Meeting.

## 17. ADVISORS' CONSENTS

The parties referred to in the Corporate Information section of this Circular have consented in writing to act in the capacities stated and to their names being stated in the Circular and, in the case of the Independent Reporting Accountants, have consented to the reference to their reports in the form and context in which they appear, and have not withdrawn their consents prior to the publication of the Circular.

## 18. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given on page 10 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this Circular contains all information required by law and the JSE Listings Requirements.

## 19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the registered office of GPI and at the Johannesburg office of PSG Capital from Friday, 8 November 2013, until Wednesday, 11 December 2013 (both days inclusive):

19.1 the MOI of GPI and the memoranda of incorporation of its Subsidiaries;

19.2 the Trust Deed;

19.3 the subscription agreement between the Company and the BEE Party in respect of the BEE Specific Issue Shares;

19.4 the GPI subscription agreements between GPI and the BEE SPV in respect of the RCPS;

- 19.5 the agreement between the BEE Party and the BEE SPV in relation to the capital contribution;
- 19.6 the pledge agreement between the BEE Party and the BEE SPV in relation to its GPI Shares serving as security for the capital contribution;
- 19.7 copies of the service contracts of executive Directors;
- 19.8 the *pro forma* financial information of GPI;
- 19.9 the report of the Independent Reporting Accountants on the *pro forma* financial information of GPI;
- 19.10 a copy of this Circular and all annexures hereto; and
- 19.11 a copy of the audited annual financial statements of GPI for the preceding three years, being for the financial years ended 30 June 2012, 30 June 2011 and 30 June 2010.

**SIGNED AT CAPE TOWN ON 1 NOVEMBER 2013 BY HASSAN ADAMS ON BEHALF OF ALL THE DIRECTORS OF GRAND PARADE INVESTMENTS LIMITED, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS**

**HASSAN ADAMS**  
*Executive Chairman*

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## CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION OF GPI

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The *pro forma* financial information for the Group, at 30 June 2013, is set out below. The *pro forma* financial information has been prepared to provide details of how the BEE Specific Issue and the BEE Share Acquisition might have affected the financial position of the Group and is provided for illustrative purposes only.

Because of their nature, the *pro forma* financial information may not fairly present the Group's statements of financial position, comprehensive income and cash flows after the BEE Specific Issue and the BEE Share Acquisition.

The *pro forma* financial information has been prepared in accordance with the Company's accounting policies and in compliance with IFRS.

The *pro forma* financial information, as set out below, should be read in conjunction with the limited assurance report of the Independent Reporting Accountant, which is included as **Annexure 2** to this Circular.

The Directors of GPI are responsible for the preparation of the *pro forma* financial information. The *pro forma* statement of financial position of GPI at 30 June 2013 has been prepared on the assumption that the BEE Specific Issue and the BEE Share Acquisition was effected on 30 June 2013. The statement of comprehensive income of GPI at 30 June 2013 has been prepared on the assumption that the Acquisition (including the Transaction Acquisition Issues) and the BEE Specific Issue and the BEE Share Acquisition were effected on 1 July 2012.

	Unadjusted and audited results for the year ended 30 June 2013 <sup>(1)</sup>	Adjustments due to the BEE Specific Issue	Adjustment due to the BEE Share Acquisition	Adjusted results for the year ended 30 June 2013
	R'000s	R'000s	R'000s	R'000s
<b>Revenue</b>	<b>489 353</b>	–	–	<b>489 353</b>
Cost of sales	(276 622)	–	–	(276 622)
<b>Gross profit</b>	<b>212 731</b>	–	–	<b>212 731</b>
Operating costs	(142 039)	–	–	(142 039)
<b>Profit from operations</b>	<b>70 692</b>	–	–	<b>70 692</b>
Profit from equity accounted investments	114 672	–	–	114 672
Impairment of plant and equipment	(316)	–	–	(316)
Depreciation	(33 882)	–	–	(33 882)
Amortisation	(2 248)	–	–	(2 248)
<b>Profit before finance costs and taxation</b>	<b>148 918</b>	–	–	<b>148 918</b>
Finance income	6 216	(44) <sup>(7)</sup>	(1 944) <sup>(8)</sup>	4 228
Finance costs	(14 603)	–	–	(14 603)
<b>Profit before taxation</b>	<b>140 531</b>	<b>(44)</b>	<b>(1 944)</b>	<b>138 543</b>
Taxation	(10 955)	12 <sup>(7)</sup>	544 <sup>(8)</sup>	(10 399)
<b>Profit for the year</b>	<b>129 576</b>	<b>(32)</b>	<b>(1 400)</b>	<b>128 144</b>
<b>Other comprehensive income</b>				
Unrealised fair value loss on available for sale investments, net of tax	(1 887)	–	–	(1 887)
<b>Total comprehensive income for the year</b>	<b>127 689</b>	<b>(32)</b>	<b>(1 400)</b>	<b>126 257</b>
Profit for the year attributable to:				
<i>Ordinary Shareholders</i>	131 533	(32)	(1 400)	130 101
<i>Non-controlling interest</i>	(1 957)	–	–	(1 957)
	<b>129 576</b>	<b>(32)</b>	<b>(1 400)</b>	<b>128 144</b>
<b>Total comprehensive income attributable to</b>				
<i>Ordinary Shareholders</i>	129 646	(32)	(1 400)	128 214
<i>Non-controlling interest</i>	(1 957)	–	–	(1 957)
	<b>127 689</b>	<b>(32)</b>	<b>(1 400)</b>	<b>126 257</b>
<b>Headline earnings reconciliation</b>				
Profit for the year attributable to ordinary shareholders	131 533	(32)	(1 400)	130 101
Loss on disposal of plant and equipment	528	–	–	528
Impairment of plant and equipment	316	–	–	316
<i>Adjustments by jointly controlled entities</i>				
Loss on disposal of plant and equipment	120	–	–	120
<b>Headline and diluted headline earnings</b>	<b>132 497</b>	<b>(32)</b>	<b>(1 400)</b>	<b>131 065</b>
Number of shares in issue (000s)	460 680	14 815 <sup>(2)</sup>	–	475 495
Treasury shares in Issue	1 032	14 815 <sup>(2)</sup>	9 877 <sup>(3)</sup>	25 724
Weighted average number of shares in issue (000s)	460 680	14 815 <sup>(2)</sup>	–	475 495
Basic and diluted earnings per share (Cents)	28.55	–	–	27.36
Headline and diluted headline earnings per share (Cents)	28.76	–	–	27.56

**ASSUMPTIONS:**

- It has been assumed that the BEE Specific Issue and the BEE Share Acquisition took place on 1 July 2012 when determining the effect on the condensed statement of comprehensive income.
- It has been assumed that the BEE Specific Issue and the BEE Share Acquisition took place on 30 June 2013 when determining the effects on the condensed statement of financial position.



- c) Where applicable the tax rate has been assumed at 28%.
- d) It has been assumed that the issue of GPI Shares have been made at R4.05 (four Rand and five Cents) per share.
- e) It has been assumed that the BEE Share Acquisition of GPI Shares on the open market have been made at R4.05 (four Rand and five Cents) per share.
- f) Where applicable the Securities Transfer Tax has been assumed at 0.25%.
- g) It has been assumed that the average interest rate earned on cash investments by the GPI Group is 4.78% per annum.

