TSOGO SUN

Notice of annual general meeting 2018

Contents

Summarised consolidated financial statements

1 BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 31 March 2018 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa applicable to summarised consolidated financial statements. The Listings Requirements require summarised consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. Chief Financial Officer, RB Huddy CA(SA), supervised the preparation of the summarised consolidated financial statements. The accounting policies applied in the preparation of the audited consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements as at 31 March 2017. The summarised consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2018 which were approved by the board on 20 July 2018 and are available online or can be requested from the Company Secretary. The summarised consolidated annual financial statements are extracted from audited information, but are not themselves audited. The unmodified audit report of PricewaterhouseCoopers Inc., the independent auditors, on the consolidated annual financial statements for the year ended 31 March 2018, dated 20 July 2018, is available for inspection at the registered office of the company and is included in the audited annual financial statements available online.

2 CHANGE IN ACCOUNTING POLICIES AND INTERPRETATIONS

The group has adopted all the new, revised or amended accounting standards as issued by the IASB which were effective for the group from 1 April 2017, none of which had a material impact on the group.

IFRS 2 (Amendment) *Share-based Payment*

Classification and measurement of share-based payment transactions: A collection of three distinct narrow-scope amendments dealing with classification and measurement of share-based payments.

These amendments address:

- the effects of vesting conditions on the measurement of cash-settled share-based payments;
- the accounting requirements for a modification to the terms and conditions of share-based payments that changes the classification of the transactions from cash-settled to equity-settled; and
- classification of share-based payment transactions with net settlement features.

The group has reviewed its share-based payment schemes and has confirmed that these amendments will not have a significant impact on the group's financial results.

The effective date of the amendment is for years beginning on or after 1 January 2018 and the group will apply the IFRS 2 amendment from the annual period beginning 1 April 2018.

IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The group has reviewed its financial assets and financial liabilities and is expecting the following impact from the adoption of the new standard on 1 April 2018:

Classification and measurement

The majority of financial assets held by the group include:

- debt instruments – trade and other receivables – currently classified as loans and receivables and are measured at amortised cost. Trade and other receivables continue to qualify for measurement at amortised cost under IFRS 9 because they are held to collect contractual cash flows comprising principal and interest, therefore there is no change to the accounting for these assets; and
- an investment in unlisted equity instruments – these are currently classified as available-for-sale financial assets for which the fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL') election are available. The group has elected to measure equity instruments at FVOCI.

Accordingly, the group does not expect the new guidance to affect the classification and measurement of these financial assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVPL and the group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed.

2 CHANGE IN ACCOUNTING POLICIES AND INTERPRETATIONS continued

IFRS 9 *Financial Instruments* continued

Hedge accounting

The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. The group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9.

Impairment

Trade and other receivables is the most significant financial asset in the group that will be impacted. The provision matrix is used to calculate expected credit losses. The impact of forward looking information is immaterial on trade receivables and as such no significant impact was noted on adoption.

Disclosure

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption

The impact of applying IFRS 9 will be adjusted against opening retained earnings on 1 April 2018 and comparatives will not be restated.

IFRS 15 *Revenue from Contracts with Customers*

As the group recognises significantly all of its revenue at a point in time, there will be no significant impact on the group's revenue recognition by the adoption of the new standard, IFRS 15 *Revenue from Contracts with Customers*. The impact on the group's customer loyalty programmes will also not be significant. IFRS 15 must be applied for financial years commencing on or after 1 January 2018. The group will apply the new standard from 1 April 2018.

IFRS 16 *Leases*

The group is in the process of assessing the possible impact of the application of IFRS 16 *Leases* which has been issued but is not effective at year end.

The Sandton Convention Centre and some hotel property leases (accounted for as operating leases), where the group is the lessee, will be mostly impacted. IFRS 16 must be applied for financial years commencing on or after 1 January 2019. The group will apply the new standard from 1 April 2019.

IAS 40 (Amendment) *Investment Property*

The amendments clarify that transfers to or from investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets or ceases to meet the definition of investment property. A change in intention alone is not sufficient to support a transfer.

The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples to help illustrate the principle. The board provided two options for transition:

- Prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition; or
- Retrospectively, only permitted without the use of hindsight.

Additional disclosures are required if an entity adopts the requirements prospectively.

The effective date of the amendment is for years beginning on or after 1 January 2018 and the group will apply the IAS 40 amendment from the annual period beginning 1 April 2018.

3 FAIR VALUE ESTIMATION

As shown below, the group fair values its investment properties, interest rate swaps and its available-for-sale investments. There were no transfers into or out of level 3 financial instruments.

3.1 Interest rate swaps

The fair value of the group's derivatives used for hedge accounting is a net liability of R135 million (31 March 2017: R51 million) and is calculated as the present value of the estimated future cash flows based on observable yield curves, which is consistent with the prior year.

The group has interest rate swaps that are effective with a fair value net liability of R133 million (2017: R50 million), as well as interest rate swaps from HPF that are not effective with a net liability of R2 million (2017: R1 million) being level 2 fair value measurements.

3.2 Investment properties

The movement of investment properties for the year is as follows:

	2018 Rm	2017 Rm
Opening net carrying amount	**4 969**	108
Acquisition and development of investment properties	**471**	92
Disposals	**–**	(106)
Acquisition of subsidiary (note 5)	**6**	4 185
Transfers	**–**	(67)
Fair value adjustments recognised in profit or loss	**(191)**	757
Closing net carrying amount	**5 255**	4 969

The group's investment properties have been categorised as level 3 values based on the inputs to the valuation technique used. The group has elected to measure investment properties at fair value. The fair value is determined by using the discounted cash flow method by discounting the rental income (based on expected net cash flows of the underlying hotels) after considering the capital expenditure requirements. The expected cash flows are discounted using an appropriate discount rate. The core discount rate is calculated using the R186 (long bond) at the time of valuation, to which is added premiums for market risk and equity and debt costs. The discount rate takes into account a risk premium associated with the local economy as well as that specific to the local property market and the hotel industry. At 31 March 2018, the group's investment properties were independently valued by professionally qualified valuers having recent experience in the locations and categories of the group's investment property being valued.

As at 31 March 2018 the significant unobservable inputs were as follows:

- a weighted average rental growth rate of 5.0% (2017: 5.5%);
- a terminal capitalisation rate of 7.23% – 8.07% (2017: 7.26%); and
- a risk-adjusted discount rate of 12.23% – 13.07% (2017: 12.76%).

The table below indicates the sensitivities of the aggregate investment property portfolio by increasing or decreasing value inputs as follows:

	2018		2017	
	Increase Rm	Decrease Rm	Increase Rm	Decrease Rm
5% change in the net cash flows	**282**	**(283)**	241	(241)
25bps change in the terminal capitalisation rate	**(121)**	**128**	(116)	118
50bps change in the discount rate	**(373)**	**326**	(203)	189

3 FAIR VALUE ESTIMATION continued

3.3 Available-for-sale investment

During the prior year, aligned with the group's desire to increase its exposure in the Western Cape province, the group entered into a transaction with Sun International Limited ('SI') and Grand Parade Investments Limited ('GPI') for the acquisition of a 20% equity interest in each of SunWest and Worcester. The group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The group also has no access to any information regarding the companies except for that to which it has statutory rights as a shareholder. This investment is classified as a level 3 fair value measurement and has been accounted for as an available-for-sale financial asset.

At the end of each reporting period the investment is remeasured and the increase or decrease recognised in other comprehensive income. The asset has been remeasured to R1 275 million at 31 March 2018. A discounted cash flow valuation was used to estimate the fair value. The valuation model considers the present value of net cash flows to be generated from SunWest and Worcester, together with its operating capital expenditure taking into account expected growth in gaming win and other revenue generated from non-gaming related activities. The expected net cash flows are discounted using a risk-adjusted discount rate. Among other factors, the discount rate estimation considers risks associated with the gaming and hospitality industry in which SunWest and Worcester operates.

As at 31 March 2018 the significant unobservable inputs were as follows:

- expected gaming win growth between 4.3% and 6.3% (2017: 4.3% and 7.0%);
- operating expenditure cost growth between 5.1% and 5.6% (2017: 5.5% and 6.5%);
- risk-adjusted discount rate of 11.3% (2017: 12.3%); and
- long-term growth rate of 5.6% (2017: 5.6%).

The table below indicates the sensitivities for the valuation by increasing or decreasing the above inputs by 1%:

	2018		2017	
	Increase Rm	Decrease Rm	Increase Rm	Decrease Rm
Expected gaming win growth	**281**	**(260)**	265	(245)
Operating expenditure cost growth	**(239)**	**221**	(203)	188
Risk-adjusted discount rate	**(208)**	**298**	(185)	251
Long-term growth rate	**178**	**(125)**	143	(106)
Total	**12**	**134**	20	88

SI put option

In terms of the acquisition agreement of the SunWest and Worcester interests, in the event that any party acquires 35% or more of the issued ordinary shares of SI triggering a change in control of the SI group, the group may elect to put its equity interests in SunWest and Worcester to SI. SI can elect to settle the put option either by the issue of new ordinary shares in SI and/or for a cash consideration, based on the aggregate value of the group's interest in SunWest and Worcester. At the end of each reporting period the derivative is remeasured and the increase or decrease recognised in the income statement. The derivative is calculated in accordance with the terms of the put option agreement, effectively a 7.5 times Ebitda multiple valuation of the SunWest and Worcester assets, less net debt, times the 20% shareholding the group holds. No derivative has been recognised as the fair value of the option is Rnil at 31 March 2018 (Rnil at 31 March 2017).

4 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The following transactions with non-controlling interests ('NCI') were concluded during the year under review:

4.1 Acquisition of 29 hotel properties by HPF from Tsogo Sun

HPF acquired two Tsogo Sun subsidiaries which in aggregate hold a portfolio of 29 hotel properties for an aggregate purchase consideration of R3.6 billion settled R1.03 billion in cash (by way of a renounceable rights offer to Hospitality shareholders) and R2.6 billion in shares. This transaction received shareholder approval at the HPF general meeting held on 10 July 2017. The impact of this transaction is a transaction with the NCI of HPF whereby NCI in HPF have been acquired and as a result the group's effective holding increased from 50.6% to 67.8% with effect from 10 July 2017. The overall value of the NCI acquired after also taking into account the effect of the rights issue below was R436 million and the consideration in hotel assets to HPF's NCI was R1.066 billion. The acquisition of the 29 hotel properties by HPF resulted in the deferred tax liability in Merway and Cullinan of R307 million being derecognised due to HPF's REIT tax status.

4.2 HPF rights issue

HPF shareholders were offered a total of 71 428 571 HPF shares ('rights offer shares') at an issue price of R14.00 per rights offer share in the ratio of 21.76820 rights offer shares for every 100 HPF shares held on the record date of the rights offer. As a result of 99.2% of the rights offer shares being subscribed for by third parties, the group's effective holding decreased from 67.8% (refer note above) to 59.4% in HPF with effect from 4 August 2017. The overall effect of this transaction with NCI is mentioned above.

The resulting transactions with NCI are as follows:

	Rm
Hotel assets sold to HPF	**2 626**
NCI share in hotel assets sold to HPF (40.6%)	**1 066**
Total consideration received from HPF	**(1 466)**
NCI acquired by Tsogo Sun through share issue from HPF to Tsogo Sun	**(436)**
Cash received from HPF	**(1 030)**
Gain in transacting with NCI in other reserves	**(400)**

4.3 Sandton Eye and Real Right of Extension

With effect 31 August 2017, HPF issued the last tranche of 2 150 856 shares to Savana Property Proprietary Limited ('Savana') as part settlement in terms of an agreement concluded with Savana to acquire various sections and exclusive use areas of the Sandton Eye sectional title scheme and an agreement with Sandton Isle Investments Proprietary Limited to acquire an existing real right of extension in the scheme for an aggregate purchase consideration of R302 million of which R271 million was settled in cash and 2 150 856 HPF shares were issued (Sandton Eye is part of Radisson Gautrain). As a result of this issue, the group's effective holding was diluted from 59.4% (refer note above) to 59.2%. The value acquired by non-controlling interests was R15 million.

5 COMMON CONTROL ACQUISITION

Acquisition of certain gaming businesses from Niveus Investments Limited ('Niveus')

Shareholders are referred to the various SENS announcements released by Tsogo Sun during the prior year together with the final SENS issued on 2 January 2018, in respect of, *inter alia*, the group's acquisition of the shares in Niveus Invest 19 Limited ('Gameco') the holding company of certain gaming businesses in the Niveus group. All conditions precedent to the transaction were fulfilled and/or waived and the transaction's effective date was 20 November 2017. In total, 50.8% of the shares were acquired from HCI with effect from 20 November 2017 and an offer to purchase the remaining 49.2% NCI was made on 15 November 2017. In consideration for their Gameco shares the NCI received one ordinary Tsogo Sun share ('consideration share') for every 2.875 Gameco shares or at their election, 20% in consideration shares (in the ratio of one consideration share for every 2.875 Gameco shares) and 80% of R9.796 per Gameco share in cash ('cash-based alternative').

