

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The "Definitions and Interpretations" clause of this Circular applies throughout this Circular (excluding the Annexes).

If you are in any doubt as to the action you should take, please consult your attorney, accountant, banker or other professional advisor immediately.

If you have disposed of all your Shares, then this Circular, together with the accompanying notice convening the Scheme Meeting, Form of Proxy and Form of Election, Surrender and Transfer and Indemnity Form, should be forwarded to the purchaser to whom you disposed of your Shares.

SVG Shareholders should note that, whilst the entire Circular is important and should be read in its entirety, particular attention should be paid to the section entitled "**Action required by SVG Shareholders**" of this Circular.



**STELLENBOSCH VINEYARDS
GROUP LIMITED**

Incorporated in the Republic of South Africa
(Registration number 1991/005071/06)

("SVG" or the "Company")



**ADVINI SOUTH AFRICA
PROPRIETARY LIMITED**

Incorporated in the Republic of South Africa
(Registration number 2016/316617/07)

("Advini")

CIRCULAR TO SVG SHAREHOLDERS

regarding

- a scheme of arrangement proposed by the SVG Board between SVG and SVG Shareholders, in terms of section 114 of the Companies Act, which, if implemented, will result in Advini acquiring 51% to 55% of the Shares from the Scheme Participants for R5.00 (five South African Rand) in cash for every Scheme Share;
- the substitution of its memorandum of incorporation;
and incorporating:
- a report prepared by the Independent Expert in terms of sections 114(2) and 114(3) of the Companies Act;
- a draft MOI;
- a copy of sections 115 and 164 of the Companies Act;

- a notice convening the Scheme Meeting;
- a Form of Proxy;
- a Form of Election, Surrender and Transfer; and
- an Indemnity Form.

Corporate Advisor to SVG	Independent Expert	
	 PSG CAPITAL	
Legal Advisor to SVG	Competition Advisor to Advini	Legal Advisor to Advini
WEBBER WENTZEL <small>in alliance with > Linklaters</small>		FORSSMAN <small>CONSULTING</small>

Date of issue: 14 February 2018

Additional copies of this Circular, in its printed format, may be obtained from the Company and the Corporate Advisor to SVG at their respective addresses set out in the section of this Circular entitled “Corporate Information”, during normal business hours from 14 February 2018 up to and including 7 May 2018. This Circular will also be available on the SVG website (www.stellenboschvineyards.co.za) from the commencement of normal business hours on 14 February 2018. Copies of this Circular are available in the English language only.

CORPORATE INFORMATION AND ADVISORS

Offeror Company	Offeree Company
Advini South Africa Proprietary Limited	Stellenbosch Vineyards Group Limited
Registration number 2016/316617/07	Registration number 1991/005071/06
R44 Klapmuts Road	R310 Baden Powell Drive, Lynedoch
Stellenbosch 7600	Stellenbosch 7600
Tel: +27 21 889 5001	Tel: +27 21 881 3870
contact@advini.com	info@stellvine.co.za
Board of Advini	Board of SVG
Antoine Leccia (<i>Chairman</i>)	DNJ Price (<i>Chairman</i>)
Naretha Ricome (<i>Managing Director</i>)	DE Steynberg (<i>Managing Director</i>)
	AJ de Haast (<i>Non-executive</i>)
	NW Oosthuizen (<i>Non-executive</i>)
	DR Smollan (<i>Non-executive</i>)
	W Pretorius (<i>Non-executive</i>)
Independent Board of SVG	Independent Expert to SVG
DNJ Price	PSG Capital Limited
NW Oosthuizen	1 st Floor, Ou Kollege Building
W Pretorius	35 Church Street, Stellenbosch 7600
	Tel: +27 21 887 9602
	info@psgcapital.com
Legal Advisor of Advini	Attorneys of SVG
Forssman Consulting Proprietary Limited	Webber Wentzel
P.O. Box 75	15 th Floor, Convention Tower
Stellenbosch 7599	Heerengracht, Cape Town 8001
vanda@fc-law.co.za	Tel: +27 21 431 7347
	Candice.meyer@webberwentzel.com
Company Secretary of SVG	Corporate Advisor of SVG
Mr JG De Villiers	Acorn Private Equity Holdings (Pty) Limited
R310 Baden Powell Drive, Lynedoch	Unit D, The Beachhead
Stellenbosch 7600	10 Niblick Way, Somerset West, 7130
Tel: +27 21 881 3870	Tel: +27 21 852 2887
info@stellvine.co.za	pierre.malan@acornequity.com

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IMPORTANT LEGAL NOTICES

The release, publication or distribution of this Circular in certain jurisdictions may be restricted by law and, therefore, persons in any such jurisdictions into which this Circular is released, published or distributed should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of such jurisdiction. This Circular does not constitute the solicitation of an offer to purchase or sell securities or the solicitation of any vote or approval in any jurisdiction in which such solicitation would be unlawful or in which securities may not be offered or sold without registration or an exemption from registration. There will be no public offering of securities in any jurisdiction that would require registration.