**NOTES TO THE CONDENSED STATEMENT OF COMPREHENSIVE INCOME:**

1. The "Unadjusted and audited results for the year ended 30 June 2013" column has been extracted from the audited financial statements of GPI for the 12 months ended 30 June 2013.
2. In order to implement the black ownership structure, GPI made a specific issue of 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) ordinary no par value shares to the BEE Party. The total consideration for the BEE Specific Issue amounts to R60 000 000 (sixty million Rand) and the shares were issued at R4.05 (four Rand and five Cents) per share.  
In terms of SIC 12: Consolidation – Special Purpose Entities, the BEE Party forms part of the GPI Group, therefore the 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) shares issued to the BEE Party are treated as treasury shares. When calculating the adjusted headline and adjusted diluted headlines earnings per share for the GPI Group, the treasury shares held by the BEE Party are deducted from the WANOS and the BEE Party's net profit after tax eliminated from the group's headlines earnings.
3. Also in terms of the implementation of the black ownership structure, the BEE Party acquired 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) GPI Shares on the open market. The GPI Shares were acquired at R4.05 (four Rand and five Cents) per share for a total consideration of R40 000 000 million (forty million Rand).  
In terms of SIC 12: Consolidation – Special Purpose Entities, the BEE Party forms part of the GPI Group, therefore the 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) shares that the BEE Party acquired on the open market are treated as treasury shares. When calculating the adjusted headline and adjusted diluted headlines earnings per share for the GPI Group, the treasury shares held by the BEE Party are deducted from the WANOS and the BEE Party's net profit after tax eliminated from the group's headlines earnings.
4. Transaction fees for the proposed transaction are R1 527 000 (one million five hundred and twenty seven thousand Rand) in total. These costs have been allocated on a *pro rata* basis to the BEE Specific issue (R916 000) and to the BEE Share Acquisition (R611 000).  
The R916 000 (nine hundred and sixteen thousand Rand) transaction fees relating to the BEE Specific issue have been deducted from the par value of the shares issued.  
The R611 000 (six hundred and eleven thousand Rand) transaction fees relating to the BEE Share Acquisition have been considered to be capital in nature and as a result have been added to the carrying value of the treasury shares.
5. In order to implement the black ownership structure, GPI made a specific issue of 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) ordinary no par value shares to the BEE Party. The total consideration for the BEE Specific Issue amounts to R60 000 000 (sixty million Rand) and the shares were issued at R4.05 (four Rand and five Cents) per share. No Securities Transfer Tax ("STT") has been levied on the new issue of shares.  
In terms of SIC 12: Consolidation – Special Purpose Entities, the BEE Party forms part of the GPI Group, therefore the 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) shares issued to the BEE Party are treated as treasury shares. When calculating the adjusted headline and adjusted diluted headlines earnings per share for the GPI Group, the treasury shares held by the BEE Party are deducted from the WANOS and the BEE Party's net profit after tax eliminated from the group's headlines earnings.
6. Also in terms of the implementation of the black ownership structure, the BEE Party acquired 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) GPI Shares on the open market. The GPI Shares were acquired at R4.05 (four Rand and five Cents) per share for a total consideration of R40 000 000 (forty million Rand). R100 000 (one hundred thousand Rand) in STT has been levied on the BEE Share Acquisition and added to the carrying value of the treasury shares.  
In terms of SIC 12: Consolidation – Special Purpose Entities, the BEE Party forms part of the GPI Group, therefore the 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) shares that the BEE Party acquired on the open market are treated as treasury shares. When calculating the adjusted headline and adjusted diluted headlines earnings per share for the GPI Group, the treasury shares held by the BEE Party are deducted from the WANOS and the BEE Party's net profit after tax eliminated from the group's headlines earnings.
7. The GPI Group utilised R916 000 (nine hundred and sixteen thousand Rand) to settle the transaction fees related to the BEE Specific Issue of 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) ordinary no par value shares to the BEE Party.  
GPI earns on average 4.78% per annum on its cash reserves and as a result of utilising its cash reserves, to settle the transaction fees related to the BEE Specific Issue of share to the BEE Party, reduced its interest earned for the year by R44 000.  
Interest earned by the GPI Group is subject to companies tax and as a result of the reduction in the interest of R44 000, the tax value reduced by R12 000 for the year.
8. The GPI Group utilised R40 000 000 (forty million Rand) of cash on hand to fund the acquisition of the 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) share on the open market and a further R711 000 (seven hundred and eleven thousand Rand) to settle the STT (R100 000) and the transaction fees (R611 000) relating to the BEE Share Acquisition.  
GPI earns on average 4.78% per annum on its cash reserves and as a result of utilising its cash reserves, to fund the acquisition of the shares on the open market and to settle the STT and transaction fees related to the BEE Share Acquisition, reduced its interest earned for the year by R1 944 000.  
Interest earned by the GPI Group is subject to companies tax and as a result of the reduction in the interest of R1 944 000, the tax value reduced by R544 000 for the year.
9. All adjustments, except for transaction costs, are expected to have a continuing effect.

	Unadjusted and audited results for the year ended 30 June 2013 R'000s	Adjustments due to the BEE Specific Issue R'000s	Adjustment due to the BEE Share Acquisition R'000s	Adjusted results for the year ended 30 June 2013 R'000s
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>1 529 714</b>	–	–	<b>1 529 714</b>
Investment in jointly-controlled entities	1 053 361	–	–	1 053 361
Investments in associates	39 096	–	–	39 096
Investments	7 680	–	–	7 680
Goodwill	122 934	–	–	122 934
Property, plant and equipment	223 794	–	–	223 794
Intangible assets	57 751	–	–	57 751
Deferred tax assets	25 098	–	–	25 098
<b>Current assets</b>	<b>471 033</b>	<b>(916)</b>	<b>(40 711)</b>	<b>429 406</b>
Inventories	1 534	–	–	1 534
Trade and other receivables	49 402	–	–	49 402
Related party loans	16 822	–	–	16 822
Cash and cash equivalents	403 218	(916) <sup>(4)</sup>	(40 711) <sup>(4), (6)</sup>	361 591
Income tax receivable	57	–	–	57
<b>Total assets</b>	<b>2 000 747</b>	<b>(916)</b>	<b>(40 711)</b>	<b>1 959 120</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
<b>Total shareholders' equity</b>	<b>1 653 640</b>	<b>(916)</b>	<b>(40 711)</b>	<b>1 611 913</b>
Ordinary share capital and premium	730 364	59 084 <sup>(4), (5)</sup>	–	789 448
Treasury shares	(2 070)	(60 000) <sup>(5)</sup>	(40 711) <sup>(6)</sup>	(102 781)
Accumulated profit	920 657	–	–	920 657
Available-for-sale investments' fair value reserve	6 245	–	–	6 245
Capital redemption reserve fund	301	–	–	301
Non-controlling interest	(1 957)	–	–	(1 957)
<b>Non-current liabilities</b>	<b>228 979</b>	–	–	<b>228 979</b>
Cumulative redeemable preference share capital and premium	132 424	–	–	132 424
Interest-bearing borrowings	83 436	–	–	83 436
Finance lease liability	244	–	–	244
Deferred tax liability	12 107	–	–	12 107
Provisions	768	–	–	768
<b>Current liabilities</b>	<b>118 228</b>	–	–	<b>118 228</b>
Trade and other payables	74 354	–	–	74 354
Provisions	8 272	–	–	8 272
Interest-bearing borrowings	23 195	–	–	23 195
Finance lease liabilities	634	–	–	634
Dividends payable	11 677	–	–	11 677
Taxation	96	–	–	96
<b>Total equity and liabilities</b>	<b>2 000 747</b>	<b>(916)</b>	<b>(40 711)</b>	<b>1 959 120</b>
<b>Net asset value per share (Cents)</b>	359.00			339.00
<b>Tangible net asset value per share (Cents)</b>	320.00			301.00

## ASSUMPTIONS:

- a) It has been assumed that the BEE Specific Issue and the BEE Share Acquisition took place on 1 July 2012 when determining the effect on the condensed statement of comprehensive income.
- b) It has been assumed that the BEE Specific Issue and the BEE Share Acquisition took place on 30 June 2013 when determining the effects on the condensed statement of financial position.
- c) Where applicable the tax rate has been assumed at 28%.
- d) It has been assumed that the issue of GPI Shares have been made at R4.05 (four Rand and five Cents) per share.
- e) It has been assumed that the BEE Share Acquisition of GPI Shares on the open market have been made at R4.05 (four Rand and five Cents) per share.
- f) Where applicable the Securities Transfer Tax has been assumed at 0.25%.