The transaction is deemed to be a transaction under common control and consequently falls outside the scope of IFRS 3 *Business Combinations*. Tsogo Sun's accounting policy is to apply predecessor accounting to common control transactions. Common control accounting is applied as the purchase is from HCI, the company's controlling shareholder and under the predecessor accounting method, assets and liabilities acquired, including goodwill acquired, are recognised at the predecessor values with the difference between the acquisition value and the aggregate purchase consideration recognised as a separate reserve in equity.

5 COMMON CONTROL ACQUISITION continued

Acquisition of certain gaming businesses from Niveus Investments Limited ('Niveus') continued

The acquisition of Gameco is in keeping with the group's strategy of expanding its gaming operations. The identifiable assets less liabilities assumed at acquisition date is less than the value of the consideration paid at the date of acquisition, and therefore the group recognised a common control reserve in the statement of changes in equity of R3.2 billion:

	Rm
Property, plant and equipment	**468**
Investment properties	**6**
Goodwill	**48**
Other intangible assets	**10**
Other non-current assets	**3**
Deferred tax assets	**32**
Inventory	**8**
Other current assets	**170**
Cash and cash equivalents	**191**
Other non-current liabilities	**(6)**
Other current liabilities	**(391)**
Income tax liabilities	**(15)**
Total identifiable net assets assumed from Gameco	**524**
NCI	**38**
Total carried forward	**562**

	Rm
Total brought forward	**562**
Less: Purchase consideration	**(3 716)**
Consideration in the form of Tsogo Sun shares to HCI	**(1 625)**
Consideration in the form of Tsogo Sun shares to NCI	**(358)**
Consideration in the form of cash payable	**(1 733)**
Common control reserve arising on transaction	**(3 154)**
Net cash flow:	
Cash consideration to acquire Gameco	**(1 733)**
Add: Cash balances acquired with Gameco	**191**
Net outflow of cash	**(1 542)**

As part of this transaction the group paid an amount of R95 million for the purchase of Niveus Invest 1, which owns the Grand Oasis Casino "Kuruman", from Niveus which requires the approvals by the Northern Cape Gambling Board, and as these approvals had not been obtained by 31 March 2018, this payment has been accounted for as a prepayment.

Excluding the funding impact and by using the group's accounting policies, had the acquisition occurred on 1 April 2017, the group's income would have increased by R983 million and adjusted earnings would have increased by R157 million.

Transaction-related costs of R18 million were incurred during the year and recognised in other operating expenses in the income statement. R9 million share issue costs were also incurred and debited to the share premium account.

6 CHANGES IN INTEREST-BEARING BORROWINGS ARISING FROM FINANCING ACTIVITIES

Changes arising from financing activities for 2018 related to interest-bearing borrowings excluding bank overdrafts from short-term borrowings of R1 707 million (2017: R1 699 million), are as follows:

	Long-term Rm	Short-term Rm	Total Rm
Balance at 1 April 2017	9 439	3 399	12 838
Borrowings raised	5 961	533	6 494
Borrowings repaid	(2 602)	(2 997)	(5 599)
Currency translation	(129)	–	(129)
Other	(2)	6	4
Balance at 31 March 2018	**12 667**	**941**	**13 608**

7 OTHER SIGNIFICANT TRANSACTIONS

7.1 StayEasy Maputo hotel development

The development of the StayEasy Maputo hotel was substantially completed by the end of March 2018 and was included in plant, property and equipment categorised as 'Property under construction' having a cost of R145 million, including capitalised finance costs of R9 million. The hotel commenced trading during April 2018.

7.2 Cape Town City Bowl hotels

During September 2017, the new SunSquare and StayEasy City Bowl hotels in Cape Town commenced trading. Included in property rental costs are rentals of R28 million related to these new leased hotels.

7.3 Planned disposal of various casino properties to HPF

The group continues with the project of the internal restructuring and negotiations with HPF for the acquisition by HPF of certain of the casino precinct properties currently owned by the group in consideration for the issue by HPF of new shares in HPF, and the distribution of the group's entire interest in HPF as announced on SENS on 2 March 2018 and updated on SENS on 18 April 2018. As the necessary shareholder approvals, which is a substantive condition for the transaction to take place, are not considered to be highly probable by the board of directors, these assets have not been classified as non-current assets held for sale.

8 SEGMENT INFORMATION

In terms of IFRS 8 *Operating Segments* the chief operating decision maker has been identified as the group's Chief Executive Officer and the group executive committee. Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. There has been no change in the basis of segmentation or in the basis of measurement of segment profit or loss from the last annual financial statements, other than the Gameco operations being included in the Gaming division with effect 20 November 2017 (the acquisition date – refer note 5).

The group's CEO and GEC assess the performance of the operating segments based on Ebitdar. The measure excludes the effects of long-term incentives and the effects of non-recurring expenditure. The measure also excludes all headline earnings adjustments, impairments and fair value adjustments on non-current and current assets and liabilities. Interest income and finance costs are not included in the results for each operating segment as this is driven by the group treasury function which manages the cash and debt position of the group.

9 CAPITAL COMMITMENTS

The board has committed a total of R3.3 billion for replacement and expansion capital items at its gaming and hotel properties of which R2.3 billion is anticipated to be spent during the next financial year. R979 million of the committed capital expenditure has been contracted for.

10 CONTINGENT LIABILITIES

The group had no significant contingent liabilities as at 31 March 2018.

11 RELATED-PARTY TRANSACTIONS

The group had no significant related-party transactions during the year under review, other than the group concluding the common control acquisition of Gameco with Hosken Consolidated Investments Limited ('HCI') as noted in note 5.

12 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Other than as mentioned below, the directors are not aware of any matter or circumstance arising since the balance sheet date and the date of these annual financial statements, not otherwise dealt with within the financial statements, that would affect the operations or results of the group significantly.

12.1 Dividends declared and paid

Subsequent to the company's year end, on 23 May 2018, the board of directors declared a final gross cash dividend of 70.0 cents per share in respect of the year ended 31 March 2018. The aggregate amount of the dividend, which was paid on 18 June 2018 out of retained earnings at 31 March 2018, not recognised as a liability at year end is R745 million.

12.2 Properties to HPF, proposed divisions of the group into a gaming company, hotel management company and property company

12.2.1 Properties to HPF

Shareholders are referred to the cautionary announcements released on SENS on Friday, 2 March 2018, Wednesday, 18 April 2018, Thursday, 31 May 2018 and Monday, 9 July 2018 regarding the proposed disposal of certain casino precinct properties to HPF (the 'Proposed Transaction'). If approved by Tsogo Sun shareholders and subsequently implemented, the group will have transferred a significant portion of its casino real estate assets to HPF. This follows the two strategic transactions concluded in 2016 and 2017, whereby a significant portion of the group's hotel properties were transferred to HPF. On conclusion of the Proposed Transaction, HPF is expected to own investment property with a fair market value of approximately R36 billion. As the necessary shareholder approvals, which is a substantive condition for the transaction to take place, are not considered to be highly probable by the board of directors, these assets have not been classified as non-current assets held for sale.

12.2.2 Proposed division of the group into a gaming company, hotel management company and property company

In addition to the property division, the group comprises two other distinct operating divisions:

- Gaming division – Tsogo Sun Gaming is a gaming-focused operating company with an unrivalled portfolio of traditional land-based casino operations, and growth businesses in alternative gaming operations, consisting of Galaxy Bingo and the Vukani limited payout operations.
- Hotel management division – Southern Sun Hotels is a hotel management company with a portfolio of over 90 hotels under management spread across the industry spectrum, from deluxe to budget, operating throughout South Africa, sub-Saharan Africa, the Seychelles and the United Arab Emirates.

These divisions have retained limited property assets for strategic reasons, resulting in an asset light business across both divisions. Whilst these divisions have grown together, they operate in distinctly different markets and service different customers and thus provide limited opportunities for synergies. The group anticipates that the separation of Tsogo Sun into these three focused companies, comprising gaming operations, hotel operations and property, will unlock value and provide greater investment choice for Tsogo Sun shareholders.

Also, as a further step to achieving the abovementioned value unlock, Tsogo Sun intends to unbundle the Southern Sun Hotels operation into a separate JSE listing. The board is pleased to announce that the previous group Chief Executive Officer, Mr Marcel von Aulock, has agreed to join the hotel division as Chief Executive Officer with effect from 1 June 2018, and is tasked, *inter alia*, with achieving the unbundling and listing of Southern Sun Hotels. This will then culminate in the separate listing of the hotel, property and gaming businesses with all three resultant entities remaining subsidiaries of the HCI group, which includes several additional listed and unlisted companies.

Summarised consolidated income statement

for the year ended 31 March

	Change %	2018 Rm	2017 Rm
Net gaming win	6	**7 940**	7 483
Rooms revenue	3	**3 160**	3 078
Food and beverage revenue	9	**1 561**	1 434
Property rental income	23	**549**	445
Other revenue	(2)	**765**	782
Income	6	**13 975**	13 222
Gaming levies and value added tax		**(1 681)**	(1 557)
Property and equipment rentals		**(380)**	(303)
Amortisation and depreciation		**(912)**	(846)
Employee costs		**(3 184)**	(3 044)
Other operating expenses		**(3 965)**	(3 530)
Fair value adjustment of investment properties		**(191)**	757
Operating profit	(22)	**3 662**	4 699
Interest income		**72**	43
Finance costs		**(1 229)**	(1 066)
Share of profit of associates and joint ventures		**63**	38
Profit before income tax		**2 568**	3 714
Income tax expense		**(410)**	(665)
Profit for the year		**2 158**	3 049
Profit attributable to:			
Equity holders of the company		**1 971**	2 507
Non-controlling interests		**187**	542
		2 158	3 049
Number of shares in issue (million)		**1 059**	957
Weighted average number of shares in issue (million)		**994**	957
Basic and diluted earnings per share (cents)	(24)	**198.3**	262.0

Condensed consolidated statement of comprehensive income

for the year ended 31 March

	2018 Rm	2017 Rm
Profit for the year	**2 158**	3 049
Other comprehensive income for the year, net of tax		
Items that may be reclassified subsequently to profit or loss:	**(145)**	(194)
Cash flow hedges	**(83)**	(121)
Currency translation adjustments	**(86)**	(96)
Available-for-sale investment fair value adjustment	**3**	–
Income tax relating to items that may not subsequently be reclassified to profit or loss	**21**	23
Items that may not be reclassified subsequently to profit or loss:	**3**	2
Remeasurements of post-employment defined benefit liability	**4**	3
Income tax relating to items that may not subsequently be reclassified to profit or loss	**(1)**	(1)
Total comprehensive income for the year	**2 016**	2 857
Total comprehensive income attributable to:		
Equity holders of the company	**1 830**	2 315
Non-controlling interests	**186**	542
	2 016	2 857

Supplementary information

for the year ended 31 March

	Change %	2018 Rm	2017 Rm
Reconciliation of earnings attributable to equity holders of the company to headline earnings and adjusted headline earnings			
Profit attributable to equity holders of the company		**1 971**	2 507
Loss on disposal of property, plant and equipment		**2**	12
Impairment of property, plant and equipment		**68**	77
Gain on disposal of investment property		**–**	(36)
Fair value adjustment of investment properties		**191**	(757)
Impairment of goodwill		**20**	–
Impairment of casino licences and bid costs (intangibles)		**92**	1
Impairment of equity loan to associate		**7**	–
Fair value adjustment on non-current assets held for sale		**1**	–
Gain on deemed disposal of financial asset classified as available-for-sale		**–**	(46)
Gain on bargain purchases		**–**	(82)
Share of associates' headline earnings adjustments		**(7)**	2
Total tax effects of adjustments		**(31)**	(27)
Total non-controlling interest effects of adjustments		**(76)**	382
Headline earnings	10	**2 238**	2 033
Other exceptional items included in operating profit		**58**	44
Early debt settlement costs		**3**	–
Gain on remeasurement of put liability		**–**	(35)
Deferred tax liability derecognised on plant, property and equipment on sale to the group's REIT subsidiary		**(307)**	(56)
Deferred tax asset derecognised on foreign subsidiary assessed losses		**–**	19
Share of associates' exceptional items		**(8)**	(11)
Total tax effects of adjustments		**(16)**	–
Total non-controlling interest effects of adjustments		**(2)**	(7)
Adjusted headline earnings	(1)	**1 966**	1 987
Number of shares in issue (million)		**1 059**	957
Weighted average number of shares in issue (million)		**994**	957
Basic and diluted HEPS (cents)		**225.2**	212.4
Basic and diluted adjusted HEPS (cents)	(5)	**197.8**	207.6
Reconciliation of operating profit to Ebitdar[1]			
Ebitdar pre-exceptional items is made up as follows:			
Operating profit		**3 662**	4 699
Add:			
Property rentals		**282**	242
Amortisation and depreciation		**912**	846
Long-term incentive (credit)/expense		**(24)**	49
		4 832	5 836
Add/(less): Exceptional losses/(gains)		**439**	(787)
Loss on disposal of property, plant and equipment		**2**	12
Impairment of property, plant and equipment		**68**	77
Gain on disposal of investment property		**–**	(36)
Fair value adjustment of investment properties		**191**	(757)
Impairment of goodwill		**20**	–
Impairment of casino licences and bid costs (intangibles)		**92**	1
Impairment of equity loan to associate		**7**	–
Fair value adjustment on non-current assets held for sale		**1**	–
Gain on deemed disposal of financial asset classified as available-for-sale		**–**	(46)
Gain on bargain purchases		**–**	(82)
Fair value adjustment on interest rate swaps		**2**	6
Impairment of financial instruments, net of recoveries		**(34)**	4
Pre-opening expenses		**19**	–
Restructuring costs		**38**	7
Transaction costs		**33**	27
Ebitdar	4	**5 271**	5 049