The Scheme is governed by the laws of South Africa and is subject to any applicable laws and regulations in South Africa only, including the Companies Act and the Takeover Regulations.

Any SVG Shareholder who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate professional advisor in his jurisdiction without delay.

This Circular contains statements about SVG and Advini that are, or may be, forward-looking statements. All statements (other than statements of historical fact) are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations; individually or in the aggregate; liquidity; capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, expansion prospects or future capital expenditure levels and other economic factors, such as, *inter alia*, interest rates.

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

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

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

Any forward-looking statement has not been reviewed nor reported on by the external auditors.

ACTION REQUIRED BY SVG SHAREHOLDERS

1. If you have disposed of all your Shares, then this Circular, together with the accompanying notice convening the Scheme Meeting, Form of Proxy and Form of Election, Surrender and Transfer, and Indemnity Form should be forwarded to the person to whom you disposed of your Shares.
2. Please take careful note of the following provisions regarding the action to be taken by SVG Shareholders:
 - 2.1 A Scheme Meeting of SVG Shareholders will be held at 12h00 on 8 March 2018 at Stellenbosch Vineyards, R310 Baden Powell Drive, Lynedoch, Stellenbosch for the purpose of considering and, if deemed fit, passing the resolutions required to enable Advini to acquire 51% to 55% of the Shares in terms of a scheme of arrangement under section 114(1) of the Companies Act. A notice convening such Scheme Meeting is attached to, and forms part of, this Circular.
 - 2.2 **Voting at the Scheme Meeting**
 - 2.2.1 You may attend and vote at the Scheme Meeting;

2.2.2 Your Form of Election, Surrender and Transfer must be completed and delivered to the Company Secretary by the latest, at the Scheme Meeting.

2.2.3 If you do not wish to or are unable to attend the Scheme Meeting, but wish to be represented thereat, you must complete the attached Form of Proxy in accordance with the instructions contained therein and return it to the Company Secretary, Mr JG de Villiers, R310 Baden Powell Drive, Lynedoch, Stellenbosch 7600 (P.O. Box 465 Stellenbosch 7599) to be received by them by no later than 12h00 on 7 March 2018. Alternatively, the Form of Proxy may be handed to the Chairperson of the Scheme Meeting before the Scheme Meeting commences at 12h00 on 8 March 2018.

2.3 **Surrender of Document/s of Title**

2.3.1 If the Scheme becomes operative, you will be required to surrender your Document/s of Title in respect of all your Shares, where after replacement Document/s of Title will be issued to you, where applicable.

2.3.2 If you wish to surrender your Document/s of Title in anticipation of the Scheme becoming operative, you should complete the attached Form of Election, Surrender and Transfer and return it, together with the relevant Document/s of Title relating to your Shares and Indemnity Form if applicable, in accordance with the instructions contained therein, to the Company Secretary, Mr JG de Villiers, R310 Baden Powell Drive, Lynedoch, Stellenbosch 7600 (P.O. Box 465 Stellenbosch 7599).

2.3.3 If Document/s of Title relating to any Shares to be surrendered are lost, destroyed or not delivered to SVG, SVG may dispense with the surrender of such Document/s of Title upon provision of a signed Indemnity Form or otherwise. Accordingly, if the Document/s of Title in respect of any of your Shares have been lost, destroyed or not delivered to SVG, you should nevertheless return the attached Form of Election, Surrender and Transfer, duly signed and completed, together with a duly signed and completed Indemnity Form which is attached.

2.3.4 Should you surrender your Document/s of Title in anticipation of the Scheme becoming operative and the Scheme then does not become operative, or you do not sell all of your Shares in terms of the Scheme, the Company Secretary shall, within three Business Days of either the date upon which it becomes known that the Scheme will not be implemented, or some of the Shares will not be sold, or on receipt by the Company Secretary of the relevant Document/s of Title, whichever is the later, return the Document/s of Title in respect of the Shares you shall continue to hold, to you by post, at your risk.

3. GENERAL

3.1 TAKEOVER REGULATION PANEL APPROVALS

Shareholders should take note that the Takeover Regulation Panel does not consider commercial advantages or disadvantages of affected transactions when it approves such transactions.