## NOTES TO THE CONDENSED STATEMENT OF FINANCIAL POSITION:

1. The "Unadjusted and audited results for the year ended 30 June 2013" column has been extracted from the audited financial statements of GPI for the 12 months ended 30 June 2013.
2. In order to implement the black ownership structure, GPI made a specific issue of 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) ordinary no par value shares to the BEE Party. The total consideration for the BEE Specific Issue amounts to R60 000 000 (sixty million Rand) and the shares were issued at R4.05 (four Rand and five Cents) per share.  
  
In terms of SIC 12: Consolidation – Special Purpose Entities, the BEE Party forms part of the GPI Group, therefore the 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) shares issued to the BEE Party are treated as treasury shares. When calculating the adjusted headline and adjusted diluted headlines earnings per share for the GPI Group, the treasury shares held by the BEE Party are deducted from the WANOS and the BEE Party's net profit after tax eliminated from the Group's headlines earnings.
3. Also in terms of the implementation of the black ownership structure, the BEE Party acquired 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) GPI Shares on the open market. The GPI Shares were acquired at R4.05 (four Rand and five Cents) per share for a total consideration of R40 000 000 (forty million Rand).  
  
In terms of SIC 12: Consolidation – Special Purpose Entities, the BEE Party forms part of the GPI Group, therefore the 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) shares that the BEE Party acquired on the open market are treated as treasury shares. When calculating the adjusted headline and adjusted diluted headlines earnings per share for the GPI Group, the treasury shares held by the BEE Party are deducted from the WANOS and the BEE Party's net profit after tax eliminated from the group's headlines earnings.
4. Transaction fees for the proposed transaction are R1 527 000 (one million five hundred and twenty seven thousand Rand) in total. These costs have been allocated on a pro rata basis to the BEE Specific issue (R916 000) and to the BEE Share Acquisition (R611 000).  
  
The R916 000 (nine hundred and sixteen thousand Rand) transaction fees relating to the BEE Specific issue have been deducted from the par value of the shares issued.  
  
The R611 000 (six hundred and eleven thousand Rand) transaction fees relating to the BEE Share Acquisition have been considered to be capital in nature and as a result have been added to the carrying value of the treasury shares.
5. In order to implement the black ownership structure, GPI made a specific issue of 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) ordinary no par value shares to the BEE Party. The total consideration for the BEE Specific Issue amounts to R60 000 000 (sixty million Rand) and the shares were issued at R4.05 (four Rand and five Cents) per share. No Securities Transfer Tax ("STT") has been levied on the new issue of shares.  
  
In terms of SIC 12: Consolidation – Special Purpose Entities, the BEE Party forms part of the GPI Group, therefore the 14 814 815 (fourteen million eight hundred and fourteen thousand eight hundred and fifteen) shares issued to the BEE Party are treated as treasury shares. When calculating the adjusted headline and adjusted diluted headlines earnings per share for the GPI Group, the treasury shares held by the BEE Party are deducted from the WANOS and the BEE Party's net profit after tax eliminated from the Group's headlines earnings.
6. Also in terms of the implementation of the black ownership structure, the BEE Party acquired 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) GPI Shares on the open market. The GPI Shares were acquired at R4.05 (four Rand and five Cents) per share for a total consideration of R40 000 000 (forty million Rand). R100 000 (one hundred thousand Rand) in STT has been levied on the BEE Share Acquisition and added to the carrying value of the treasury shares.  
  
In terms of SIC 12: Consolidation – Special Purpose Entities, the BEE Party forms part of the GPI Group, therefore the 9 876 543 (nine million eight hundred and seventy six thousand five hundred and forty three) shares that the BEE Party acquired on the open market are treated as treasury shares. When calculating the adjusted headline and adjusted diluted headlines earnings per share for the GPI Group, the treasury shares held by the BEE Party are deducted from the WANOS and the BEE Party's net profit after tax eliminated from the Group's headlines earnings.

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## INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION OF GPI

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The Directors  
Grand Parade Investments Limited  
33 on Heerengracht  
Foreshore  
Cape Town  
8001

31 October 2013

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

#### To the Directors of Grand Parade Investments Limited

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Grand Parade Investments Limited by the Directors. The *pro forma* financial information, as set out in paragraph 7 and Annexure 1 of the circular relating to Grand Parade Investments Limited's issue of shares consists of the statement of comprehensive income and statement of financial position (collectively, the "*pro forma* financial information") and related notes. 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 corporate actions or events, described in Paragraph 7 of the Circular, on the Company's financial position as at 30 June 2013, and the Company's financial performance for the 12 months then ended, as if the corporate action or event had taken place at 30 June 2013 and for the 12 months then ended. 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 annual financial statements for the year ended 30 June 2013, on which an auditor report was issued on 27 September 2013.

#### Directors' responsibility for the *pro forma* financial information

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Paragraph 7 and Annexure 1 of the circular.

#### 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* which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and 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 at or around 12 December 2013 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 judgment, having regard to our understanding of the nature of the company, the corporate actions or events 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 7 and Annexure 1.

### **Ernst & Young Inc.**

#### **Abdul-Majid Cader**

Capacity: Director

#### **Registered Auditor**

Chartered Accountant (SA)

35 Lower Long Street

Cape Town

Western Cape

8001

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## SALIENT TERMS OF THE BEE FUNDING

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### Redeemable cumulative preference shares

- The RCPS' are no-par value "A" class cumulative redeemable preference shares in the authorised share capital of the BEE SPV.
- A single preference dividend will be payable annually on the last day December and also on the redemption date of each RCPS.
- The preference dividend rate is an amount equal to 90% of the prime rate from time to time multiplied by the subscription price of each RCPS.
- The terms of the RCPS include the customary provisions in terms of which the preference dividend rate will adjust if there are changes in tax rates or new laws are introduced that reduce the holder's expected return on the RCPS.
- Each RCPS must be redeemed on the 5<sup>th</sup> anniversary of the issue date of the RCPS.

### Capital contribution

- The capital contribution from the BEE SPV to the BEE Party will not be interest-bearing.
- The capital contribution will be secured by way of the BEE Party pledging its GPI shares to the BEE SPV.
- The capital contribution will be repayable on the fifth anniversary of the issue date of the RCPS.

## SHARE TRADING HISTORY OF GPI

Set out in the table below are the aggregate volumes and values and the highest and lowest prices traded in GPI's Shares in respect of:

- each month over the 12 months prior to the date of issue of this Circular;
- each quarter over the two years prior to the 12-month period; and
- each day over the 30 trading days preceding the Last Practicable Date.