[1] *The measure excludes the effects of long-term incentives, non-recurring expenditure, headline earnings adjustments including impairments and fair value adjustments on non-current and current assets and liabilities and other exceptional items*

Condensed consolidated cash flow statement

for the year ended 31 March

	2018 Rm	2017 Rm
Cash flows from operating activities		
Operating profit	**3 662**	4 699
Non-cash movements	**1 623**	425
Increase in working capital	**(891)**	(348)
Cash generated from operations	**4 394**	4 776
Interest received	**72**	43
Finance costs paid	**(1 220)**	(1 119)
	3 246	3 700
Income tax paid	**(688)**	(627)
Dividends paid to shareholders	**(1 015)**	(975)
Dividends paid to non-controlling interests	**(161)**	(113)
Pre-acquisition dividend paid	**–**	(133)
Dividends received	**110**	134
Net cash generated from operating activities	**1 492**	1 986
Cash flows from investment activities		
Purchase of property, plant and equipment – expansionary	**(546)**	(665)
Purchase of property, plant and equipment – replacement	**(564)**	(573)
Proceeds from disposals of property, plant and equipment	**8**	1
Acquisition and development of investment properties	**(443)**	(92)
Proceeds from disposal of investment property	**–**	144
Purchase of intangible assets	**(20)**	(14)
Purchase of available-for-sale financial assets	**–**	(1 272)
Proceeds from disposal of non-current assets held for sale	**1**	–
Acquisition of Gameco, net of cash acquired	**(1 542)**	–
Acquisition of HPF, net of cash acquired	**–**	189
Acquisition of Umhlanga and Pietermaritzburg businesses	**–**	(310)
Loans repaid by associates	**–**	3
Other loans granted	**–**	(2)
Net cash utilised for investment activities	**(3 106)**	(2 591)
Cash flows from financing activities		
Borrowings raised	**6 494**	4 156
Borrowings repaid	**(5 599)**	(2 651)
Treasury shares settled	**86**	–
Cash proceeds from rights issue to HPF non-controlling interests	**995**	–
Share issue expenses arising from the issue of shares for Gameco acquisition	**(9)**	–
Acquisition of non-controlling interests	**–**	(655)
Decrease in amounts due by share scheme participants	**1**	6
Net cash generated from financing activities	**1 968**	856
Net increase in cash and cash equivalents	**353**	251
Cash and cash equivalents at beginning of the year, net of bank overdrafts	**725**	479
Foreign currency translation	**(8)**	(5)
Cash and cash equivalents at end of the year, net of bank overdrafts	**1 071**	725

Condensed consolidated balance sheet

for the year ended 31 March

	2018 Rm	2017 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	**16 038**	15 556
Investment properties	**5 255**	4 969
Goodwill and other intangible assets	**6 507**	6 567
Investments in associates and joint ventures	**641**	609
Available-for-sale financial assets	**1 275**	1 272
Non-current receivables	**66**	60
Deferred income tax assets	**142**	121
	29 924	29 154
Current assets		
Inventories	**119**	115
Trade and other receivables	**857**	682
Derivative financial instruments	**–**	14
Current income tax assets	**36**	78
Cash and cash equivalents	**2 778**	2 424
	3 790	3 313
Non-current assets held for sale	**66**	66
Total current assets	**3 856**	3 379
Total assets	**33 780**	32 533
EQUITY		
Capital and reserves attributable to equity holders of the company		
Ordinary share capital and premium	**6 636**	4 576
Other reserves	**(2 040)**	874
Retained earnings	**6 280**	5 321
Total shareholders' equity	**10 876**	10 771
Non-controlling interests	**3 318**	2 685
Total equity	**14 194**	13 456
LIABILITIES		
Non-current liabilities		
Interest-bearing borrowings	**12 667**	9 439
Derivative financial instruments	**132**	37
Deferred income tax liabilities	**1 670**	2 029
Provisions and other liabilities	**468**	511
	14 937	12 016
Current liabilities		
Interest-bearing borrowings	**2 648**	5 098
Trade and other payables	**1 876**	1 867
Current income tax liabilities	**125**	96
	4 649	7 061
Total liabilities	**19 586**	19 077
Total equity and liabilities	**33 780**	32 533

Condensed consolidated statement of changes in equity

for the year ended 31 March

	Attributable to equity holders of the company					
	Ordinary share capital and premium Rm	Other reserves Rm	Retained earnings Rm	**Total Rm**	Non-controlling interests Rm	**Total equity Rm**
Balance at 1 April 2016	4 576	(232)	3 974	**8 318**	654	**8 972**
Total comprehensive income	–	(194)	2 509	**2 315**	542	**2 857**
Profit for the year	–	–	2 507	**2 507**	542	**3 049**
Other comprehensive income	–	(194)	2	**(192)**	–	**(192)**
Settlement of Cullinan put liability with non-controlling interests	–	493	(187)	**306**	(306)	**–**
Consideration to HPF non-controlling interests in hotels assets	–	968	–	**968**	353	**1 321**
Acquisition of non-controlling interests from HPF	–	–	–	**–**	1 592	**1 592**
Acquisition of Mykonos and Blackrock casinos' non-controlling interests	–	(161)	–	**(161)**	(37)	**(198)**
Ordinary dividends	–	–	(975)	**(975)**	(113)	**(1 088)**
Balance at 31 March 2017	**4 576**	**874**	**5 321**	**10 771**	**2 685**	**13 456**
Total comprehensive income	–	(144)	1 974	**1 830**	186	**2 016**
Profit for the year	–	–	1 971	**1 971**	187	**2 158**
Other comprehensive income	–	(144)	3	**(141)**	(1)	**(142)**
Issue of ordinary share capital	1 974	–	–	**1 974**	–	**1 974**
Treasury shares settled	86	–	–	**86**	–	**86**
Consideration to HPF non-controlling interests in hotels assets	–	(37)	–	**(37)**	1 067	**1 030**
Acquisition of non-controlling interests from HPF	–	436	–	**436**	(436)	**–**
Consideration to HPF non-controlling interests – Sandton Isle	–	(15)	–	**(15)**	15	**–**
Common control reserve arising on acquisition of Gameco	–	(3 154)	–	**(3 154)**	–	**(3 154)**
Acquisition activity Gameco	–	–	–	**–**	(38)	**(38)**
Ordinary dividends	–	–	(1 015)	**(1 015)**	(161)	**(1 176)**
Balance at 31 March 2018	6 636	(2 040)	6 280	**10 876**	3 318	**14 194**

Segmental analysis

for the year ended 31 March

	Income[1]		Ebitdar[2]		Ebitdar margin		Amortisation and depreciation	
	2018 Rm	2017 Rm	**2018 Rm**	2017 Rm	**2018 %**	2017 %	**2018 Rm**	2017 Rm
Casino gaming								
Montecasino	**2 625**	2 694	**1 135**	1 196	**43.3**	44.4	**111**	111
Suncoast	**1 681**	1 732	**752**	810	**44.7**	46.8	**84**	88
Gold Reef City	**1 497**	1 450	**569**	549	**38.0**	37.9	**118**	109
Silverstar	**686**	735	**212**	248	**30.9**	33.7	**80**	82
Golden Horse	**397**	392	**177**	176	**44.6**	44.8	**31**	34
Emnotweni	**381**	383	**136**	145	**35.7**	37.9	**28**	29
The Ridge	**381**	382	**145**	147	**38.0**	38.6	**30**	29
Hemingways	**314**	306	**97**	95	**30.8**	31.2	**38**	40
Garden Route	**235**	225	**99**	96	**41.9**	42.8	**16**	15
Mykonos	**183**	162	**86**	72	**47.2**	44.5	**11**	11
The Caledon	**177**	175	**49**	54	**28.0**	30.6	**11**	10
Blackrock	**160**	170	**54**	65	**33.6**	37.9	**12**	12
Goldfields	**135**	133	**38**	41	**28.5**	31.0	**12**	10
Alternative gaming[3]								
Galaxy	**263**	n/a	**69**	n/a	**26.2**	n/a	**12**	n/a
Vukani	**362**	n/a	**169**	n/a	**46.7**	n/a	**34**	n/a
Other gaming operations	**184**	195	**(141)**	(154)			**13**	14
Total gaming operations	**9 661**	9 134	**3 646**	3 540	**37.7**	38.8	**641**	594
South African hotels division[4]	**3 799**	3 509	**1 470**	1 359	**38.7**	38.7	**231**	213
Offshore hotels division	**565**	635	**120**	108	**21.2**	17.0	**38**	35
Pre-foreign exchange gains/(losses)			***119***	*146*	***21.1***	*23.0*		
Foreign exchange gains/ (losses)			***1***	*(38)*				
Corporate[4][5]	**(50)**	(56)	**35**	42			**2**	4
Group	**13 975**	13 222	**5 271**	5 049	**37.7**	38.2	**912**	846

(1) *All revenue and income from gaming and hotel operations is derived from external customers. No one customer contributes more than 10% to the group's total revenue*
(2) *All casino units are reported pre-internal gaming management fees*
(3) *Gaming division includes Galaxy and Vukani ("Gameco") with effect from 20 November 2017 – refer note 5*
(4) *Includes R50 million (2017: R55 million) intergroup management fees*
(5) *Includes the treasury and management function of the group*

Board and committees

BOARD PROFILE

EXECUTIVE DIRECTORS

J BOOYSEN (58)

CA(SA)

Executive Director – Chief Executive Officer

Date appointed: 1 June 2017

Jacques Booysen was a partner at PricewaterhouseCoopers Inc. prior to working at the Gauteng Gambling Board for 12 years, where he held the position of Chief Executive Officer. He joined Tsogo Sun in 2007 and served in the roles of Director – New Business Development, Director – Gaming Operations, Financial Director – Gaming and Managing Director – Gaming prior to his appointment as the Chief Executive Officer on 1 July 2017.

RB HUDDY (49)

CA(SA)

Executive Director – Chief Financial Officer

Date appointed: 31 October 2011

Rob Huddy served his articles at PwC and joined Tsogo Sun in 1997. He held various management positions prior to being appointed Financial Director – Hotels Offshore in 2006 and Financial Director – Hotels South Africa in 2009. On 30 September 2011 he assumed the role of Chief Financial Officer.

NON-EXECUTIVE DIRECTORS

JA COPELYN (68) R

BA (Hons), BProc

Non-executive Chairman

Date appointed: 13 August 2003[(1)]

John Copelyn joined HCI as Chief Executive Officer in 1997. He was previously General Secretary of the Southern African Clothing and Textile Workers Union from 1974 before becoming a member of parliament in 1994.

He currently holds various directorships in companies within the HCI group.

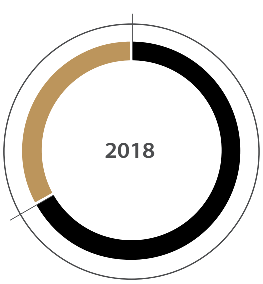
VE MPHANDE (60)

Elec Eng (Dip)

Non-executive Director

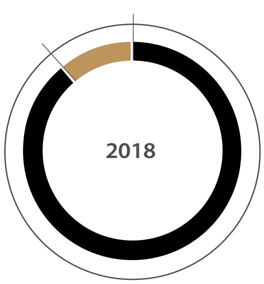
Date appointed: 3 February 2005[(1)]

Elias Mphande has served as the National Organising Secretary of the Southern African Clothing and Textile Workers Union, Marketing Director of Viamax Fleet Solutions, Chief Executive Officer of AUTA and the Vukani Group and Chairman of Golden Arrow Bus Services. He was appointed to the HCI board in 2010 as a non-executive director and as non-executive Chairman in 2015 and serves on the board of e.tv.



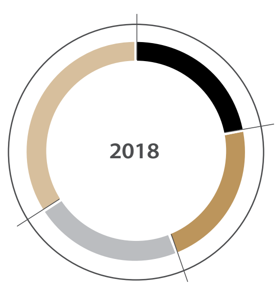
Race diversity (%)

- Black – **67%**
- White – **33%**



Gender diversity (%)

- Male – **89%**
- Female – **11%**



Board tenure (%)

- 1 – 3 years – **22%**
- 4 – 6 years – **22%**
- 7 – 9 years – **22%**
- 10+ years – **34%**

NON-EXECUTIVE DIRECTORS

Y SHAIK (60) S R

BA (Law), BProc

Non-executive Director

Date appointed: 15 June 2011

Yunis Shaik is an admitted attorney of the High Court of South Africa. He is a former Deputy General Secretary of the Southern African Clothing and Textile Workers Union and a director of Workers' College. He has served as a Senior Commissioner to the KwaZulu-Natal CCMA. He is an executive director of HCI.

Non-executive committee key

- A **Audit and risk committee** – Chairman: Mac Gani
- S **Social and ethics committee** – Chairman: Mac Gani
- R **Remuneration committee** – Chairman: Yunis Shaik

INDEPENDENT NON-EXECUTIVE DIRECTORS

JG NGCOBO (67) A S R

Independent Non-executive Director

Date appointed: 24 February 2011

Jabu Ngcobo held the positions of General Secretary of the Southern African Clothing and Textile Workers Union from 1994 to 1999 and the Regional Secretary for Africa of the International Textile Garment and Leather Workers Federation from 1999 to 2006. He was appointed to the board of HCI in 2004 and serves as a director of HCI Coal and Niveus.