3.2 Approval of the Scheme at the Scheme Meeting

The Scheme must be approved by a special resolution, in accordance with section 115(2)(a) of the Companies Act, at the Scheme Meeting, at which at least three SVG Shareholders are present and sufficient SVG Shareholders are present to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised at the Scheme Meeting. In order to be approved, the special resolution must be supported by at least 75% of voting rights exercised thereon.

3.3 Electronic participation at the Scheme Meeting

SVG Shareholders or their proxies will not be able to participate in the Scheme Meeting by way of a teleconference call or any other electronic participation.

3.4 Tax

SVG Shareholders are advised to consult their relevant professional advisors about the tax consequences of the sale of their Shares and receipt of the Scheme Consideration.

3.5 Court approval

3.5.1 SVG Shareholders are advised that, in accordance with section 115(3) of the Companies Act, SVG may in certain circumstances not proceed to implement the special resolution required to approve the Scheme, despite the fact that it will have been adopted at the Scheme Meeting, without the approval of the Court.

3.5.2 A copy of section 115 of the Companies Act pertaining to the required approval for the Scheme is set out in Annexe 3 to this Circular.

3.6 Dissenting SVG Shareholders

3.6.1 A SVG Shareholder who is entitled to vote at the Scheme Meeting is entitled to seek relief under section 164 of the Companies Act if that SVG Shareholder notified SVG in

advance in writing of its intention to oppose the special resolution, was present at the Scheme Meeting, voted against the special resolution and sent the Company a demand contemplated in section 164(5) of the Companies Act.

3.6.2 A copy of section 164 of the Companies Act pertaining to Dissenting SVG Shareholders' Appraisal Rights is set out in Annexe D to this Circular.

IMPORTANT DATES AND TIMES	
Record date to determine which SVG Shareholders are entitled to receive the Circular	14 February 2018
Circular posted to SVG Shareholders and notice convening the Scheme Meeting released on	14 February 2018
Last day to lodge forms of proxy in respect of the Scheme Meeting with the Company Secretary by 12h00 on (alternatively, the Form of Proxy may be handed to the Chairperson of the Scheme Meeting by no later than 12h00 on 8 March 2018)	7 March 2018
Last date and time for SVG Shareholders to give notice of their objections, in terms of section 164(3) of the Companies Act, to the special resolution approving the Scheme for purposes of Appraisal Rights by 12h00 on	7 March 2018
Scheme Meeting to be held at 12h00 on and last date for shareholders to make an election in terms of the scheme	8 March 2018
Results of the Scheme Meeting announced on	9 March 2018
<i>If the Scheme is approved by SVG Shareholders at the Scheme Meeting:</i>	
Expected date for SVG to give notice of adoption of the special resolution approving the Scheme to SVG Shareholders objecting to the special resolution, in accordance with section 164 of the Companies Act, on	23 March 2018
Last date for SVG Shareholders who voted against the Scheme to make application to the Court in terms of section 115(3)(a) of the Companies Act on	15 March 2018
Last date for SVG Shareholders who voted against the Scheme to make application to the Court in terms of section 115(3)(b) of the Companies Act on	23 March 2018
Expected last date for dissenting SVG Shareholders to exercise their appraisal rights in accordance with section 164 of the Companies Act on	24 April 2018

<i>The following dates assume that neither court approvals nor the review of the Scheme is required and will be confirmed in the finalization announcement if the Scheme becomes unconditional:</i>	
Expected Scheme Consideration Record Date, being the date on which Scheme Participants must be recorded in the Register to receive the Scheme Consideration, by 17h00 on	25 April 2018
Expected Settlement Date of the Scheme on	7 May 2018

Notes:

1. All dates and times may be changed by mutual agreement between SVG and Advini (subject to the approval of the Panel, if required). The dates have been determined based on certain assumptions regarding the date by which certain regulatory approvals will have been obtained and that no Court approval or review of the special resolution required to approve the implementation of the Scheme will be required. Any change in the dates and times will be published in the South African press and on the Company website.
2. All times given in this document are local times in South Africa.
3. If the Scheme is approved by an insufficient number of SVG Shareholders at the Scheme Meeting so that an SVG Shareholder may require SVG to obtain Court approval of the Scheme, as contemplated in section 115(3)(a) of the Companies Act, and an SVG Shareholder in fact delivers such a request, the dates and times set out above will not be relevant. If this is the case, SVG Shareholders will be notified separately of the applicable dates and times under this process.
4. If any SVG Shareholder who votes against the Scheme exercises its rights in accordance with section 115(3)(b) of the Companies Act and applies to Court for a review of the transaction, the dates and times set out above will not be relevant. If this is the case, SVG Shareholders will be notified separately of the applicable dates and times under this process.
5. If the Scheme Meeting is adjourned or postponed, Forms of Proxy submitted for the initial Scheme Meeting will remain valid in respect of any adjournment or postponement of the Scheme Meeting.