<b>Quarterly</b>	<b>Close (cents)</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Volume</b>	<b>Value (Rand)</b>
<b>2010</b>					
November	276	300	217	22 673 792	59 673 966
<b>2011</b>					
February	290	320	268	15 170 449	44 289 012
May	300	335	255	14 206 156	42 462 173
August	281	315	270	20 271 040	59 884 111
November	297	315	275	35 350 427	105 112 888
<b>2012</b>					
February	237	320	220	21 636 714	55 644 267
May	250	270	237	28 564 060	71 929 354
August	310	320	241	35 079 869	91 166 952
<b>Monthly</b>	<b>Close (cents)</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Volume</b>	<b>Value (Rand)</b>
<b>2012</b>					
September	309	345	292	2 892 494	9 121 603
October	315	314	292	13 202 680	39 817 016
November	368	383	301	16 384 825	56 176 753
December	368	375	360	2 976 807	10 955 707
<b>2013</b>					
January	363	375	360	3 775 960	13 958 586
February	370	375	333	13 465 243	47 378 178
March	345	365	333	10 515 016	36 930 239
April	359	370	335	14 512 636	50 598 579
May	349	375	335	3 230 831	11 400 898
June	360	365	315	10 258 731	35 511 532
July	340	360	335	3 122 013	10 830 971
August	390	440	340	28 069 345	101 536 800

<b>Daily</b>	<b>Close (cents)</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Volume</b>	<b>Value (Rand)</b>
<b>2013</b>					
2 September	414	414	392	1 671 674	6 651 840
3 September	430	450	415	1 436 875	6 186 374
4 September	430	443	427	418 397	1 799 469
5 September	435	449	430	555 277	2 420 573
6 September	430	465	427	355 673	1 542 020
9 September	430	435	430	177 165	766 364
10 September	426	430	426	264 247	1 135 661
11 September	428	430	425	310 903	1 331 517
12 September	424	430	421	326 922	1 391 281
13 September	421	430	420	86 650	367 022
16 September	415	425	415	246 604	1 033 003
17 September	413	420	410	360 435	1 500 916
18 September	410	415	409	168 923	695 333
19 September	410	419	400	312 329	1 283 626
20 September	395	415	380	806 012	3 159 664
23 September	400	405	392	384 749	1 535 925
25 September	396	410	394	361 758	1 446 367
26 September	405	414	400	667 074	2 682 662
27 September	410	417	405	7 123 524	28 952 520
30 September	399	410	390	634 955	2 552 806
1 October	378	400	376	2 450 337	9 431 862
2 October	390	400	382	184 403	719 011
3 October	390	395	388	544 921	2 127 797
4 October	400	400	382	199 028	775 361
7 October	400	400	391	573 055	2 290 645
8 October	400	405	390	582 531	2 329 366
9 October	400	400	398	2 032 956	8 131 552
10 October	405	408	400	836 464	3 373 367
11 October	410	412	405	1 626 128	6 644 056
14 October	410	420	398	864 408	3 519 015
15 October	410	420	407	1 311 651	5 378 634
16 October	420	420	408	915 440	3 798 470
17 October	420	420	415	270 218	1 133 149
18 October	420	420	415	455 362	1 912 274
21 October	430	434	419	475 042	2 004 440
22 October	430	440	425	834 412	3 571 084



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## STATEMENT OF CORPORATE PRACTICE AND CONDUCT

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This **Annexure 5** should be read in conjunction with paragraph 13 of the Circular.

### **PART A**

#### **GPI COMMITMENT**

GPI is committed to and endorses the application of the principles of transparency, integrity and accountability as recommended in the King III Code of Corporate Practices and Conduct ("**King Code**").

The King Code recognises that no "one size fits all" approach can be adopted in the application of its principles and that it may not be appropriate for entities to adopt all of its principles, in the context of its particular business and/or operational environment.

The Board is satisfied that the Company applies the King Code in all material respects with regard to the related JSE Listings Requirements, as dealt with under appropriate sections throughout this statement.

A full report is attached in Part B hereof which, to the best of the knowledge and belief of the Board, sets out the extent of GPI's current application of the principles of King III and explains the non-application of certain of its principles and/or where principles are not fully applied.

The key principles underpinning the corporate governance of the Company and systems of control that form an integral part of corporate governance are set out hereunder:

#### **BOARD OF DIRECTORS**

The Board is key to the Company's corporate governance system and is ultimately accountable and responsible for the key governance process and the performance and affairs of the Company. The Board monitors and ensures that the Company operates ethically and conforms to the highest standards of corporate governance. It also ensures that the internal controls, both operational and financial, are adequate and that through effective internal controls the financial accounts accurately and objectively reflect the Company's business.

##### **Board appointments**

Appointments to the Board are made by the Board, with the assistance of the remuneration and nomination committee. Appointments are made according to clear policy in terms of which recommendations are made by fellow Board members and by the remuneration and nomination committee, with the input of other significant stakeholders, on the basis of the needs of the Company and the set of skills/experience that such appointee can bring to the table. The Board takes cognisance of these factors before making any such appointment.

##### **Board composition**

The composition of the Board comprises of executive and sufficient non-executive Directors, with a majority being non-executive directors. Accordingly GPI has a fully functional unitary Board, comprising of executive and non-executive directors, which leads and controls the Company. Currently there are four executive directors and six non-executive directors, of whom four are considered to be independent.

The composition of the Board ensures that no individual has unfettered powers of decision and authority, and as a result there is a clear division of responsibilities at Board level to ensure a balance of power and authority.

The chairman of the Board is responsible, *inter alia*, for ensuring the integrity and effectiveness of the Board's governance processes. The Board is chaired by Hassen Adams, who, due to his executive role at a strategic level in the Company and due to his being a Shareholder does not meet the King III definition of independence. Norman Maharaj has accordingly been appointed as lead independent director.

The Board's governance and management functions are linked through the chief executive officer, Alan Keet, who is tasked with the running of the business and the implementation of the policies and strategies adopted by the Board.

## **Rotation of directors**

A staggered rotation of non-executive Directors ensures continuity of experience and knowledge. Executive Directors are excluded from rotation by virtue of their employment contracts, which contain provisions in keeping with best practice in the market.

## **Delegation of powers**

The Board has empowered the GPI executive committee to perform the required functions necessary for implementing the strategic direction set by the Board as well as for the effective day to day running of the Company, with due regard to fiduciary responsibility on the one hand and operational efficiency on the other, while simultaneously still retaining effective control of the Company.

There is a clear distinction between the responsibilities at Board level and that delegated to the GPI executive committee. This assists in ensuring that no single director has unfettered decision-making powers.

Where appropriate, the Board delegates certain specific powers, usually for the purpose of implementation, by way of written Board resolution.

## **BOARD COMMITTEES**

The Board is authorised to form committees to assist in the execution of its duties, powers and authorities.

### **AUDIT COMMITTEE**

The Audit Committee is primarily responsible for overseeing the Company's financial reporting process on behalf of the Board. The Audit Committee sets the principles for the annual appointment and evaluation of the external auditors, the audit plan and audit fees, as well as the use of external auditors for non-audit services. The Audit Committee on an annual basis considers and satisfies itself as to the appropriateness of the expertise and experience of the Financial Director of the Company. The Audit Committee comprises only of independent, non-executive directors, being Dr Norman Maharaj and Messrs Walter Geach and Colin Priem. The Audit Committee meets at least once a quarter, with two meetings being set aside to deal specifically with the company's financial results.

### **REMUNERATION AND NOMINATION COMMITTEE**

The Remuneration and Nomination Committee is responsible, *inter alia*, for assisting the Board in remunerating Directors and senior company executives within the Group, new appointments to the Board and reviewing the performance of the executive Directors. The Remuneration and Nomination committee is comprised of non-executive directors, being Messrs Anthony Bedford and Mogamat Samaai and Ms Nombeko Mlambo. The Remuneration and Nomination Committee is chaired by Mr Anthony Bedford and is required to meet at least twice a year. It is the intention of the Company to appoint Norman Victor Maharaj as the chairman of the Nominations Committee going forward.