BA MABUZA (54) A S R

BA (MBA)

Lead Independent Non-executive Director

Date appointed: 1 June 2014

Busi Mabuza has held various positions in the financial services and energy sectors and is currently a non-executive director at Development Bank of Southern Africa, Nehawu Investment Holdings and the non-executive chairperson of the Industrial Development Corporation.

MSI GANI (65) A S R

CA(SA)

Independent Non-executive Director

Date appointed: 11 August 2016

Mac Gani is a Chartered Accountant with over 30 years' experience in the accounting and audit profession. He was a founding partner of MSGM Masuku Jeena Inc., a partner of Saboor Gani & Co and a partner of PwC until 2013. He is a non-executive director on a number of boards including HCI, HPF and Basil Read Holdings Limited and is on the investigating committee of the Independent Regulatory Board of Auditors.

MJA GOLDING (58)

BA (Hons)

Independent Non-executive Director

Date appointed: 30 April 2004[(1)]

Marcel Golding runs a family investment office. Prior to this he was Chairman of HCI and Chief Executive Officer of e.tv. He was a member of parliament and Deputy General Secretary of the National Union of Mineworkers.

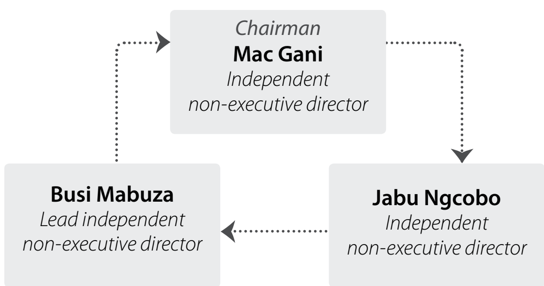
[(1)] *Date appointed to the holding company board pre-reverse listing into Gold Reef on 14 February 2011*

BOARD COMMITTEES

SUB-COMMITTEE STRUCTURE AND REPORT BACK

The board remains accountable for all matters where it has delegated responsibility to its sub-committees. All committees and the board are satisfied that the committees fulfilled their responsibilities in accordance with their terms of reference during the year.

Audit and risk committee



Key objective

The provision of effective governance over the appropriateness of the group's financial and integrated reporting including the adequacy of related disclosures, the performance of both the internal audit function and the external auditor, and the management of the group's systems of internal control, business risks and related compliance activities.

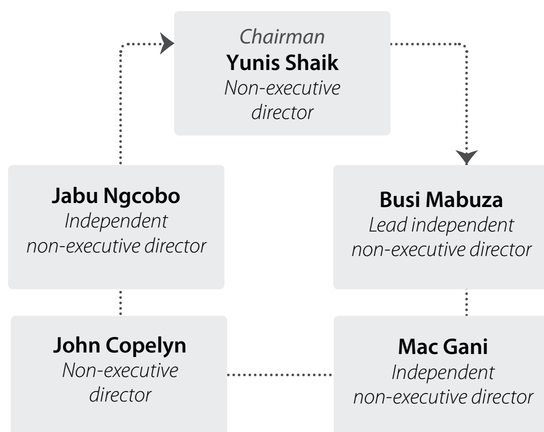
The committee met three times during the year. The Chief Executive Officer, the Chief Financial Officer, the group's Director of Risk, the Chief Information Officer and directors from the majority shareholder attend the meetings as permanent invitees, along with external audit and the outsourced internal audit. Other directors and members of management attend as required.

The work of the audit and risk committee during the year focused on:

- review of the risk landscapes to which the group is exposed in relation to the group's risk tolerance and risk appetite levels and evaluation of the appropriateness of management's responses to the risks;
- review of insurance, treasury and taxation matters;
- review of operational risk management including fraud and theft, whistle-blowing systems and organisational resilience;
- oversight of the implementation of the combined assurance framework and plan;
- review of IT risks in relation to core operational systems, systems projects, information management and security initiatives and governance and regulatory compliance;
- review of material legal, legislation and regulatory developments;
- review of prospective accounting standard changes;
- review of the impact of the application of King IV™;
- evaluation of the financial reporting procedures;
- review of and recommendation to the board for approval of the preliminary and annual results announcements and the annual financial statements and integrated annual report;
- approval of the external audit and internal audit plans;
- evaluation of the independence and effectiveness as well as the fees and terms of engagement of the external auditors, including the suitability of the firm and designated partner;
- evaluation of the effectiveness of the chief audit executive and the outsourced internal audit function; and
- assessment of the internal control environment, particularly in relation to the group's system on internal financial controls.

Refer to the report of the audit and risk committee on page 03 of the consolidated financial statements for the year ended 31 March 2018.

Remuneration committee



Key objective

The committee is empowered by the board to assess and approve the broad remuneration strategy for the group, the operation of the company's short-term and long-term incentives for executives and senior management across the group, and sets short-term and long-term remuneration for the executive directors and members of the executive committee.

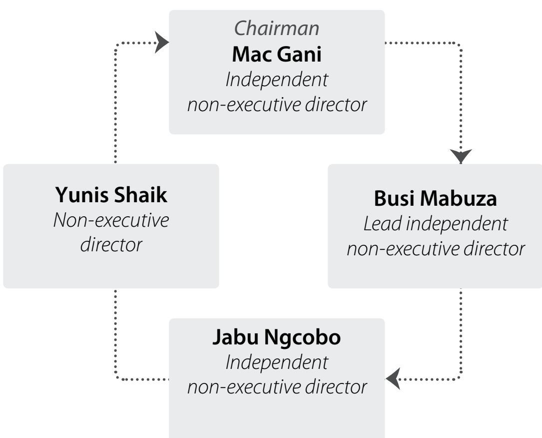
The committee met twice during the year. The Chief Executive Officer and the group's Human Resources Director attend the meetings as permanent invitees, except when issues relating to their own compensation are discussed.

The scope of the remuneration committee's work during the year included the following matters:

- monitoring executive appointments, terminations and retirements;
- determining the general policy on remuneration to ensure fair, competitive and responsible reward;
- determining the specific remuneration packages for the executive directors and other senior executives and management;
- evaluation of the performance of the Chief Executive Officer;
- approving the rules, criteria, targets and allocations for performance-related pay schemes; and
- proposing non-executive director remuneration.

Further details of the group's remuneration policy and the work of the remuneration committee can be found in the remuneration section on pages 21 to 28 of this notice of Annual General Meeting.

Social and ethics committee



Key objective

The purpose of the committee is to regularly monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice and, in particular, to monitor the group's compliance with the applicable requirements of Regulation 43 of the South African Companies Act in relation to matters pertaining to social and economic development, good corporate citizenship, environment, occupational health and public safety, labour and employment and the group's code of ethics and sustainable business practice.

The committee met twice during the year. The Chief Executive Officer, the Chief Financial Officer, the group's Director of Risk, the group's Human Resources Director and directors from the majority shareholders attend the meetings as permanent invitees, along with other directors and members of management who attend as required.

The work of the social and ethics committee during the year focused on:

- progress in the alignment of the group's practices to the requirements of the revised BBBEE codes;
- disputes with government or regulators;
- compliance with regulations;
- bribery and corruption;
- responsible tourism and responsible gaming;
- preferential procurement, socio-economic development and enterprise and supplier development;
- environmental management and certification;
- customer satisfaction, loyalty, health and safety and consumer protection; and
- job creation, employee health and safety, employee development, management diversity, employment equity and employee engagement.

The matters considered during the year are included in the deliver to our beneficiaries section on pages 45 to 53 of the integrated annual report, the product relevance to customer experience section on pages 55 to 58 of the integrated annual report, the regulatory compliance section on page 59 of the integrated annual report and the human resources section on pages 60 to 62 of the integrated annual report. The integrated annual report is available online or can be requested directly from our Company Secretary at companysecretary@tsogosun.com.

The main area of focus during the year was on the group's achievement of a level 1 BBBEE contributor status against the revised codes for 2018 and continued efforts to improve on this result in the future. The committee is satisfied with the group's progress in the different areas and there were no significant matters of concern raised during the year.

Analysis of shareholding

as at 31 March

	Number of shareholders	%	Number of shares	%
Portfolio size				
Range				
1 – 1 000	3 284	39.71	1 399 898	0.12
1 001 – 5 000	3 155	38.16	7 432 514	0.65
5 001 – 10 000	653	7.90	4 703 169	0.41
10 001 – 50 000	530	6.41	11 728 604	1.02
50 001 – 100 000	165	2.00	12 299 701	1.07
100 001 – and more	481	5.82	1 110 093 898	96.73
	8 268	100.00	1 147 657 784	100.00
Shareholder spread				
Public	8 259	99.89	514 902 959	44.86
Individuals	5 703	68.97	13 152 920	1.15
Banks and insurance companies	109	1.32	70 687 795	6.16
Pension funds and medical aid societies	290	3.51	67 468 189	5.88
Collective investment schemes and mutual funds	291	3.52	247 038 634	21.53
Other corporate bodies	1 866	22.57	116 555 421	10.14
Non-public	9	0.11	632 754 825	55.14
Directors(1)	3	0.04	6 812 855	0.59
Subsidiary companies(2)	3	0.04	83 632 695	7.29
Gold Reef Share Scheme(2)	1	0.01	408 615	0.04
Majority shareholders (10% of issued share capital or more)	2	0.02	541 900 660	47.22
	8 268	100.00	1 147 657 784	100.00
Major shareholders owning 1% or more of total number of shares in issue, including treasury shares:				
Tsogo Investment Holding Company Proprietary Limited			459 492 699	40.04
Hosken Consolidated Investments Limited			82 407 961	7.18
Citiclient Nominees No 8 NY GW			52 736 405	4.60
Allan Gray Stable Fund			46 859 399	4.08
Tsogo Sun Gaming Proprietary Limited(2)			42 876 046	3.74
Tsogo Sun Expansion No 1 Proprietary Limited(2)			26 329 047	2.29
Old Mutual Life Assurance Co SA Limited			26 029 285	2.27
SSBTC Client Omni Non Lux Om01			18 242 293	1.59
JPMC-Vanguard BBH Lending Account			15 544 010	1.35
Aldiss Investments Proprietary Limited(2)			14 427 602	1.26
State Street Bank and Trust CO-OMN			12 089 763	1.05

(1) *At 31 March 2018, 1 973 836 shares were held indirectly (2017: 167 775 held directly) by JA Copelyn, non-executive director and Chairman, nil (2017: 3 339 806) directly by MN von Aulock, executive director and CEO (resigned 1 June 2017) and 1 048 543 (2017: 1 048 543) directly by RB Huddy, executive director and CFO. J Booysen was appointed CEO on 1 June 2017 and held 1 825 243 shares directly and 4 000 shares indirectly at 31 March 2018. All the aforementioned held shares are beneficially held with the exception of the indirectly held shares by JA Copelyn and J Booysen (as shown above) and no other director holds shares in the company. There has been no other change to directors' shareholdings between the balance sheet date and the date of this notice of Annual General Meeting.*

(2) *Treasury shares*

There are 88 468 494 treasury shares made up as follows:	**Number of shares**
Treasury shares per above:	
– Held by subsidiary companies	83 632 695
– Held by the Gold Reef Share Scheme	408 615
Treasury shares allocated as part of the executive facility – refer note 36.1 to the consolidated annual financial statements	4 427 184
	88 468 494

REMUNERATION POLICY AND IMPLEMENTATION REPORT

REMUNERATION PHILOSOPHY

Key tenets of our remuneration philosophy are that we act fairly and responsibly in our approach to employee remuneration and benefits at all times, ensuring our actions are sustainable, that they underscore our objective of being an employer of choice, and are aligned with the strategic and operational requirements of the business.

The objective of the group's remuneration policy is to ensure that we attract and retain employees of the right calibre and skills and motivate them to achieve exceptional performance aligned with our strategic priorities. We aim to reward employees fairly and equitably through both financial rewards and non-financial benefits such as performance recognition, development and career opportunities. We believe our employees and their representative trade unions, where relevant, value the consistency and predictability of how the terms and conditions of employment are determined. The remuneration committee is satisfied that the remuneration policy has achieved its objectives.

Total rewards are set at levels that are competitive within the gaming, entertainment and hospitality sectors and the group utilises market surveys to ensure that the components of the remuneration structure are appropriate. The fixed and variable element mix of the remuneration structure differ depending on the employee grade.

The remuneration committee considers each element of remuneration relative to the market and takes into account the performance of the group and the individual executive in determining both quantum and design. The remuneration committee also considers the total remuneration (fixed pay plus short-term and long-term incentives) that may be earned at various levels of performance.

REMUNERATION POLICY

Ensure employees are rewarded fairly and appropriately

Attract, retain and motivate individuals with the necessary skills and behaviours

Fixed pay
Median for the relevant market

Short-term incentives
(One year) aligned with financial performance and strategic priorities

Long-term incentives
(Three years plus) aligned with shareholder returns

High pay achieved only for high performance and high shareholder returns

The group seeks to ensure an appropriate balance between fixed and performance-related elements of remuneration, and those aspects of the package linked to short-term financial performance and to those linked to longer-term shareholder value creation. The combination of the components ensures that high pay is achieved only for high performance and high shareholder returns. Senior executives have a larger proportion of their potential total remuneration subject to the achievement of performance-based targets. For additional information on the key components of remuneration refer to pages 82 and 83.