DEFINITIONS AND INTERPRETATION

In this Circular and the Annexes hereto the notice convening the Scheme Meeting, the Form of Proxy, the Form of Election, Surrender and Transfer, and the Indemnity Form, unless the context otherwise indicates, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of

persons and *vice versa*, and the words in the first column hereunder have the meaning stated opposite them in the second column, as follows:

"Appraisal Rights"	the rights afforded to SVG Shareholders under section 164 of the Companies Act, as set out in Annexe 4 to this Circular;
"Acquisition"	the acquisition by Advini of the Shares pursuant to the Scheme;
"Advini"	Advini South Africa Proprietary Limited, registration number 2016/316617/07, a private company duly incorporated in accordance with the laws of South Africa;
"Business Day"	any day other than a Saturday, a Sunday or an official public holiday in South Africa;
"Circular"	this bound document, dated 14 February 2018, including the Annexes hereto and incorporating a notice convening the Scheme Meeting, a Form of Proxy, a Form of Election Surrender and Transfer and the Indemnity Form;
"Companies Act"	the Companies Act, 71 of 2008, as amended;
"Company Secretary"	Mr JG de Villiers, R310 Baden Powell Drive, Lynedoch, Stellenbosch 7600;
"Competition Act"	the Competition Act, 89 of 1998, as amended;
"Competition Authorities"	the Competition Commission, Competition Tribunal and Competition Appeal Court established in accordance with the Competition Act;
"Conditions"	the conditions precedent to the implementation of the Scheme, as set out in clause 10 of the Circular;
"Confidentiality Agreement"	the confidentiality agreement entered into among, <i>inter alia</i> , Advini and SVG on 7 April 2017;
"Court"	any South African court with competent jurisdiction to approve the implementation of the Scheme Resolution pursuant to section 115 of the Companies Act and/or to determine the fair value of Shares

	and make an order pursuant to section 164(14) of the Companies Act;
"Directors of SVG" or "SVG Board"	the board of directors of SVG, whose details are set out on page 3 of this Circular;
"Dissenting SVG Shareholders"	SVG Shareholders who (i) validly exercise their Appraisal Rights by demanding, in accordance with the requirements of sections 164(5) to 164(8) of the Companies Act, that the Company pay them the fair value of all of their SVG Shares; (ii) do not withdraw that demand before the Company makes an offer to them in accordance with the requirements of section 164(11) of the Companies Act; and (iii) do not, after an offer is made to them by SVG in accordance with the requirements of section 164(11) of the Companies Act, allow such offer to lapse;
"Distribution Agreement"	The distribution agreement between Advini and SVG, dated on or about 26 January 2018;
"Document/s of Title"	a share certificate, certified transfer deed, balance receipt and/or any other form of acceptable document of title acceptable to SVG in respect of Shares;
"EFT"	electronic funds transfer;
"Event"	an event, change, effect, fact or circumstance;
"Excluded Dissenting SVG Shareholders"	Dissenting SVG Shareholders who accept an offer made to them by the Company in accordance with the requirements of section 164(11) of the Companies Act or, pursuant to an order of Court, tender their Shares to the Company in accordance with the requirements of section 164(15)(c)(v) of the Companies Act;
"Excluded Dissenting SVG Shareholders Shares"	the Shares held by the Excluded Dissenting SVG Shareholders;
"Finalisation Date" or "Scheme Consideration Record Date"	the latest of the dates on which all of the Conditions shall have been fulfilled or waived, as the case may be, and Advini has announced that the Offer has become unconditional, and the certificate has been issued by the Panel, being the last date for

	SVG Shareholders to be recorded in the Register in order to receive the Scheme Consideration, which date is expected to be 25 April 2018;
"Firm Intention Announcement"	the joint announcement by SVG and Advini setting out the terms of the firm intention by Advini to proceed with an offer to acquire 51% to 55% of the Shares by way of the Scheme, published on the website on 14 February 2018;
"Implementation Agreement"	the Scheme Agreement entered into between SVG and Advini on 26 January 2018, which governs, <i>inter alia</i> , the implementation of the Scheme, as amended on 31 January 2018 and 8 February 2018;
"Independent Board"	an independent sub-committee of the SVG Board, consisting of Mr David Price, Mr Neil Oosthuizen and Advocate Willem Pretorius, appointed to fulfil the role of an "independent board", as contemplated in regulation 108 of the Takeover Regulations, all of whom are independent as contemplated in regulation 108(8) of the Takeover Regulations;
"Independent Expert"	PSG Capital Limited, registration number 2006/015817/07, a public company duly incorporated in accordance with the laws of South Africa and appointed to provide external advice to the Independent Board in relation to the Scheme in accordance with the requirements of section 114 of the Companies Act and regulation 110(1) of the Takeover Regulations;
"Interim Period"	the period commencing on 26 January 2018 and ending on the Operative Date;
"Last Practical Date"	means the last practical date for preparation of this Circular and inclusion of information therein, being 14 February 2018;
"Material Shareholder"	SVG Shareholders who hold 5% or more of the Shares following the implementation of the Scheme;
"Offer"	the offer made by Advini, to acquire a minimum of 51% and a maximum of 55% of the Shares, by way of a scheme of arrangement in accordance with the requirements of section 114(1)