### **INVESTMENT COMMITTEE**

The Investment Committee's mandate is, *inter alia*, to determine investment policies and guidelines for recommendation to and approval by the Board, to recommend investments to the Board for approval, ensure appropriate due diligence procedures are followed when acquiring or disposing of assets, evaluate the performance of assets/investments against the GPI Group's strategy, compliance with the investment policy and guidelines, and risk tolerance levels and to review and assess the adequacy of the investment charter and recommend any appropriate amendments to the Board. The members of the Investment Committee are Messrs Hassan Adams (who acts as chairman of the Investment Committee), Alexander Abercrombie, Alan Keet, Colin Priem, Sukena Petersen and Dylan Pienaar.

### **SOCIAL AND ETHICS COMMITTEE**

The Social and Ethics Committee's statutory duties involve monitoring the Company's activities in line with relevant legislation and/or prevailing codes of best practice to ensure good corporate citizenship through the promotion of certain required matters. The members of the Social and Ethics Committee are Messrs Hassan Adams, Dr Norman Maharaj, Alexander Abercrombie, Mogamat Samaai and Alan Keet.

## COMMUNICATIONS

The Company believes in clear, transparent, concise and timely dissemination of relevant information to all stakeholders. The Board strives to provide its stakeholders, government, regulatory bodies, industry analysts, prospective investors and the media with relevant and accurate information. In this connection, the regulatory requirements regarding the dissemination of information are strictly observed.

## PART B – APPLICATION OF PRINCIPLES IN KING III

### Preamble

GPI is committed to applying the practices prescribed by the King III report and has resolved as a business philosophy to adopt and pursue the same wherever reasonably practical and appropriate to its business. It therefore strives to meet those objectives in accordance with the content of the table below.

1 – Not applied/will not be applied.

2 – In process/partially applied.

3 – Full application.

	PRINCIPLE	STAGE OF MATURITY	COMMENTS
<b>1.</b>	<b>Ethical leadership and corporate citizenship</b>		
1.1	The board should provide effective leadership based on an ethical foundation	3	Applied – The values of the Company and the Board have an ethical grounding.
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	3	Applied – The Board is responsible for economic, social and environmental performance and reporting.
1.3	The board should ensure that the company's ethics are managed effectively	3	Applied – The Company's Code of Ethics and Conduct is being reviewed by the Social and Ethics Committee as a precursor to adoption by the Board and application across the Company.
<b>2.</b>	<b>Board of directors</b>		
2.1	The board should act as the focal point for and custodian of corporate governance	3	Applied – The Board operates in accordance with the provisions of the company's MOI and the Board Charter.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	3	Applied – The Board approves the company's strategy and ensures that management has considered the potential risks that could impact on the performance of the Company's business plans so that the strategy yields sustainable outcomes.
2.3	The board should provide effective leadership based on an ethical foundation	3	Applied – Refer to principle 1.1 above.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	3	Applied – Refer to principle 1.2 above.
2.5	The board should ensure that the company's ethics are managed effectively	3	Applied – Refer to principle 1.3 above.
2.6	The board should ensure that the company has an effective and independent audit committee	3	Applied – Refer to principle 3.1 below
2.7	The board should be responsible for the governance of risk	3	Applied – Refer to principle 4.1 below.

	<b>PRINCIPLE</b>	<b>STAGE OF MATURITY</b>	<b>COMMENTS</b>
2.8	The board should be responsible for information technology (IT) governance	2	Partially applied – Refer to principle 5.1 below.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	3	Applied – Refer to principle 6.1 below.
2.10	The board should ensure that there is an effective risk-based internal audit	3	Applied – Refer to principle 7.1 below.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	3	Applied – Refer to principle 8.1 below.
2.12	The board should ensure the integrity of the company's integrated report	3	Applied – Refer to principle 9.1 below.
2.13	The board should report on the effectiveness of the company's system of internal controls	3	Applied – Refer to principles 7.1-7.3 below.
2.14	The board and its directors should act in the best interests of the company	3	Applied – the Board and its Directors' exercise due care, diligence and skill and act in good faith. Personal interests are declared and no dealings in the company's securities take place during the mandatory closed periods or other periods determined by the board.
2.15	The board should consider business rescue proceedings or other turnaround mechanism as soon as the company is financially distressed as defined in the Companies Act, 71 of 2008, as amended	N/A	While the Board is cognisant of the requirements as well as its responsibility regarding business rescue proceedings, it has not had occasion to apply this principle. The board monitors the company's solvency and liquidity on an ongoing basis.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The chief executive officer of the company should not also fulfill the role of chairman of the board	2	Partially applied – The chairman of the Board is an executive director, however as a compensatory measure, a lead independent director has been appointed. The role of Chief Executive Officer is separate from that of the chairman.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	3	Applied – requirement met.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	3	Applied – Five of the nine Directors of the Board are non-executive directors and four out of the five are independent.
2.19	Directors should be appointed through a formal process		Applied – Director appointments are made by the Board which is assisted by the Remuneration and Nomination Committee acting in accordance with the committee's Charter.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	3	Applied – GPI's Directors are experienced and the chairman, with the assistance of the company secretary, ensures that they remain up to date.

	<b>PRINCIPLE</b>	<b>STAGE OF MATURITY</b>	<b>COMMENTS</b>
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	3	Applied – requirement met.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	3	Applied – requirement met.
2.23	The board should delegate certain functions to well-structured committees without abdicating its own responsibilities	3	Applied. While maintaining overall accountability for its functions, the Board has delegated (within an established framework) certain functions to the Audit and Risk Committee, Remuneration and Nomination Committee, Investment Committee and Social and Ethics Committee.
2.24	A governance framework should be agreed between the group and its subsidiary boards	3	Applied. The subsidiary boards operate within the same framework as the main board.
2.25	Companies should remunerate their directors and executives fairly and responsibly	3	Applied. The Remuneration and Nomination Committee reviews the remuneration of Directors and executives annually.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	3	Applied. Disclosure of the individual directors' and certain senior executives' remuneration is made in the company's Integrated Annual Report.
2.27	Shareholders should approve the company's remuneration policy	3	Applied. Special resolutions have been tabled and approved at the company's AGMs.
<b>3.</b>	<b>Audit Committees</b>		
3.1	The board should ensure that the company has an effective and independent audit committee	3	Applied – The Company's Audit Committee comprises independent non-executive directors who are elected at each AGM and the committee operates effectively.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	3	Applied – The members of the Audit Committee meet the requirements.
3.3	The audit committee should be chaired by an independent non-executive director	3	Applied – Requirements met.
3.4	The audit committee should oversee integrated reporting	3	Applied. The Audit and Risk Committee oversees the integrated report which is ultimately approved by the Board.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	3	Applied. The Audit and Risk Committee ensures that the activities of internal and external audit and that of management are co-ordinated.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	3	Applied. The Audit and Risk Committee reviews and evaluates the expertise, resources and experience of the Company's finance function on an annual basis.

	<b>PRINCIPLE</b>	<b>STAGE OF MATURITY</b>	<b>COMMENTS</b>
3.7	The audit committee should be responsible for overseeing the internal audit function	3	Applied. The Audit and Risk Committee approves the annual internal audit plan and any changes thereto; and monitors the internal auditor's reports on an ongoing basis.
3.8	The audit committee should be an integral component of the risk management process	3	Applied. The Company's Audit and Risk Committee perform various functions relative to risk management as provided for in the committee's Charter.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	3	Applied. The Audit and Risk Committee recommends the appointment of the external auditor at the Company's AGM each year and oversees the external audit process.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	3	Applied. The Audit and Risk Committee's report is included in the company's Integrated Annual Report.
<b>4.</b>	<b>The governance of risk</b>		
4.1	The board should be responsible for the governance of risk	3	Applied. The Board assumes overall responsibility for the governance of risk as incorporated in the Company's Risk Management Framework
4.2	The board should determine the levels of risk tolerance	3	Applied. Risks are reviewed and prioritised regularly by management and the boards of the subsidiary companies, and the tolerance levels are reviewed, at least annually, by the Board.
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	3	Applied. Management has designed and implemented a risk management framework and monitors its application across the Group.
4.5	The board should ensure that risk assessments are performed on a continual basis	3	Applied. The Company's risk framework makes provision for continual risk assessment to be performed at enterprise level.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	3	Applied. The Company's risk framework is intended to facilitate the early anticipation of unpredictable risks.
4.7	The board should ensure that management considers and implements appropriate risk responses	3	Applied. Management is required to consider and apply risk responses on an ongoing basis and the appropriateness of the responses is tested from time to time by the internal auditor.
4.8	The board should ensure continual risk monitoring by management	3	Applied. Management of each subsidiary is responsible for the continual monitoring of risk and for reporting to the relevant company board and/or the audit and risk committee.