Short-term incentives reflect a balance between annual financial performance and other specific strategic priorities over which the participant has influence in order to ensure that achievement of short-term financial performance is not at the expense of future opportunities. Performance is measured at Ebitdar and adjusted earnings against budget to ensure that both trading and profit post the financing cost of capital allocation decisions are considered. Between 15% and 40% of the potential award is based on the achievement of non-financial strategic priorities dependent on the employee grade. Where relevant and if the information is publicly available, an additional 25% of the potential award is linked to the relative performance of a business unit against a regional or national market set.

Long-term incentives are either cash-settled, resulting in income statement volatility but no dilutionary impact to shareholders, or, in the case of nominated senior executives, structured as an interest-free facility for the purpose of acquiring shares in the company. The value for the executives arising from the facility is derived from the shares acquired in the market and there will not be a cash cost to the group, as per the existing share appreciation scheme, nor a dilutionary impact to shareholders.

A significant change in the remuneration policy during the year was that for the 2018 financial year divisional short-term incentive targets were set and measurement was against Ebitdar rather than Ebitda due to the transfer of the majority of the hotel properties to HPF.

The results of the non-binding advisory endorsement of the company's remuneration policy and implementation report at the Annual General Meeting on 19 October 2017 were 83.6% and 84.3% in favour respectively. In the event that the remuneration policy or remuneration implementation report, or both are voted against by more than 25% of the votes at the Annual General Meeting of the company, the group will engage with dissenting shareholders within 30 days of the Annual General Meeting.

Remuneration report continued

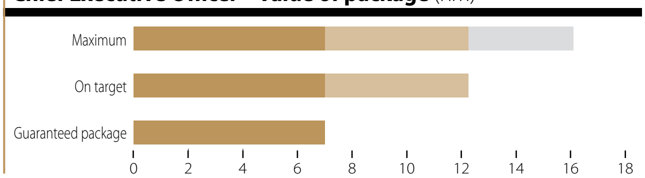
KEY ELEMENTS OF REMUNERATION	Fixed pay			
	Base salaries	**Non-executive directors' fees**	**Retirement benefits**	**Other benefits**
Purpose and link to strategy	Provides a fixed level of earnings appropriate to the requirements of the role	Remunerates non-executive directors for their responsibilities and time commitment	Provides the basis for retirement savings	Provides benefits appropriate to the market and the role
Application dependent on employee type and level	All employees	Non-executive directors	All employees entitled to benefits are required to belong to an approved pension/provident fund	All employees entitled to benefits are eligible for membership of an approved medical scheme and other benefits
Operation and performance measures	**Base salaries** Base salaries are subject to annual review using an inflationary adjustment for executives and management and higher increases for lower levels of staff to address the remuneration gap. Tsogo Sun's policy is to be competitive at the median level with reference to market practice in companies comparable in terms of size, market sector, business complexity and international scope. However, base salaries of individuals and incumbents in key roles are aligned with the upper quartile level of the market. Group performance, individual performance and changes in responsibilities are also taken into consideration when determining increases to base salaries	**Non-executive directors' fees** The fees for the non-executive directors have been recommended by the remuneration committee to the board for its approval, taking into account fees payable to non-executive directors of comparable companies and the importance attached to the attraction and retention of high-calibre individuals as non-executive directors. Levels of fees are also set by reference to the responsibilities assumed by the non-executive directors in chairing the board and in chairing or participating in its committees and are approved by special resolution of the shareholders. The increases are subject to an inflationary adjustment	**Retirement fund membership** Retirement funding for management, who are remunerated on a total package basis, is non-contributory and is included in their total cost of employment. For staff, retirement funding consists of employer and employee contributions dependent on fund membership. The group offers a pension fund (Tsogo Sun Group Pension Fund) and three provident funds (Alexander Forbes Retirement Fund (Provident Section), Gold Reef Resorts (Provident Fund) and Vukani Super Fund Provident Fund. Other approved funds include union-negotiated funds and funds to which members have historically belonged	**Healthcare** The majority of employees with medical cover belong to the Tsogo Sun Group Medical Scheme, a restricted membership scheme administered by Discovery Health. The scheme offers hospital, chronic illness and day-to-day cover for 5 057 principal members (11 145 beneficiaries) *Risk and insured benefits* Arising through membership of the group's pension and provident funds, competitive death, disability and funeral benefits are made available to employees *Long-service awards* Full-time employees of the organisation receive long-service awards calculated based on the tenure of the employee linked to their guaranteed package. Employees receive an award for every 10 years of continued service with the group

	Short-term incentives	Long-term incentives	
	Annual bonus plan	**Executive facility and share appreciation plan**	
	Rewards the achievement of annual financial performance balanced with other specific strategic priorities and ensures that above-market pay cannot be achieved unless challenging performance targets are met. The non-financial element ensures that the achievement of short-term financial performance is not at the expense of future opportunities	Long-term incentives are utilised to reward long-term sustainable group performance improvement, retain senior management expertise and ensure that executives and key talent share a significant level of personal risk and reward with the company's shareholders to align executive pay and long-term value creation for shareholders	
	All executives and senior management and selected middle management	Senior executives	Executives and selected managers (252 participants)
	Annual cash incentive Potential bonus earnings are reviewed periodically by the remuneration committee with minimum and maximum bonus percentages of total package set for each broadband level for the achievement of 'threshold', 'on-target' and 'stretch target' performance. Financial 'threshold' target is set at 90% of target with a payout of 0%, 'stretch target' is set at 115% of target with a payout of 100%, with interpolation between the points. Targets are based on the annual budget approved by the board Bonus awards are based on individual ratings achieved against the targets set for financial performance, relative growth against the market, where relevant, and personal performance against non-financial strategic priorities. The remuneration committee approves the scheme's targets and hurdles annually	**Executive facility** A R200 million facility was made available in 2014 to senior executives for the sole purpose of acquiring shares in the company at R25.75 per share. The shares were acquired on 12 August 2014 The board determined the allocation of the facility as follows: MN von Aulock R86 million J Booysen R47 million RB Huddy R27 million FV Dlamini R20 million GD Tyrrell R20 million The facility is interest-free and has no fixed repayment date but must be repaid if the shares are sold or if the executive leaves the employ of the company. The executives are subject to fringe benefits tax on the facility. MN von Aulock disposed of his shares in an orderly manner during the year and repaid the loan in December 2017 The executives are not eligible for any new allocations under the existing share appreciation scheme until the loan is repaid in full. Allocations of appreciation units made prior to the provision of the facility remain unaffected	**Share appreciation plan** Tsogo Sun has in operation a phantom share scheme with cash settlement designed to align the interests of participants with those of the company's shareholders. The essential elements of the scheme are that the plan is essentially a 'phantom' version of a share scheme where each appreciation unit is in effect linked to an underlying share in Tsogo Sun Annual allocations of appreciation units at market price are made to executives and selected managers. They are available to be settled on the third anniversaries of their allocation, but must be exercised by the sixth anniversary, or they will lapse. On settlement, the value accruing to participants will be the full appreciation of Tsogo Sun's share price over the allocation price plus dividends declared and paid post-grant date, which value will be settled in cash Vesting and encashments during the 2018 financial year resulted in a charge of R33 million, with a R1 change in the Tsogo Sun share price impacting the charge by R23 million

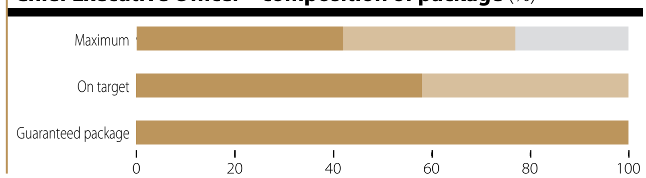
Composition of total remuneration package – executive directors and senior executives

The charts below provide an indication of the remuneration outcomes for the year ended 31 March 2018 for the executive directors and the GEC (excluding the executive directors) showing potential total remuneration of maximum, on target and minimum performance levels:

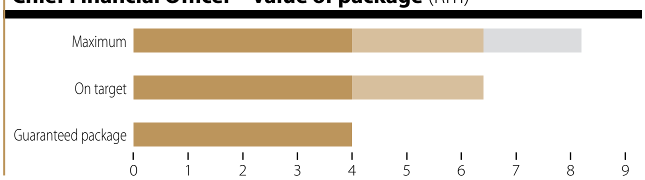
Chief Executive Officer – value of package (Rm)



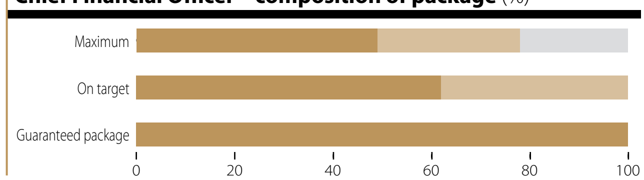
Chief Executive Officer – composition of package (%)



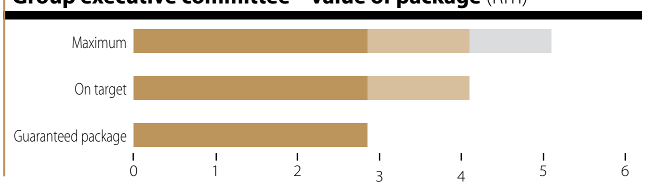
Chief Financial Officer – value of package (Rm)



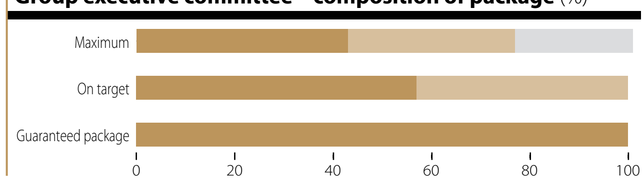
Chief Financial Officer – composition of package (%)



Group executive committee – value of package (Rm)



Group executive committee – composition of package (%)



The scenario charts assume:

- Guaranteed package – fixed pay and benefits for the year ended 31 March 2018
- Short-term incentives – based on scheme rules with maximum bonus paid at maximum performance and nil bonus below threshold performance
- Long-term incentives – excluded from the charts as issued at market price and participants rewarded through variable share price increases

REMUNERATION IMPLEMENTATION REPORT

Non-executive directors' fees

Non-executive directors receive fees for services on board and board committees. Non-executive directors do not receive short-term incentives and do not participate in any long-term incentive scheme. Increases are presented to the shareholders at the company's Annual General Meeting and reflect the market dynamics and the increasingly heavy demands being made on the individuals. Proposed non-executive directors' fees, for shareholder approval until the 2019 AGM, appear in the table below:

	Actual 2017/2018 R'000	**Proposed 2018/2019 R'000**
Chairman of the board	1 028	**1 090**
Lead independent non-executive director and member of all board committees	607	**645**
Chairman of the audit and risk and social and ethics committees	607	**645**
Chairman of the remuneration committee	454	**485**
Non-executive director and member of a board committee	374	**400**
Non-executive director	295	**315**

Non-executive directors' fees continued

Fees and services	2018 Directors' fees R'000	2017 Directors' fees R'000
Paid by subsidiaries		
JA Copelyn	**981**	920
BA Mabuza[3]	**579**	390
MSI Gani[1]	**579**	276
MJA Golding	**282**	264
VE Mphande	**282**	264
RG Tomlinson[2]	**–**	401
JG Ngcobo	**357**	335
Y Shaik	**433**	407
	3 493	3 257

[1] *Appointed 11 August 2016*
[2] *Resigned 11 August 2016*
[3] *Appointed as Lead Independent Non-executive Director 11 August 2016*

Executive Directors and executive management's remuneration

The remuneration disclosure is based on the IoDSA guidance issued in November 2017 on remuneration disclosure in accordance with King IV™ and presents the remuneration for executive management consisting of the executive directors and heads of divisions.