	of the Companies Act;
"Operative Date"	the 6th Business Day after the Finalisation Date, being the date on which the Company will commence paying the Scheme Consideration to the Scheme Participants, which operative date is expected to be 7 May 2018;
"Panel"	the Takeover Regulation Panel established in accordance with section 196 of the Companies Act;
"Rand" or "R"	South African Rand, the official currency of South Africa;
"Register"	SVG's securities register;
"Regulations"	the Companies Regulations, 2011, published in terms of the Companies Act;
"Scheme" or "Proposed Transaction"	the scheme of arrangement proposed by the Independent Board between SVG and the SVG Shareholders, in terms of section 114(1) of the Companies Act, which, if implemented, will result in Advini acquiring 51% to 55% of the Shares and, as consideration therefor, the Scheme Participants will receive the Scheme Consideration;
"Scheme Consideration"	the cash consideration payable in terms of the Scheme, being an amount of R5.00 per Scheme Share purchased by Advini pursuant to the Scheme;
"Scheme Meeting"	the meeting of SVG Shareholders convened in terms of the Companies Act (including any adjournment or postponement thereof), to be held at 12h00 on 8 March 2018 at Stellenbosch Vineyards, R310 Baden Powell Drive, Lynedoch, Stellenbosch 7600, to consider and, if deemed fit, to pass, with or without modification, the resolutions necessary to implement the Scheme;
"Scheme Shareholders"	SVG Shareholders recorded in the Register on the Scheme Voting Record Date, who are lawfully entitled to attend and vote at the Scheme Meeting;
"Scheme Participants"	holders of Shares recorded in the register at 17h00 on the Scheme

	Consideration Record Date; provided that (i) SVG Shareholders who become Excluded Dissenting SVG Shareholders after the Scheme Consideration Record Date will not be regarded as Scheme Participants; and (ii) since Dissenting SVG Shareholders may become Excluded Dissenting SVG Shareholders, Dissenting SVG Shareholders will only be regarded as Scheme Participants once they cease to be Dissenting SVG Shareholders as contemplated in clause 18 of the Circular;
"Scheme Resolution"	the special resolution as contemplated in section 115(2) of the Companies Act in terms of which SVG Shareholders approve the Scheme;
"Scheme Shares"	Shares acquired by Advini pursuant to the Scheme;
"Scheme Voting Record Date"	the last date to be recorded in the Register in order for SVG Shareholders to become Scheme Shareholders and, therefore, be eligible to attend, speak and vote at the Scheme Meeting (or any adjournment or postponement thereof), being 7 March 2018;
"Shares"	Issued ordinary par value shares in SVG;
"South Africa"	the Republic of South Africa;
"SVG" or "the Company"	Stellenbosch Vineyards Group Limited, registration number 1991/005071/06, a public company duly incorporated in accordance with the laws of South Africa;
"SVG Shareholders"	the holders of Shares;
"SVG Board"	the board of directors of SVG;
"SV Opco"	Stellenbosch Vineyard Proprietary Limited, registration number 1997/000593/07, a wholly owned subsidiary of SVG;
"Takeover Regulations"	the regulations published in terms of section 120 of the Companies Act which form part of the regulations;
"Undertakings"	the warranties, undertakings and indemnities provided by SVG and SV Opco (as guarantor) in the Implementation Agreement.



STELLENBOSCH VINEYARDS GROUP LIMITED

Incorporated in the Republic of South Africa
(Registration number 1991/005071/06)
("SVG" or the "Company")

Directors

Executive

DE Steynberg (Chief Executive Officer)

Non-executive

DNJ Price (Chairperson)

AJ De Haast

NW Oosthuizen

DR Smollan

W Pretorius

CIRCULAR TO SVG SHAREHOLDERS

1. INTRODUCTION

- 1.1 In terms of the Firm Intention Announcement published on the Company website on 13 February 2018, SVG Shareholders were advised of the Offer by Advini to acquire a minimum of 51% and a maximum of 55% of the Shares by way of a scheme of arrangement to be proposed by the SVG Board between SVG and the SVG Shareholders, in terms of section 114(1) of the Companies Act.
- 1.2 The terms of the Scheme, which is governed by the Implementation Agreement and the Offer, are detailed in this Circular below.