	<b>PRINCIPLE</b>	<b>STAGE OF MATURITY</b>	<b>COMMENTS</b>
4.9	The board should receive assurance regarding the effectiveness of the risk management process	3	Applied. The Audit and Risk Committee considers the effectiveness of the risk management process and provides feedback to the Board.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to shareholders	3	Applied. Shareholders are apprised of risk through the disclosures in the annual financial statements and the Integrated Annual Report.
<b>5.</b>	<b>The governance of information technology</b>		
5.1	The board should be responsible for information technology (IT) governance	2	Partially applied. The Board assumes responsibility for the governance of IT and internal audit reviews the effectiveness of IT internal controls. The Board has tasked management to develop an IT charter and policies and to design an IT internal control framework for the Board's approval.
5.2	IT should be aligned with the performance and sustainability objectives of the company	3	Applied. IT strategy is aligned with the Company's sustainability objectives and is integrated with the business processes.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	2	Partially applied. While responsibility for the implementation of an IT governance framework has been delegated to management, an IT internal control framework is in the process of being designed (refer to principle 5.1) by management. Once approved by the Board, the IT governance framework will be implemented by management at which point the requirements of this principle 5.3 will be deemed to have been fully applied.
5.4	The board should monitor and evaluate significant IT investments and expenditure	3	Applied. To the extent that there have been any significant IT investments and expenditure
5.5	IT should form an integral part of the company's risk management	2	Partially applied. IT forms part of the Company's risk management however, a disaster recovery plan is being developed to accommodate the Company's new operating environment (in its new premises) as well as the new businesses that have been rolled out during the past eight months (for example, Burger King).
5.6	The board should ensure that information assets are managed effectively	2	Partially applied. Although information assets are managed effectively, management is developing a new Information Security Management System for approval by the Board after which management will be delegated responsibility for its implementation.

	<b>PRINCIPLE</b>	<b>STAGE OF MATURITY</b>	<b>COMMENTS</b>
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	3	Applied. The Audit and Risk Committee assists the Board with its responsibilities in this regard.
<b>6.</b>	<b>Compliance with laws, rules, codes and standards</b>		
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	3	Applied. The Board is committed to compliance with applicable laws and ensures adherence therewith across the Group.
6.2	The board and each individual director should have a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business	3	Applied. Directors are expected to have a working knowledge of the laws, rules, codes and standards applicable to Company's business and the directors of subsidiary boards are likewise expected to have such knowledge. Where changes occur, steps are taken to apprise Directors accordingly.
6.3	Compliance risk should form an integral part of the company's risk management process	3	Applied. The Company operates in a highly regulated environment as both a listed Company and one licensed in the gambling industry. Compliance risk and management thereof is accordingly integrated transversally across the Group.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	3	Applied. Compliance risk forms part of the risk management framework and oversight thereof is performed by the Audit and Risk Committee.
<b>7.</b>	<b>Internal audit</b>		
7.1	The board should ensure that there is an effective risk-based internal audit	3	Applied. The Company has an effective risk-based internal audit function.
7.2	Internal audit should have a risk-based approach to its plan	3	Applied. Internal audit follows a risk-based approach.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	3	Applied. The internal auditor provides the Audit and Risk Committee with a written assessment of the effectiveness of the company's system of internal control and risk management.
7.4	The audit committee should be responsible for overseeing internal audit	3	Applied. The Audit and Risk Committee is responsible for approving the internal audit plan and is responsible for the performance of the internal audit function.
7.5	Internal audit should be strategically positioned to achieve its objectives	3	Applied. The internal audit function is independent and objective and reports functionally to the Audit and Risk Committee.



	<b>PRINCIPLE</b>	<b>STAGE OF MATURITY</b>	<b>COMMENTS</b>
<b>8.</b>	<b>Governing stakeholder relationships</b>		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	3	Applied. Stakeholder engagement is important to the Company and the board regularly considers the impact that stakeholder perceptions have on the company's reputation.
8.2	The board should delegate to management to proactively deal with stakeholder relationships		Applied. Management engages with stakeholder groups.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	3	Applied. The Board considers the effect of its decisions on the legitimate interests and expectations of its stakeholders in the best interests of the Company.
8.4	Companies should ensure the equitable treatment of shareholders	3	Applied. All shareholders are treated equitably in accordance with the rights and terms applicable to the shares held in the Company.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	3	Applied. The Company communicates with all stakeholders in a number of ways which are described more fully in the integrated annual report.
8.6	The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	3	Applied in that the Board would take steps to ensure that disputes are resolved effectively, efficiently and expeditiously whenever they arise.
<b>9.</b>	<b>Integrated reporting and disclosure</b>		
9.1	The board should ensure the integrity of the company' integrated report	3	Applied. The Board has delegated to the Audit and Risk Committee the function of evaluating the sustainability disclosures in the Company's integrated report and is ultimately responsible for ensuring the integrity of the report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	3	Applied. Sustainability reporting and disclosure form an integral part of the integrated report.
9.3	Sustainability reporting and disclosure should be independently assured	2	Partially applied. The Audit and Risk Committee provides the board with assurance that the information in the integrated report is reliable and supports the financial aspects of the report and will consider obtaining external assurance for this purpose.

## DETAILS OF DIRECTORS OF THE SUBSIDIARIES IN THE GPI GROUP

The full names, ages, business address and capacities of the directors of the major Subsidiaries of GPI are outlined below:

### GPI Management Services (Proprietary) Limited

Full name	Age	Capacity	Business address
Hassen Adams	61	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Alexander Abercrombie	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Sukena Petersen	33	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

### Grand Casino Investments (Proprietary) Limited

Full name	Age	Capacity	Business address
Hassen Adams	61	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Antony Bedford	58	Non-Executive Director	10 Elizabeth Lane, Constantia, Cape Town
Nombeko Mlambo	67	Non-Executive Director	3 Derna Road, Kenwyn, Cape Town

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

### GPI Slots (Proprietary) Limited

Full name	Age	Capacity	Business address
Hassen Adams	61	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Alexander Abercrombie	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Sukena Petersen	33	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Felix Mthembu	42	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Duncan Pollock	41	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Nombeko Mlambo	67	Non-Executive Director	3 Derna Road, Kenwyn, Cape Town

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

**Grand Gaming Western Cape (Proprietary) Limited**  
**Grand Gaming KwaZulu-Natal (Proprietary) Limited**  
**Grand Gaming Gauteng (Proprietary) Limited**

<b>Full name</b>	<b>Age</b>	<b>Capacity</b>	<b>Business address</b>
Hassen Adams	61	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Alexander Abercrombie	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Sukena Petersen	33	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Nombeko Mlambo	67	Non-Executive Director	3 Derna Road, Kenwyn, Cape Town

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

**Grand Capital Investment Holding (Proprietary) Limited**  
**GPI House Properties (Proprietary) Limited**

<b>Full name</b>	<b>Age</b>	<b>Capacity</b>	<b>Business address</b>
Hassen Adams	61	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