Executive directors' remuneration for the year ended 31 March

	2018				2017		
	MN von Aulock[1] R'000	J Booysen[2] R'000	RB Huddy R'000	Total R'000	MN von Aulock R'000	RB Huddy R'000	Total R'000
Salary	**1 723**	**4 933**	**3 546**	**10 202**	6 476	3 213	9 689
Pension fund contributions	**93**	**254**	**386**	**733**	350	350	700
Other benefits	**60**	**318**	**863**[5]	**1 241**	222	150	372
Current year STI accrued	**–**	**2 562**	**1 315**	**3 877**	3 456	1 630	5 086
Fair value of cash-based LTI	**–**	**–**	**–**	**–**	–	–	–
Ad hoc payment[4]	**28 887**	**–**	**–**	**28 887**	–	–	–
Total single figure of remuneration	**30 763**	**8 067**	**6 110**	**44 940**	10 504	5 343	15 847
Current year STI accrued not yet settled	**–**	**(2 562)**	**(1 315)**	**(3 877)**	(3 456)	(1 630)	(5 086)
Prior year STI accrual settled	**3 456**	**–**	**1 630**	**5 086**	5 237	2 277	7 514
Settlement of cash-based LTI on award date	**12 357**	**–**	**–**	**12 357**	13 175	8 202	21 377
Total cash equivalent value of remuneration	**46 576**	**5 505**	**6 425**	**58 506**	25 460	14 192	39 652
Fair value of cash-based LTI on award date	**–**	**–**	**–**	**–**	–	–	–
Financial statement remuneration[3]	**46 576**	**5 505**	**6 425**	**58 506**	25 460	14 192	39 652

[1] *Resigned 1 June 2017*
[2] *Appointed as an executive director 1 June 2017*
[3] *As per 2018 consolidated financial statements page 58 in accordance with IFRS*
[4] Ad hoc *loss of office settlement approved by the board*
[5] *Long service award paid during the year*

Remuneration report continued

Executive Directors and executive management's remuneration continued

Other key management and prescribed officers for the year ended 31 March

	2018					2017		
	J Booysen[1] R'000	G Joseph R'000	R Nadasen R'000	RF Weilers R'000	Total R'000	J Booysen R'000	RF Weilers R'000	Total R'000
Salary	**1 054**	**2 024**	**1 648**	**4 090**	**8 816**	3 849	3 986	7 835
Pension fund contributions	**95**	**260**	**228**	**–**	**583**	350	–	350
Other benefits	**327**	**439**	**199**	**–**	**965**	361	–	361
Current year STI accrued	**–**	**1 055**	**1 063**	**1 625**	**3 743**	1 693	1 543	3 236
Fair value of cash-based LTI on award date	**–**	**1 639**	**1 238**	**–**	**2 877**	–	726	726
Total single figure of remuneration	**1 476**	**5 417**	**4 376**	**5 715**	**16 984**	6 253	6 255	12 508
Current year STI accrued not yet settled	**–**	**(1 055)**	**(1 063)**	**(1 625)**	**(3 743)**	(1 693)	(1 543)	(3 236)
Prior year STI accrual settled	**1 693**	**–**	**–**	**1 543**	**3 236**	2 509	2 041	4 550
Settlement of cash-based LTI	**–**	**–**	**–**	**–**	**–**	15 479	823	16 302
Total cash equivalent value of remuneration	**3 169**	**4 362**	**3 313**	**5 633**	**16 477**	22 548	7 576	30 124
Fair value of cash-based LTI on award date	**–**	**(1 639)**	**(1 238)**	**–**	**(2 877)**	–	(726)	(726)
Financial statement remuneration[2]	**3 169**	**2 723**	**2 075**	**5 633**	**13 600**	22 548	6 850	29 398

[1] *Appointed as an executive director 1 June 2017*
[2] *As per 2018 consolidated financial statements pages 58 and 59*

Short-term incentive

The following table reflects the percentage achievement against the short-term incentive targets for the executive directors and the GEC (excluding the executive directors):

	Financial and relative performance %	Non-financial strategic priorities %	Total 2018 achievement[1] %
Executive directors	**13**	**86**	**26**
Group executive committee	**18**	**85**	**33**

	Financial and relative performance %	Non-financial strategic priorities %	Total 2017 achievement[2] %
Executive directors	24	87	35
Group executive committee	26	83	37

[1] *To be paid during the 2019 financial year*
[2] *Paid during the 2018 financial year*

The financial performance is measured at 50% Ebitdar and 50% adjusted earnings against the target approved by the remuneration committee. The target is set as the budget approved by the board, adjusted for the percentage variance between the final forecast that forms the base for the budget and the final results for the year. The target is adjusted for material structural changes during the year to ensure the target remains fair. Any adjustments to the targets are approved by the remuneration committee. The only significant adjustment made during the 2018 financial year was for the Gameco transaction which was not budgeted and would not have been equitable to include the earnings in the actual results. The financial performance score against the adjusted target for the 2018 financial year was 12% for Ebitdar and 14% for adjusted earnings at a group level.

The relative growth performance is measured against the market in the hotel division where there is a relevant competitor set. There are no relevant competitor sets in the gaming division. For employees in the hotel division the relative growth score in aggregate for the 2018 financial year was 24%.

Short-term incentive continued

Where there is a relevant competitor set, relative growth contributes 25% of the score with financial performance contributing 75%, and where there is no relevant competitor set, only the financial performance is applied. The relative weighting of the financial and relative growth scores and the relative weighting of the divisions resulted in an average score for the financial and relative growth component of 13% for the executive directors and 18% for the GEC for the 2018 financial year.

The non-financial strategic objectives are set annually per employee aligned to the strategic objectives of the group. The objectives vary depending on the role the employee has within the organisation and would include elements such as growth, customer satisfaction, regulatory compliance, leadership, internal controls and cost control. An evaluation of the performance against the objectives is completed at the end of the year and a bell curve is applied to the scores. The average score for the executive directors and GEC for the 2018 financial year was 85%.

The weighting of the financial and relative growth performance and the non-financial strategic objective performance varies by employee grade. For the CEO, the financial and relative growth performance contributes 85% of the total achievement, with 80% for the CFO and other A2 level employees and 75% for the B level employees. The financial and relative growth performance contribution reduces per grade with the lowest level of employees on the scheme at 60%.

The weighted total achievement for the 2018 financial year was 26% of entitlement for the executive directors and 33% of entitlement for the GEC. The maximum bonus entitlement varies per grade from 105% of total package for the CEO, 90% for the CFO and other A2 employees, 75% for the B level employees and down to 35% for the lowest level of employees on the scheme.

Long-term incentive liability – cash-settled

The following table reflects the liability for long-term incentives and summarises details of the bonus units awarded to participants per financial year, the units vested at the end of the period and expiry dates of each allocation for the Tsogo Sun Share Appreciation Bonus Plan:

	Appreciation units granted and still outstanding		Strike price	**Appreciation units vested and still outstanding**			**Liability 2018**	Liability 2017
Grant date	**2018**	2017	R	**2018**	2017	Expiry date	**Rm**	Rm
All scheme participants								
1 April 2012	**–**	2 198 145	17.66	**–**	2 198 145	31 March 2018	**–**	32
1 April 2013	**4 450 589**	5 533 403	24.56	**4 450 589**	5 533 403	31 March 2019	**25**	39
1 April 2014	**6 279 865**	7 814 913	25.72	**6 279 865**	7 814 913	31 March 2020	**23**	40
1 April 2015	**6 122 937**	6 650 450	26.54	**6 122 937**	–	31 March 2021	**12**	15
1 April 2016	**7 975 525**	8 643 804	22.82	**–**	–	31 March 2022	**25**	18
1 April 2017	**7 473 372**	7 794 807	28.00	**–**	–	31 March 2023	**–**	–
Other	**1 017 784**	1 082 822		**349 652**			**2**	4
Liability at 31 March							**87**	148
Share price utilised to value the liability at 31 March							**R25.50**	R28.00

Remuneration report continued

Long-term incentive liability – cash-settled continued

	Grant date	Appreciation units granted and still outstanding 2018	Appreciation units granted and still outstanding 2017	Strike price[6] R	Appreciation units vested and still outstanding 2018	Appreciation units vested and still outstanding 2017	Fair value of award on grant date[5] R'000	Expiry date	Liability 2018 R'000	Liability 2017 R'000
Executive directors										
MN von Aulock[1]	01/04/2013	–	447 883	24.56	–	447 883	2 405	01/04/2019	–	3 158
	01/04/2014	–	524 883	25.72	–	524 883	3 218	01/04/2020	–	2 672
J Booysen[2]	01/04/2013	**264 658**	*	24.56	**264 658**	*	1 421	01/04/2019	**900**	*
	01/04/2014	**291 602**	*	25.72	**291 602**	*	1 788	01/04/2020	**420**	*
RB Huddy	01/04/2013	**264 658**	264 658	24.56	**264 658**	264 658	1 421	01/04/2019	**900**	1 866
	01/04/2014	**184 681**	184 681	25.72	**184 681**	184 681	1 132	01/04/2020	**266**	940
									2 486	8 636
Other key management and prescribed officers										
J Booysen[2]	01/04/2013	*****	264 658	24.56	*****	264 658	1 421	01/04/2019	*****	1 866
	01/04/2014	*****	184 681	25.72	*****	184 681	1 132	01/04/2020	*****	1 484
G Joseph[3]	01/04/2014	**97 201**	*	25.72	**97 201**	*	596	01/04/2020	**140**	*
	01/04/2015	**94 198**	*	26.54	**94 198**	*	599	01/04/2021	–	*
	01/04/2016	**131 464**	*	22.82	–	*	871	01/04/2022	**334**	*
	01/04/2017	**125 000**	*	28.00	–	*	971	01/04/2023	–	*
	01/10/2017	**120 949**	*	20.67	–	*	668	01/10/2023	**445**	*
R Nadasen[4]	01/10/2012	**32 978**	*	19.71	–	*	166	01/10/2018	–	*
	01/04/2013	**81 433**	*	24.56	**81 433**	*	437	01/04/2019	**277**	*
	01/04/2014	**97 201**	*	25.72	**97 201**	*	642	01/04/2020	**140**	*
	01/04/2015	**94 198**	*	26.54	**94 198**	*	599	01/04/2021	–	*
	01/04/2016	**131 464**	*	22.82	–	*	871	01/04/2022	**334**	*
	01/04/2017	**125 000**	*	28.00	–	*	971	01/04/2023	–	*
	01/10/2017	**48 380**	*	20.67	–	*	267	01/10/2023	**178**	*
RF Weilers	01/04/2013	**122 150**	122 150	24.56	**122 150**	122 150	656	01/04/2019	**415**	861
	01/04/2014	**97 201**	97 201	25.72	**97 201**	97 201	596	01/04/2020	**140**	495
	01/04/2015	**94 198**	94 198	26.54	**94 198**	–	599	01/04/2021	–	318
	01/04/2016	–	109 553	22.82	–	–	726	01/04/2022	**278**	678
									2 681	5 702

[1] *Resigned 1 June 2017*
[2] *Appointed as an executive director 1 June 2017*
[3] *Appointed as Chief Operating Officer – Gaming 1 July 2017*
[4] *Appointed as Chief Operating Officer – Hotels 1 July 2017*
[5] *Calculated utilising a Black-Scholes model at grant date as there are no performance conditions*
[6] *The appreciation units are granted at the seven-day VWAP prior to the grant date and vest over three years*
** Not considered an executive director or other key management and prescribed officer during the period*

Long-term incentive – executive facility

The fair value of the executive scheme was expensed in accordance with IFRS during the 2015 financial year and detail is included in the remuneration report on page 76 of the 2015 integrated annual report. Details of the scheme are included on page 83.

Notice of Annual General Meeting

TSOGO SUN HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1989/002108/06
Share code: TSH
ISIN:ZAE000156238
('the company')

Notice is hereby given to the shareholders of the company that the Annual General Meeting of the company ('AGM') will be held at the company's head office, main boardroom, Ground Floor, Palazzo Towers East, Montecasino Boulevard, Fourways, 2055, South Africa on Thursday, 18 October 2018 at 12:00, for the purpose of considering the following business to be transacted and, if deemed fit, passing with or without amendment, the ordinary and special resolutions and the non-binding advisory endorsements set out herein, and considering any other matters raised by shareholders, at the Annual General Meeting.

1 RECEIPT AND ADOPTION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

Ordinary resolution 1

"Resolved as an ordinary resolution to receive and adopt the annual financial statements of the group for the financial year ended 31 March 2018 tabled at the meeting at which this resolution was proposed, together with the reports of the directors, the audit and risk committee and the independent auditors contained therein, and further to receive the report back of the audit and risk committee, the social and ethics committee and the remuneration committee which are set out on pages 18 and 19 of the notice convening the Annual General Meeting at which this resolution was proposed."

2 REAPPOINTMENT OF AUDITORS

Mr B Humphreys is the individual registered auditor and member of PricewaterhouseCoopers Inc. who have been the auditors of the group for 49 years. Mr P Calicchio will replace Mr B Humphreys as the individual registered auditor due to rotation of the designated audit partner during 2018.

Ordinary resolution 2

"Resolved as an ordinary resolution that upon the recommendation of the audit and risk committee, PricewaterhouseCoopers Inc. be and are hereby reappointed as independent auditors of the company until the conclusion of the next Annual General Meeting of the company."

3 RE-ELECTION OF DIRECTORS OF THE COMPANY BY SEPARATE RESOLUTIONS

3.1 Ordinary resolution 3.1

"Resolved as an ordinary resolution that Mr JA Copelyn (who has served on the board of directors of the company as a non-executive director since 13 August 2003 and who retires by rotation in terms of the company's memorandum of incorporation), who is eligible and available for re-election as a director of the company, be and is hereby re-elected as a director of the company."

3.2 Ordinary resolution 3.2

"Resolved as an ordinary resolution that Mr Y Shaik (who has served on the board of directors of the company as a non-executive director since 15 June 2011 and who retires by rotation in terms of the company's memorandum of incorporation), who is eligible and available for re-election as a director of the company, be and is hereby re-elected as a director of the company."

3.3 Ordinary resolution 3.3

"Resolved as an ordinary resolution that Mr MSI Gani (who has served on the board of directors of the company as an independent non-executive director since 11 August 2016 and who retires by rotation in terms of the company's memorandum of incorporation), who is eligible and available for re-election as a director of the company, be and is hereby re-elected as a director of the company."