- 1.3 The Scheme Consideration to be received by Scheme Participants, subject to the Scheme becoming operative, is R5.00 in cash for every Scheme Share sold in terms of the Scheme on the Scheme Consideration Record Date.
- 1.4 Following the implementation of the Scheme, and excluding the Excluded Dissenting SVG Shareholders' Shares which will be transferred to SVG and cancelled, as more fully set out in clause 18 below, Advini will become the registered and beneficial owner of the Scheme Shares.

2. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to provide SVG Shareholders with the relevant information regarding the Scheme, including, *inter alia*, the report of the Independent Expert prepared in accordance with the requirements of section 114(3) of the Companies Act and the recommendation of the Independent Board in respect of the Scheme, and to give notice convening the Scheme Meeting in order to consider and, if deemed fit, to pass the resolutions necessary to approve and implement the Scheme in accordance with the Companies Act and the Takeover Regulations. A notice convening the Scheme Meeting is attached to, and forms part of, this Circular.

3. THE INDEPENDENT BOARD

- 3.1 The Takeover Regulations require that an independent board of directors must consist of at least three members, each of whom does not hold Shares that represent a material holding in SVG or a material amount of his or her net worth, or is not partial to the outcome of an offer because of an increased or decreased future benefit or loss of office or employment.
- 3.2 The independent board of directors appointed for SVG consists of Mr David Price, Mr Neil Oosthuizen and Advocate Willem Pretorius:
- 3.2.1 Mr Price has been the Chairman of SVG for the past 6 years and is a director on a number of other local company boards. Having initially trained and qualified as a chartered accountant he has in the past been involved in a senior financial and strategic capacity in a number of large public companies. Over the past 25 years he has assisted smaller companies in a consulting capacity to resolve their performance difficulties, mainly in the agricultural industries in the Western Cape;
- 3.2.2 Mr Oosthuizen has a B.Sc. (Civil Eng.) degree and also obtained a MBA from the University of Pretoria. He started his career with the SAR&H (later Transnet) and his final position there was as CEO of Portnet. Thereafter he joined the Capespan Group

where he spent 3 years in London as MD of the European marketing arm of the organisation. His final position was as Group Managing Director based in Cape Town. During this period he served on the boards of various international companies. Currently he is a non-executive director, chairman of the Audit Committee and chairman of the Social and Ethics Committee of SVG.

- 3.2.3 Advocate Pretorius is a member of the Cape Bar and well versed in mergers and acquisitions from the perspective of competition law. He was an audit committee member of the Council of the University of Stellenbosch. He also holds an economics degree and farms in the Stellenbosch district.

4. THE INDEPENDENT EXPERT

- 4.1 The Takeover Regulations furthermore require that an independent expert furnish a fair and reasonable opinion on the Offer.
- 4.2 PSG Capital Limited was engaged to furnish such an opinion.

5. BACKGROUND INFORMATION ON ADVINI

Advini is a wholly owned subsidiary of Advini S.A., registration number 896 520 038, a company registered and incorporated in France, and conducts the South African trading operations of the Advini group of companies. Advini has acquired some strategic South African wine assets and the rationale for the Offer and the resultant Scheme is mainly rooted in expanding its South African operations.

6. UNDERTAKINGS BY ADVINI

Following the Acquisition, Advini will retain effective control of SVG. Advini will continue with the core business of SVG for the foreseeable future.

7. RATIONALE FOR THE SCHEME

The Company implemented a successful turnaround strategy 5 years ago that has seen an improvement in the profitability and sustainability of operations. The SVG Board believes that given the current financial position of the Company now is an opportune time to unlock value for SVG Shareholders that have patiently supported the Company for so many years.

Advini approached the SVG Board with the view of acquiring a controlling stake in the Company. Advini has been acquiring wine assets in South Africa for a number of years and views SVG as an appropriate vehicle to grow its South African and international business.

8. **BENEFITS OF THE SCHEME TO SVG SHAREHOLDERS**

- 8.1 There has not been an active market for the Shares for the past few years. The last trade took place on 1 May 2017 at a price of R0.75. The Acquisition will provide SVG Shareholders with an opportunity to dispose of their Shares at a significant premium to these historic prices.
- 8.2 The Scheme Consideration represents a premium of R4.25 per Share over the last traded price.
- 8.3 Included in the Conditions of the Scheme is the requirement for SVG to convert from a public to a private company as contemplated in the Companies Act. Following this, SVG Shareholders will have limited means of disposal of their Shares and therefore this Acquisition represents the final opportunity for Shareholders to dispose of their Shares without them being subject to the additional limitations and restrictions imposed by the new MOI.