**Utish Investments (Proprietary) Limited**

<b>Full name</b>	<b>Age</b>	<b>Capacity</b>	<b>Business address</b>
Hassen Adams	61	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Alexander Abercrombie	62	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Norman Maharaj	62	Non-Executive Director	B34 Platinum Junction, School Street, Milnerton
Antony Bedford	58	Non-Executive Director	10 Elizabeth Lane, Constantia, Cape Town
Nombeko Mlambo	67	Non-Executive Director	3 Derna Road, Kenwyn, Cape Town

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

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**Burger King South Africa (Proprietary) Limited**

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<b>Full name</b>	<b>Age</b>	<b>Capacity</b>	<b>Business address</b>
Hassen Adams	61	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Jaye Sinclair	42	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Jose Cil	44	Non-Executive Director	Zahlerweg 10, Zug, Switzerland, 6300
Bruno Lino da Silva	35	Non-Executive Director	Avenida de Europa no. 26, Atica VII, Edificio 7, 28224 Pozuelo de Alarcón, Madrid, Spain

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1. All other Directors are South African citizens.
  2. Jose Cil and Bruno Lino da Silva are foreigners
  3. None of the Directors are partners with unlimited liability.
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**BK 33 on Heerengracht (Proprietary) Limited****BK Marketing Fund (Proprietary) Limited****BK Centre (Proprietary) Limited**

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<b>Full name</b>	<b>Age</b>	<b>Capacity</b>	<b>Business address</b>
Alan Edward Keet	45	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001
Jaye Sinclair	42	Executive Director	10th Floor, 33 Heerengracht Street, Foreshore Cape Town, 8001

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1. All Directors are South African citizens.
  2. None of the Directors are partners with unlimited liability.
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GRAND PARADE  
INVESTMENTS LIMITED

# Grand Parade Investments Limited

Incorporated in the Republic of South Africa  
(Registration number: 1997/003548/06)  
Share code: GPL ISIN: ZAE000119814  
("GPI" or "the Company")

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## NOTICE OF GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that a General Meeting of the Company's Shareholders will be held at 19:00 on Wednesday, 11 December 2013, at the Market Hall, GrandWest Casino, Goodwood, Western Cape.

### Purpose

The purpose of the General Meeting is to consider and, if deemed fit, to approve, with or without modification, the Resolutions set out in this Notice of General Meeting.

### Note:

- *The definitions and interpretation commencing on page 5 of the Circular to which this Notice of General Meeting is attached, apply mutatis mutandis to this Notice and to the Resolutions set out below.*
- *For a special resolution to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution. For an ordinary resolution to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution save that for Ordinary Resolution Number 1 to be approved, such Ordinary resolution must, in terms of the JSE Listings Requirements be supported by at least 75% of the voting rights exercised on such resolution.*
- *The date on which Shareholders must have been recorded as such in the Register for purposes of being entitled to receive this notice is Friday, 8 November 2013.*

### ORDINARY RESOLUTION NUMBER 1 – AUTHORITY TO ISSUE THE BEE SPECIFIC ISSUE SHARES IN TERMS OF THE BEE SPECIFIC ISSUE

**"RESOLVED AS AN ORDINARY RESOLUTION** that subject to the approval of Special Resolution Number 1 below, the issuing of the BEE Specific Issue Shares in terms of the BEE Specific Issue, as more fully set out in the Circular, be and is hereby approved in terms of paragraph 5.51(g) of the JSE Listings Requirements and the Company's MOI."

### Reason and effect

The reason for Ordinary Resolution Number 1 is that the issuing of the BEE Specific Issue Shares in terms of the BEE Specific Issue requires the approval of Shareholders in terms of paragraph 5.51(g) of the JSE Listings Requirements and the Company's MOI.

The effect of Ordinary Resolution Number 1 is to grant the requisite approval in terms of paragraph 5.51(g) of the JSE Listings Requirements and the Company's MOI.

**Note:** *In terms of paragraph 5.51(g) of the JSE Listings Requirements, ordinary resolution number 1 requires the approval of a 75% majority of the votes cast in favour of such resolution by all Shareholders present or represented by proxy at the General Meeting, on which the BEE Party and its associates have not voted on or whose votes have not been counted.*

### **SPECIAL RESOLUTION NUMBER 1 – AUTHORITY TO PROVIDE THE BEE FUNDING IN TERMS OF SECTIONS 44(3)(a)(ii) AND 45(3)(a)(ii) OF THE COMPANIES ACT**

“**RESOLVED AS A SPECIAL RESOLUTION** that, subject to the approval of Ordinary Resolution Number 1, the financial assistance given by the Company to the BEE SPV and the BEE Party by way of providing the BEE Funding be and is hereby authorised in terms of sections 44(3)(a)(ii) and 45(3)(a)(ii) of the Companies Act (Act 71 of 2008), as amended (“the Companies Act”).”

#### **Reason and effect**

The reason for Special Resolution Number 1 is that section 44 (3)(a)(ii) requires that a company obtain the authorisation of its shareholders prior to providing any party with direct or indirect financial assistance for the acquisition or subscription of its shares and section 45(3)(a)(ii) of the Companies Act requires that a company obtain the authorisation of its shareholders prior to providing any direct or indirect financial assistance to any related company or person that is related to the company.

The effect of Special Resolution Number 1 is to grant the requisite approval in terms of sections 44(3)(a)(ii) and 45(3)(a)(ii) of the Companies Act for the Company to provide the BEE SPV and the BEE Party with financial assistance by way of the BEE Funding, which the BEE SPV will in turn provide to the BEE Party by way of a capital contribution, and which the BEE Party will in turn use to settle i) the subscription price payable by the BEE Party to the Company for the BEE Specific Issue Shares; ii) the acquisition price payable by the BEE Party to any third party for the GPI Shares to be acquired in the open market under the BEE Share Acquisition.

### **SPECIAL RESOLUTION NUMBER 2 – AMENDMENT OF THE MOI**

“**RESOLVED AS A SPECIAL RESOLUTION** that the following amendment to the Company’s MOI be and is hereby adopted in terms of sections 16(1)(c) of the Companies Act:

Clause 6.7.2 of the Company’s MOI is amended by the insertion of the words “and save further where the Shares are issued for the acquisition of assets by the Company or its subsidiaries” after the words “save as contemplated in clause 15.1” where they appear.”

#### **Reason and effect**

The reason for Special Resolution Number 2 is to align the MOI with the provisions of the JSE Listings Requirements and the Companies Act, in relation to the issue of shares for the acquisition of assets by the Company or its subsidiaries.

The effect of Special Resolution Number 2 if passed by the requisite majority of Shareholders will be that the amendment to the MOI will be adopted.

### **ORDINARY RESOLUTION NUMBER 2 – AUTHORITY TO MAKE THE HOT SLOTS ACQUISITION ISSUE**

“**RESOLVED AS AN ORDINARY RESOLUTION** that the Hot Slots Acquisition Issue be and is hereby authorised by GPI Shareholders in accordance with the provisions of the MOI of the Company.”

#### **Reason and effect**

The reason for Ordinary Resolution Number 2 is that the MOI of the Company requires the approval of GPI Shareholders in respect of the Hot Slots Acquisition Issue.

The effect of Ordinary Resolution Number 2 if passed by the requisite majority of Shareholders will be that the Company will be authorised to proceed with the Hot Slots Acquisition Issue to the Hot Slots Vendors.

### **ORDINARY RESOLUTION NUMBER 3 – AUTHORITY OF DIRECTORS AND COMPANY SECRETARY**

“**RESOLVED AS AN ORDINARY RESOLUTION** that any Director of the Company and/or the company secretary be and is hereby authorised to do all such things and sign all such documentation as are necessary to give effect to the Resolutions set out in this Notice of General Meeting, hereby ratifying and confirming all such things already done and documentation already signed.”