Summarised curricula vitae, in respect of each of the directors who retire at the Annual General Meeting and who are standing for re-election, are set out on pages 16 and 17 of this notice of Annual General Meeting ('this notice').

4 RE-ELECTION OF MEMBERS TO THE AUDIT AND RISK COMMITTEE BY SEPARATE RESOLUTIONS

4.1 Ordinary resolution 4.1

"Resolved as an ordinary resolution that, subject to the passing of ordinary resolution 3.3, Mr MSI Gani be and is hereby re-elected as a member of the company's audit and risk committee in terms of section 94(2) of the Companies Act, No 71 of 2008, as amended, until the conclusion of the next Annual General Meeting of the company."

4.2 Ordinary resolution 4.2

"Resolved as an ordinary resolution that Ms BA Mabuza be and is hereby re-elected as a member of the company's audit and risk committee in terms of section 94(2) of the Companies Act, No 71 of 2008, as amended, until the conclusion of the next Annual General Meeting of the company."

4.3 Ordinary resolution 4.3

"Resolved as an ordinary resolution that Mr JG Ngcobo be and is hereby re-elected as a member of the company's audit and risk committee in terms of section 94(2) of the Companies Act, No 71 of 2008, as amended, until the conclusion of the next Annual General Meeting of the company."

Summarised curricula vitae, in respect of each director standing for re-election to the audit and risk committee, are set out on page 17 of this notice.

5 NON-BINDING ADVISORY ENDORSEMENT APPROVING THE COMPANY'S REMUNERATION POLICY

The company's remuneration policy is set out on pages 21 to 24 of this notice and will be submitted for endorsement by a non-binding advisory vote at the Annual General Meeting, thus providing shareholders with an opportunity to express their views on the company's remuneration policy. In the event that this non-binding advisory endorsement approving the company's remuneration policy is voted against by shareholders exercising 25% or more of the voting rights exercised, the company undertakes to engage with its shareholders.

Advisory endorsement 1

"Resolved on a non-binding advisory basis, to endorse the company's remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and/or as members of the board sub-committees) set out on pages 21 to 24 of the notice convening the Annual General Meeting at which this non-binding advisory endorsement was proposed."

6 NON-BINDING ADVISORY ENDORSEMENT APPROVING THE COMPANY'S REMUNERATION IMPLEMENTATION REPORT

The company's remuneration implementation report is set out on pages 24 to 28 of this notice and will be submitted for endorsement by a non-binding advisory vote at the Annual General Meeting, thus providing shareholders with an opportunity to express their views on the company's remuneration implementation report. In the event that this non-binding advisory endorsement approving the company's remuneration implementation report is voted against by shareholders exercising 25% or more of the voting rights exercised, the company undertakes to engage with its shareholders.

Advisory endorsement 2

"Resolved on a non-binding advisory basis, to endorse the company's remuneration implementation report set out on pages 24 to 28 of the notice convening the Annual General Meeting at which this non-binding advisory endorsement was proposed."

7 NON-EXECUTIVE DIRECTORS' FEES

Special resolution 1

"Resolved as a special resolution that the proposed fees payable to the non-executive directors of the company for their services as directors of the company and/or as members of the board sub-committees, as reflected in the remuneration implementation report on page 24 of the notice convening the Annual General Meeting at which this special resolution was proposed, be and are hereby approved for the period from 18 October 2018 until the conclusion of the next Annual General Meeting of the company."

The reason for special resolution 1 is that in terms of sections 66(8) and (9) of the Companies Act, No 71 of 2008, as amended ('Companies Act'), remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of a company's memorandum of incorporation. The fees proposed to be paid to the non-executive directors of the company for their services as directors of the company and/or as members of the board sub-committees have been set as such to ensure that the remuneration of the non-executive directors remains competitive in order to enable the company to attract and retain persons of the calibre required to make meaningful contributions to the company.

The effect of special resolution 1, if passed and becoming effective, is that the non-executive directors of the company will be entitled to receive the proposed fees reflected in the remuneration implementation report on page 24 of this notice, for the period from 18 October 2018 until the conclusion of the next Annual General Meeting of the company.

8 GENERAL AUTHORITY TO REPURCHASE SHARES

Special resolution 2

"Resolved as a special resolution that the company and/or any of its subsidiaries be and are hereby authorised, by way of a general approval in terms of the Listings Requirements of the JSE Limited ('JSE'), to acquire ordinary shares issued by the company, provided that:

- this general authority to repurchase ordinary shares issued by the company shall be valid until the company's next Annual General Meeting, or 15 months from the date of the passing of this special resolution, whichever period is the shorter;
- any such acquisition of ordinary shares shall only be made in compliance with the provisions of section 48 read with section 46 of the Companies Act;
- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- authorisation to effect repurchases is given by the company's memorandum of incorporation;

- acquisitions under this general authority to repurchase ordinary shares may not, in aggregate in any one financial year, exceed 10% of the company's issued ordinary share capital as at the date of the passing of this special resolution;
- no acquisitions under this general authority to repurchase ordinary shares may be made at a price which is more than 10% above the weighted average of the market price of the ordinary shares of the company for the five business days immediately preceding the date of such acquisition. The JSE should be consulted for a ruling if the company's ordinary shares have not traded in such five business day period;
- the company may only appoint one agent at any point in time to effect any repurchase(s) on the company's behalf;
- this authority includes an authority for shares to be repurchased, through the JSE's order book from a director or prescribed officer of the company or a person related to a director or prescribed officer, as contemplated in section 48(8)(a) of the Companies Act;
- the company and/or its subsidiaries may not repurchase ordinary shares during a prohibited period as defined by the Listings Requirements of the JSE unless they have in place a repurchase programme where the dates and quantities of ordinary shares to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The company must instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- the board of directors of the company authorises such transaction by passing a resolution authorising the repurchase, confirming that the company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the company and its subsidiaries; and
- the pre-approval by the JSE of any derivative transaction that may or will result in the repurchase of shares in terms of this general authority is obtained."

The reason for and effect of special resolution 2, if passed and becoming effective, is to grant the company and its subsidiaries a general authority in terms of the Listings Requirements of the JSE for the company and/or a subsidiary of the company, to acquire ordinary shares in the company which are in issue from time to time.

The directors of the company consider that such a general authority should be put in place in order to enable an acquisition of the company's ordinary shares should an opportunity to do so present itself during the year and which is in the best interests of the company and its shareholders.

Having considered the impact of an acquisition by the company and/or any of its subsidiaries of the maximum repurchase permissible under this general authority, the directors of the company are satisfied that:
- the company shall meet a solvency and liquidity test as contemplated in the Companies Act ('solvency and liquidity test');
- the company and the group will be able to pay its debts for a period of 12 months after the date of this notice;
- the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of this notice. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual group financial statements;
- the share capital and reserves of the company and the group will be adequate for the ordinary course of business purposes for a period of 12 months after the date of this notice; and
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of this notice.

The directors of the company confirm that no acquisition by the company and/or any of its subsidiaries of ordinary shares in the company will be implemented in terms of this authority unless the directors have passed a resolution authorising the repurchase, and a resolution to the effect that the company and its subsidiary/ies, as the case may be, have satisfied the solvency and liquidity test and since the solvency and liquidity test had been applied, there had been no material changes to the financial position of the company or the group.

Should the company or any subsidiary cumulatively acquire 3% of the initial number of ordinary shares in issue in terms of this general authority and for each 3% in aggregate of the initial number of ordinary shares acquired thereafter in terms of this general authority, the company will make an announcement to such effect in terms of the Listings Requirements of the JSE.

Disclosures

The Listings Requirements of the JSE require the following disclosures be made as set out below:

Major shareholders

Details of the major shareholders holding 1% or more are set out on page 20 of this notice.

Share capital of the company

Authorised

1 200 000 000 ordinary shares having a par value of 2 cents per share

20 000 000 preference shares of no par value

Issued

1 147 657 785 ordinary shares having a par value of 2 cents per share

Directors' responsibility statement

The directors of the company, whose names appear on pages 16 and 17 of this notice:

- collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution 2; 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, that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information in relation to special resolution 2 required by the Listings Requirements of the JSE.

Material changes

As at Friday, 10 August 2018, being the last practicable date before the finalisation of this notice, there have been no material changes in the financial or trading position of the company and its subsidiaries that have occurred between 31 March 2018 and 10 August 2018 other than the facts and developments reported on in the integrated annual report of the company for the financial year ended 31 March 2018.

9 GENERAL APPROVAL OF THE PROVISION OF FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE COMPANIES ACT

Special resolution 3

"Resolved as a special resolution that, to the extent required by section 45 of the Companies Act, the board of directors of the company may, during the period of two years commencing on the date of the adoption of this special resolution 3, and subject to compliance with the requirements of the Companies Act, the company's memorandum of incorporation and the Listings Requirements of the JSE, each as presently constituted, and as amended from time to time, authorise the company to provide direct or indirect financial assistance, whether by way of loan, guarantee, the provision of security or otherwise, to:

- any of its present or future subsidiaries and/or any other company or corporation that is or becomes a related or interrelated company or corporation of the company; or
- any member of its present or future subsidiaries and/or any other company or corporation that is or becomes a related or interrelated company or corporation;

on such terms and conditions as the board of directors of the company (or any one or more persons authorised by the board of directors of the company from time to time for such purpose) may deem fit."

The reason for special resolution 3, if passed and becoming effective, is that as part of the normal conduct of the business of the group, the company provides financial assistance to its subsidiaries and other related and interrelated companies and entities (as contemplated in the Companies Act), including the provision of guarantees, the sub-ordination of loans and the provision of other forms of security to third parties which provide funding to the group. In order to ensure, *inter alia*, that the group's present and future subsidiaries and other related and interrelated companies and entities have access to financing and/or financial backing from the group and are able to appropriately structure the financing of the group's corporate and working capital requirements, it is necessary that the company obtains the approval of shareholders in terms of special resolution 3.

Section 45 of the Companies Act permits financial assistance to be provided to a related or interrelated company or corporation of the company or to a member of a related or interrelated company or corporation, if the financial assistance is pursuant to, *inter alia*, a special resolution of the shareholders adopted within the previous two years and provided that the board of directors of the company is satisfied that (i) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test (as contemplated in the Companies Act); and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The effect of special resolution 3, if passed and becoming effective, is to grant the directors the continued authority to authorise the provision of financial assistance by the company to any of its present or future subsidiaries and/or any other company or corporation that is or becomes a related or interrelated company or corporation of the company or to any member of its present or future subsidiaries and/or any other company or corporation that is or becomes a related or interrelated company or corporation of the company for the ensuing two years, subject to the requirements of the Companies Act, the company's memorandum of incorporation and the Listings Requirements of the JSE.

As part of the normal conduct of the business of the group and consistent with standard practice, shareholders and interested and affected parties are advised to take note that the board of directors of the company has in the past, from time to time, authorised the provision by the company of direct or indirect financial assistance to group members, as envisaged in section 45 of the Companies Act, which provision of financial assistance had been authorised by a special resolution of the shareholders, adopted within the previous two years of the provision of such financial assistance.

10 ISSUE OF SHARES OR OPTIONS AND GRANT OF FINANCIAL ASSISTANCE IN TERMS OF THE COMPANY'S SHARE-BASED INCENTIVE SCHEMES

Special resolution 4

"Resolved as a special resolution that, to the extent required in terms of, and subject to the provisions of sections 41, 42, 44 and 45 of the Companies Act, the requirements (if applicable) of the company's memorandum of incorporation and the Listings Requirements of the JSE:

- the issue by the company of shares or securities convertible into shares, or the grant by the company of options for the allotment or subscription of shares or other securities of the company or the grant of any other rights exercisable for securities of the company in accordance with the provisions of any share-based incentive scheme established by the company; and/or

- the provision by the company of direct or indirect financial assistance (whether by way of loan, guarantee, the provision of security or otherwise) in connection with the subscription of any option or any securities issued or to be issued by the company or by a related or interrelated company or for the purchase of any securities of the company or of a related or interrelated company, at any time and from time to time during the period of two years commencing on the date of the adoption of this special resolution 4, in accordance with the provisions of any share-based incentive scheme established by the company (including the Gold Reef Share Scheme) or to a director, future director, prescribed officer or future prescribed officer of the company or to a person related or interrelated to the company or to their respective nominees, in accordance with the provisions of any share-based incentive scheme established by the company,

be and are hereby approved."

The reason for and effect of special resolution 4, if passed and becoming effective, is (i) to authorise the issue of shares or options and the provision of financial assistance, to the extent necessary, for the purposes of complying with the company's obligations under any share-based incentive scheme established by the company; and (ii) although section 44 of the Companies Act contains an exemption in respect of employee share schemes that satisfy the requirements of section 97 of the Companies Act to the extent that any of the company's share or other employee incentive schemes do not satisfy such requirements, financial assistance (as contemplated in section 44) to be provided under such schemes will, *inter alia*, also require approval by special resolution of the shareholders.

Section 44 of the Companies Act provides, *inter alia*, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category, and the board of directors of the company must be satisfied that:

- immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

RECORD DATES

The directors of the company have determined that the date on which a shareholder must be recorded as a shareholder in the company's register of shareholders in order to:

- receive notice of the Annual General Meeting is Friday, 10 August 2018; and
- participate in and vote at the Annual General Meeting is Friday, 12 October 2018.