9. **TERMS OF THE SCHEME**

In terms of section 114(1) of the Companies Act, the Independent Board hereby proposes the Scheme, on the terms set out in this clause Circular, between SVG and the SVG Shareholders.

9.1 **The Offer**

- 9.1.1 On 13 February 2018 the SVG Board and Advini made a joint announcement that Advini had delivered notice to the SVG Board of its firm intention to acquire 51% to 55% of the Shares from the SVG Shareholders thereof at a purchase price of R5.00 per Share through a scheme of arrangement in terms of section 114(1)(c) of the Companies Act to be proposed between SVG and SVG Shareholders.
- 9.1.2 The Offer is made by means of proposal of the Scheme to be voted upon at the Scheme Meeting to be held on 8 March 2018.
- 9.1.3 In terms of the Companies Act and Takeover Regulations, an independent board of directors of SVG was appointed to consider the Offer and the Scheme. Furthermore, the Independent Expert was engaged to furnish a report on the Offer.
- 9.1.4 The Offer is for the purchase of the Shares, subject to the Conditions and the specific potential limitations and adjustments set out in this Circular, including clauses 13 and 14 below, for the Scheme Consideration, payable in cash.

9.1.5 In terms of the Scheme, Advini will acquire a minimum of 51% and a maximum of 55% of the Shares.

9.1.6 The authorised share capital of SVG consists of one class only, so that no comparable or partial offers are required or relevant.

9.2 **The Scheme**

9.2.1 In terms of the Scheme, if approved by the SVG Shareholders at the Scheme Meeting, subject to the Conditions being fulfilled or waived, as the case may be, and subject to the terms and conditions set out in this Circular, including this clause 9, and the limitations and adjustments recorded in clauses 13 and 14 hereunder, Advini will acquire a minimum of 51% and a maximum of 55% of the Shares at the Scheme Consideration.

9.2.2 At the Scheme Meeting, SVG Shareholders, in person or by proxy, whether they vote for or against the Scheme, or abstain, must indicate that they elect to:

9.2.2.1 sell all of their Shares;

9.2.2.2 sell a portion of their Shares, in which case the SVG Shareholder will indicate the number it wishes to sell;

9.2.2.3 sell no Shares.

9.2.3 If a SVG Shareholder does not attend the Scheme Meeting in person or by proxy and/or does not make any election in terms of clause 9.2.2 (any of these events being the "**Default Option**"), the relevant SVG Shareholder is deemed to have elected to sell all of its Shares ("**Default Option Shares**"), subject to the remaining provisions of this Circular, including clauses 13 and 14 below.

9.2.4 If the Company Secretary does not receive the duly completed Form of Election, Surrender and Transfer by 17h00 prior to the Scheme Meeting or at the Scheme Meeting **that SVG Shareholder will be deemed to have elected the Default Option, and to have surrendered its Document/s of Title and to have provided the required indemnity to SVG and Advini substantively on the same terms as the Indemnity Form, where the share certificates have been lost or destroyed and/or are not delivered to SVG.**

- 9.2.5 **If a Form of Election, Surrender and Transfer is treated as invalid due to non-compliance with the instructions contained therein, then the SVG Shareholder who submitted that Form of Election, Surrender and Transfer will be deemed to have elected the Default Option.**
- 9.2.6 If the Scheme is implemented, Advini must first acquire 100% of the Shares of those who wish to, or are deemed by virtue of the Default Option to, dispose of 100% of their Shares, subject to clause 14 below.
- 9.2.7 To the extent that SVG Shareholders indicate that in aggregate they wish to sell less than 51% of the Shares, the Scheme will implement a proportionate forced sale of such number of additional Shares by the remaining Scheme Participants who did not sell 100% of their Shares ("**Remaining Scheme Participants**"), which forced sale will be in accordance with clause 13 below, so as to achieve the sale of, in total, 51% of the Shares.
- 9.2.8 However, if in aggregate, SVG Shareholders would sell more than 55% of the Shares to Advini, having regard to the Forms of Election, Surrender and Transfer and the Default Option Shares, then the SVG Shareholders must sell such reduced number of Shares as determined in accordance with clause 14 so that Advini acquires a maximum of 55% of the Shares and the SVG Shareholders will retain the balance of their Shares.
- 9.2.9 The Offer and the Scheme will be effected in accordance with the Undertakings and the guarantee by SV Opco in the case of SVG's Undertakings.
- 9.2.10 The Offer envisages that Shares will be acquired by Advini fully paid, without any right of set-off, and free from all liens, counterclaims, equities, mortgages, charges, encumbrances, rights of pre-emption and other interests whatsoever, and together with all rights attaching thereto. Subject to the Offer becoming unconditional, with effect from the Operative Date:
- 9.2.10.1 the Scheme Participants (whether or not they voted in favour of the Scheme or abstained from voting) will be deemed to have disposed of (and will be deemed to have undertaken to transfer) each of their Shares, subject to the necessary increase or decrease in number thereof in accordance with clauses 13 or 14, as the case may be, to ensure that Advini acquires at least 51% and at most 55% of the Shares in aggregate in exchange for the Scheme Consideration, and Advini will be deemed to have acquired the registered and beneficial ownership of each such Share;