#### **Reason and effect**

The reason for Ordinary Resolution Number 3 is for Shareholders to authorise the parties referred to in Ordinary Resolution Number 3 to do all things and sign all documentation as is required to give effect to and implement the approvals granted by the Shareholders at the General Meeting.

The effect of Ordinary Resolution Number 3 if passed by the requisite majority of Shareholders will be that the aforementioned parties will be granted the aforementioned authority to act on behalf of Shareholders and, to the extent that they may have already acted on behalf of Shareholders in any manner as contemplated by Ordinary Resolution Number 3, any such actions will be ratified.

## **VOTING AND PROXIES**

The date on which Shareholders must be recorded in the Register for purposes of being entitled to receive this Notice of General Meeting is Friday, 1 November 2013.

The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting, is Friday, 6 December 2013. The last day to trade in order to be entitled to attend and vote at the General Meeting, is Friday, 29 November 2013.

**Section 63(1) of the Companies Act requires that meeting participants provide satisfactory identification. Accordingly, meeting participants may be required to provide proof of identification to the reasonable satisfaction of the chairman of the General Meeting and must, accordingly, bring a copy of their identity document, passport or drivers' licence to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.**

A Shareholder entitled to attend, speak and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a Shareholder of the Company. For the convenience of Certificated Shareholders and Dematerialised Shareholders with "own-name" registration, a form of proxy (*yellow*) is attached hereto. Completion of a form of proxy will not preclude such Shareholder from attending and voting (in preference to that Shareholder's proxy) at the General Meeting.

Duly completed forms of proxy (*yellow*) and the authority (if any) under which it is signed must reach the Transfer Secretaries of the Company at the address given below by not later than 19:00 on Monday, 9 December 2013.

Dematerialised Shareholders without "own-name" registration who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in terms of their Custody Agreement with their CSDP or Broker. Dematerialised Shareholders without "own-name" registration who do not wish to attend but wish to be represented at the General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised Shareholders without "own-name" registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

## **SIGNED AT CAPE TOWN ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY ON 1 NOVEMBER 2013**

By order of the Board

**H ADAMS**  
CHAIRMAN

### **Registered office**

33 Heerengracht Street  
Foreshore  
Cape Town, 8001  
(PO Box 6563, Cape Town, 8012)

### **Transfer Secretaries**

Computershare Investor Services (Proprietary) Limited  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)







**GRAND PARADE**  
INVESTMENTS LIMITED

# Grand Parade Investments Limited

Incorporated in the Republic of South Africa  
(Registration number: 1997/003548/06)  
Share code: GPL ISIN: ZAE000119814  
("GPI" or "the Company")

## FORM OF PROXY – ONLY FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH “OWN-NAME” REGISTRATION

For use by Shareholders at the General Meeting of the Company, to be held at 19:00 on Wednesday, 11 December 2013, at the Market Hall, GrandWest Casino, Goodwood, Western Cape, or any adjourned or postponed meeting.

The definitions and interpretations commencing on page 5 of the Circular to which this form of proxy is attached apply *mutatis mutandis* to this form of proxy.

If you are a Dematerialised Shareholder without “own-name” registration you must not complete this form of proxy but must instruct your CSDP or Broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or Broker.

I/We (Please PRINT names in full)

of (address)

being the holder(s) of  Certificated Shares or Dematerialised Shares with “own-name” registration

do hereby appoint (see notes 1 and 2):

1. \_\_\_\_\_ or failing him/her,
2. \_\_\_\_\_ or failing him/her,
3. the chairman of the General Meeting

as my/our proxy to attend, speak and vote for me/us at the General Meeting (or any adjournment thereof) for purposes of considering and, if deemed fit, passing, with or without modification, the Resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the Resolutions and/or abstain from voting in respect of the Shares registered in my/our name(s), in accordance with the following instruction (see notes):

	For*	Against*	Abstain*
<b>Ordinary Resolution Number 1</b> Authority to issue the BEE Specific Issue Shares in terms of the BEE Specific Issue			
<b>Special Resolution Number 1</b> Authority to provide the BEE Funding in terms of sections 44 (3)(a)(ii) and 45(3)(a)(ii) of the Companies Act			
<b>Special Resolution Number 2</b> Amendment of the MOI			
<b>Ordinary Resolution Number 2</b> Authority to make the Hot Slots Acquisition Issue			
<b>Ordinary Resolution Number 3</b> Authority of Directors and/or Company Secretary			

\* One vote per Share held by Shareholders. Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided.

Signed at: \_\_\_\_\_ on \_\_\_\_\_ 2013

Signature: \_\_\_\_\_

Capacity of signatory (where applicable): \_\_\_\_\_

**Note:** Authority of signatory to be attached – see notes 8 and 9. \_\_\_\_\_

Telephone number: \_\_\_\_\_

Cellphone number: \_\_\_\_\_

Assisted by me (where applicable): \_\_\_\_\_

Full name: \_\_\_\_\_

Capacity: \_\_\_\_\_

Signature: \_\_\_\_\_

## **SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT**

### **In terms of section 58 of the Companies Act:**

- A Shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a Shareholders' meeting on behalf of such Shareholder.
- A Shareholder 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 the Shareholder.
- 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 such proxy.
- Irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant Shareholder chooses to act directly and in person in the exercise of any of such Shareholder's rights as a Shareholder.
- Any appointment by a Shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise.
- If an appointment of a proxy is revocable, a Shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company.
- A proxy appointed by a Shareholder is entitled to exercise, or abstain from exercising, any voting right of such Shareholder without direction, except to the extent that the relevant company's MOI, or the instrument appointing the proxy, provides otherwise.
- If the instrument appointing a proxy or proxies has been delivered by a Shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's MOI to be delivered to a Shareholder must be delivered by such company to:
  - the relevant Shareholder; or
  - the proxy or proxies, if the relevant Shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.

### **Notes:**

1. Each Shareholder is entitled to appoint 1 (one) (or more) proxies (none of whom need be a Shareholder of the Company) to attend, speak and vote in place of that Shareholder at the General Meeting.
2. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided with or without deleting "the Chairman of the General Meeting" but the Shareholder must initial any such deletion. The person whose name stands 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.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairman of the General Meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions, or any other proxy to vote or abstain from voting at the General Meeting as he/she deems fit, in respect of all the Shareholder's votes exercisable at the meeting.
4. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries, Computershare Investor Services (Proprietary) Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107, to be received by them by no later than 48 hours before the commencement of the General Meeting (or any

adjournment of the General Meeting), excluding Saturdays, Sundays and official public holidays.

5. 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.
6. The chairman of the General Meeting may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the MOI of the Company.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the Company or the Transfer Secretaries.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has been registered by the Company or the Transfer Secretaries or waived by the chairman of the General Meeting.
10. Where Shares are held jointly, all joint holders are required to sign this form of proxy.
11. A minor Shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company or the Transfer Secretaries.
12. Dematerialised Shareholders who do not own Shares in "own-name" dematerialised form and who wish to attend the General Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the General Meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the Shareholder and his/her CSDP or Broker.
13. This form of proxy shall be valid at any resumption of an adjourned meeting to which it relates although this form of proxy shall not be used at the resumption of an adjourned meeting if it could not have been used at the General Meeting from which it was adjourned for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This form of proxy shall in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Transfer Secretaries before the commencement of the meeting or adjourned meeting at which the proxy is used.
15. Any proxy appointed pursuant to this form of proxy may not delegate her or his authority to act on behalf of the relevant Shareholder.
16. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.