The last day to trade in order to be registered in the company's register of shareholders to be able to participate in and vote at the Annual General Meeting will therefore be Tuesday, 9 October 2018.

VOTING

Each ordinary resolution to be considered at the Annual General Meeting requires the support of more than 50% of the voting rights exercised on that resolution, in order to be adopted.

Each special resolution to be considered at the Annual General Meeting requires the support of at least 75% of the voting rights exercised on that resolution, in order to be adopted.

In terms of the Listings Requirements of the JSE, equity securities held by a share trust or scheme established by the company will not have their votes at the Annual General Meeting taken into account for the purposes of adopting the resolutions proposed thereat.

In terms of section 48(2)(b)(ii) of the Companies Act, subsidiaries of the company which hold shares in the company shall not be entitled to exercise voting rights on any resolutions proposed by the company in respect of such shares.

Voting on the resolutions to be considered at the Annual General Meeting will be conducted by way of a poll. In this regard, every shareholder present in person or represented by proxy shall have one vote for every share held by such shareholder.

Shareholders who hold dematerialised shares, other than holders of dematerialised shares registered in their own name, must inform their Central Securities Depository Participant ('CSDP') or broker of their intention to attend the Annual General Meeting and must request their CSDP or broker to issue them with the necessary letter of representation to attend the Annual General Meeting if they wish to attend the Annual General Meeting in person or provide their CSDP or broker with their voting instructions should they not wish to attend the Annual General Meeting in person, failing which the CSDP or broker will be obliged to act in terms of the mandate between such shareholder and their CSDP or broker.

PROXIES

Shareholders holding certificated shares and shareholders holding dematerialised shares registered in such shareholders' own name and who are registered as such on Friday, 12 October 2018 are entitled to attend, participate in and vote at the Annual General Meeting and, if unable to do so in person, may appoint a proxy or proxies (acting in the alternative) to attend, participate in, speak and vote at the Annual General Meeting in such shareholders' stead. A proxy need not be a shareholder of the company. The completion and lodging of a form of proxy will not preclude a shareholder from attending, participating in, speaking and voting at the Annual General Meeting to the exclusion of the proxy/ies so appointed.

Notice of Annual General Meeting continued

It is recommended that the attached form of proxy, duly completed, should be returned to the transfer secretaries of the company, Link Market Services South Africa Proprietary Limited, at their address below, in accordance with the instructions contained therein so as to be received by the transfer secretaries (for administrative purposes only) by 12:00 on Wednesday, 17 October 2018, but in any event, prior to the proxy exercising such shareholder's rights as a shareholder at the Annual General Meeting or at any adjourned or postponed Annual General Meeting which date, if necessary, will be notified on the Stock Exchange News Service of the JSE and in the press.

IDENTIFICATION

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the Annual General Meeting, that person must present reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of the person to participate in and vote at the Annual General Meeting, either as a shareholder, or as a representative or proxy for a shareholder, has been reasonably verified.

AVAILABILITY OF DOCUMENTS

Copies of the financial statements and the integrated annual report of the company for the year ended 31 March 2018, containing the report of the directors, the independent auditors, the audit and risk committee, the social and ethics committee and the remuneration committee, may be obtained from the registered office of the company, Palazzo Towers East, Montecasino Boulevard, Fourways, 2055, South Africa, during normal business hours from Friday, 24 August 2018 up to and including Thursday, 18 October 2018, or from the company's website, tsogosun.com from Friday, 17 August 2018.

ELECTRONIC COMMUNICATION

Should any shareholder (or a representative or proxy for a shareholder) wish to participate in the Annual General Meeting by way of electronic participation, that shareholder should make an application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate, to the transfer secretaries, at their address below, to be received by the transfer secretaries at least seven business days prior to the Annual General Meeting (i.e. by Tuesday, 9 October 2018) in order for the transfer secretaries to arrange for the shareholder (or its representative or proxy) to provide satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or its representative or proxy) with details as to how to access the Annual General Meeting by means of electronic participation. Shareholders participating electronically will not be able to vote electronically and must follow the standard voting arrangements indicated above. The company reserves the right not to provide for electronic participation at the Annual General Meeting in the event that it determines that it is not practical to do so, or an insufficient number of shareholders (or their representatives or proxies) request to so participate.

ENQUIRIES

Any shareholder having difficulties or queries in regard to the Annual General Meeting is invited to contact the Company Secretary, GD Tyrrell, on +27 11 510 7840 or at companysecretary@tsogosun.com.

RESULTS OF THE ANNUAL GENERAL MEETING

The results of the Annual General Meeting will be issued on the Stock Exchange News Service of the JSE as soon as practically possible after the Annual General Meeting.

By order of the board

Graham David Tyrrell
Company Secretary

15 August 2018

Registered office
Palazzo Towers East
Montecasino Boulevard
Fourways, 2055
Private Bag X200
Bryanston, 2021

Transfer secretaries
Link Market Services South Africa Proprietary Limited
13th Floor, 19 Ameshoff Street
Braamfontein, 2001
PO Box 4844, Johannesburg, 2000

Form of proxy

TSOGO SUN

Tsogo Sun Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number: 1989/002108/06
Share code: TSH
ISIN: ZAE000156238
('the company')

This form of proxy is for use by shareholders registered as such who hold certificated shares in the company and shareholders who hold 'own-name' dematerialised shares in the company, to appoint a proxy or proxies for the Annual General Meeting of the company to be held at 12:00 on Thursday, 18 October 2018 at the company's head office, main boardroom, Ground Floor, Palazzo Towers East, Montecasino Boulevard, Fourways, South Africa, or any adjournment or postponement thereof.

Shareholders who have dematerialised their shares in the company and do not have 'own-name' registration, must inform their Central Securities Depository Participant ('CSDP') or broker if they wish to attend the Annual General Meeting in person and must request their CSDP or broker to issue them with the necessary letters of representation authorising them to attend in person, alternatively, they must provide their CSDP or broker with their voting instructions should they not wish to attend the Annual General Meeting in person. Such dematerialised shareholders must not return this form of proxy to the transfer secretaries.

It is recommended that forms of proxy should be completed and delivered to the transfer secretaries, Link Market Services South Africa Proprietary Limited (for administrative purposes only) by no later than 12:00 (South African time) on Wednesday, 17 October 2018, but in any event, prior to the proxy exercising such shareholder's rights as a shareholder at the Annual General Meeting or at any adjourned or postponed Annual General Meeting which date, if necessary, will be notified on the Stock Exchange News Service of the JSE Limited and in the press.

I/We (full names in BLOCK LETTERS please)

of (insert address)

Email address Telephone number Mobile number

being the holder(s) of ____________ (insert number) ordinary shares in the company, hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the Chairperson of the Annual General Meeting,

as my/our proxy to attend, speak at and participate in the Annual General Meeting or at any adjournment or postponement thereof, on my/our behalf, and to vote for and/or against the ordinary and special resolutions to be proposed at such Annual General Meeting, or any postponement or adjournment thereof, and/or to abstain from voting thereon, in respect of the ordinary shares in the company registered in my/our name/s.

I/we wish to vote as follows:

(In the absence of such indication, the proxy will be entitled to vote or abstain from voting in his/her discretion.)

	Insert number of votes or an 'X' in the relevant column (see notes 2 and 3 overleaf)		
	For	**Against**	**Abstain**
Ordinary resolution 1 – Receipt and adoption of annual financial statements and reports			
Ordinary resolution 2 – Reappointment of auditors			
Ordinary resolution 3.1 – Re-election of Mr JA Copelyn as a director			
Ordinary resolution 3.2 – Re-election of Mr Y Shaik as a director			
Ordinary resolution 3.3 – Re-election of Mr MSI Gani as a director			
Ordinary resolution 4.1 – Re-election of Mr MSI Gani to the audit and risk committee			
Ordinary resolution 4.2 – Re-election of Ms BA Mabuza to the audit and risk committee			
Ordinary resolution 4.3 – Re-election of JG Ngcobo to the audit and risk committee			
Advisory endorsement 1 – Non-binding advisory endorsement of the company's remuneration policy			
Advisory endorsement 2 – Non-binding advisory endorsement of the company's remuneration implementation report			
Special resolution 1 – Approval of the proposed fees for non-executive directors			
Special resolution 2 – General authority to repurchase shares			
Special resolution 3 – General approval of the provision of financial assistance in terms of section 45 of the Companies Act			
Special resolution 4 – Approval of the issue of shares or options and the grant of financial assistance in terms of the company's share-based incentive schemes			

Any shareholder entitled to participate in, attend, speak and vote at the Annual General Meeting may appoint a proxy or proxies (acting in the alternative) to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the company. The completion and lodging of a form of proxy will not preclude a shareholder from attending the Annual General Meeting, participating therein and speaking and voting thereat to the exclusion of the proxy/ies so appointed.

Signed at this day of 2018

Signature(s)

Assisted by (where applicable)

Please read the summary of the rights contained in section 58 of the Companies Act, No 71 of 2008, as amended ('Companies Act') and the notes overleaf.

Summary of rights contained in section 58 of the Companies Act

For purposes of this summary, the term 'shareholder' shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at, a shareholders' meeting on behalf of the shareholder.

2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.

3. Except to the extent that the memorandum of incorporation of a company provides otherwise:

   3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;

   3.2 a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and

   3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

4. Irrespective of the form of instrument used to appoint a proxy:

   4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and

   4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.

5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:

   5.1 stated in the revocation instrument, if any; or

   5.2 upon which the revocation instrument is delivered to the proxy and the relevant company.

6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to the:

6.1 shareholder; or

6.2 proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.

7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provides otherwise.

8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:

   8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised and must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act;

   8.2 the company must not require that the proxy appointment be made irrevocable; and

   8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act (see paragraph 5 above).

Notes to the form of proxy

1. A registered shareholder may appoint and insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting 'the Chairperson of the Annual General Meeting', but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the Chairperson of the Annual General Meeting. The proxy or proxies need not be shareholders of the company. The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of any proxy whose name follows.

2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an 'X' or the relevant number of votes exercisable by that shareholder in the appropriate box(es) provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or abstain from voting at the meeting as he/she thinks fit in respect of the shareholders exercisable votes, and if the proxy is the Chairperson of the Annual General Meeting, he/she shall be entitled to vote in favour of the resolutions proposed at the Annual General Meeting in respect of all the shareholders' votes exercisable thereat. If an 'X' has been inserted in one of the blocks relating to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned in respect of such resolution.

3. A shareholder or his/her proxy is not obliged to cast all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.

4. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries.

5. It is recommended that the completed forms of proxy should be lodged with the transfer secretaries, Link Market Services South Africa Proprietary Limited, PO Box 4844, Johannesburg, 2000 or 13th Floor, Rennie House, 19 Ameshoff Street Braamfontein, Johannesburg, 2001 (for administrative purposes only by no later than 13:00 on Wednesday, 17 October 2018), but in any event, prior to the proxy exercising such shareholder's rights as a shareholder at the Annual General Meeting or at any adjourned or postponed Annual General Meeting which date, if necessary, will be notified on the Stock Exchange News Service of the JSE Limited and in the press.

6. The form of proxy must be dated and signed. The completion of any blank spaces overleaf need not be initialled, but any alterations or corrections to the form of proxy must be initialled by the signatory/ies.

7. Where there are joint holders of ordinary shares in the company:

   7.1 any one holder may sign this form of proxy; and

   7.2. the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's securities register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company or unless this requirement is waived by the Chairperson of the Annual General Meeting.

9. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

10. The appointment by a shareholder of a proxy or proxies:

    10.1 is suspended at any time and to the extent that such shareholder chooses to act directly and in person in the exercise of any rights as a shareholder; and

    10.2 is revocable in which case a shareholder may revoke the proxy appointment by:

    10.2.1 cancelling it in writing or making a later inconsistent appointment of a proxy; and

    10.2.2 delivering a copy of the revocation instrument to the proxy and to the company.

11. The appointment of a proxy or proxies remains valid only until the end of the Annual General Meeting subject to any revocation thereof.

Corporate information

COMPANY SECRETARY AND REGISTERED OFFICE

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

SPONSOR

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

* *Previously Deutsche Securities (SA) Proprietary Limited – Investec Bank Limited appointed with effect from 1 June 2018*

ATTORNEYS

Tabacks Attorneys
(Registration number: 2000/024541/21)
13 Eton Road
Parktown, 2193
(PO Box 3334, Houghton, 2041)

Nortons Inc.
(Registration number: 2009/006902/21)
135 Daisy Street
Sandton, 2196
(PO Box 41162, Craighall, 2024)

AUDITORS

PricewaterhouseCoopers Inc.
Registered Accountants and Auditors
(Registration number: 1998/012055/21)
4 Lisbon Lane, Waterfall City
Jukskei View, 2090
(Private Bag X36, Sunninghill, 2157)

TRANSFER SECRETARIES

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

COMMERCIAL BANKERS

Nedbank Limited
(Registration number: 1966/010630/06)
1st Floor, Corporate Park
Nedcor Sandton
135 Rivonia Road
Sandown, 2196
(PO Box 1144, Johannesburg, 2000)

Rand Merchant Bank
A division of FirstRand Bank Limited
(Registration number: 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Absa Group Limited
(Registration number: 1986/003934/06)
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170 Main Street
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