- 9.2.10.2 the disposal and transfer by each Scheme Participant of the Scheme Shares to Advini, and the acquisition and ownership of those Scheme Shares by Advini, pursuant to the provisions of the Scheme, will be effected;
- 9.2.10.3 each Scheme Participant will be deemed to have transferred to Advini its Scheme Shares, without any further act or instrument being required; and
- 9.2.10.4 Scheme Participants will be entitled to receive the Scheme Consideration for each Scheme Share transferred to Advini in terms of the Scheme, subject to the remaining provisions of this Circular.
- 9.2.11 Each Scheme Participant irrevocably and *in rem suam* authorises and nominates SVG, as principal, with power of substitution, to receive the Scheme Consideration on its behalf, and cause the Scheme Shares disposed of by the Scheme Participants in terms of the Scheme to be transferred to, and registered in the name of, Advini, on or at any time after the Operative Date, and to do all such things and take all such steps (including the signing of any transfer form) as SVG, in its discretion, considers necessary in order to give effect to that transfer and registration.
- 9.2.12 The Scheme Consideration will be settled, in full, by the payment thereof by Advini to SVG, for and on behalf of the Scheme Participants, in accordance with the terms of the Scheme and without regard to any lien, right of set-off, counterclaim or other analogous right to which SVG or Advini may otherwise be, or claim to be, entitled against a Scheme Participant. SVG undertakes to pay the Scheme Consideration to the Scheme Participants in terms of and as set out in this Circular.
- 9.2.13 SVG, as principal, will procure that Advini complies with its obligations under the Scheme, and SVG alone will have the right to enforce those obligations (if necessary) against Advini.
- 9.2.14 The rights of the Scheme Participants to receive the Scheme Consideration will be rights enforceable by Scheme Participants against SVG only, and Scheme Participants shall have no right against Advini once Advini has paid the Scheme Consideration to SVG as contemplated in this Circular. Scheme Participants will be entitled to require SVG to enforce its rights in terms of the Scheme against Advini.
- 9.2.15 The effect of the Scheme will be that, *inter alia*, Advini will, with effect from the Operative Date, become the registered and beneficial owner of all Scheme Shares. None of the Scheme Shares will be transferred to any other person pursuant to the Scheme. After the Operative Date Advini is free to deal with the Scheme Shares.

9.2.16 SVG and Advini have agreed that, upon the Scheme becoming operative, they will give effect to the terms and conditions of the Scheme and will take all actions and sign all necessary documents to give effect to the Scheme.

9.2.17 In terms of the Scheme, Advini will acquire the Scheme Shares from the Scheme Participants for the Scheme Consideration.

10. CONDITIONS

10.1 The implementation of the Scheme will be subject to the fulfilment, or if applicable, waiver (in whole or in part), of the following Conditions by not later than 31 May 2018 (or such date as may be specifically referred to below alongside a specific Condition, which prevails), or such later date as Advini, and SVG may agree to in writing, subject to compliance with the Companies Act and Takeover Regulations and any requirements of the Panel:

10.1.1 by 8 March 2018 the proposed Special and Ordinary Resolutions be adopted by the SVG Shareholders at the Scheme Meeting, which shall include the proposed resolutions for:

10.1.1.1 the acceptance of the Scheme and all the resolutions relating to it in terms of section 115(2) of the Companies Act;

10.1.1.2 the approval of the granting of the Undertakings on the assumption that they may be construed as financial assistance as contemplated by section 44 of the Companies Act;

10.1.1.3 the approval of the substitution of the memorandum of incorporation of SVG in accordance with section 16(5)(a) of the Companies Act, including, but not limited to, the conversion of SVG from a public to a private company and the amendment of its financial year end to 31 December;

10.1.2 to the extent required, the approval of the implementation of the Scheme Resolution by the Court as contemplated in section 115(3)(a) of the Companies Act;

10.1.3 if applicable, SVG not treating the Scheme Resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;

10.1.4 SVG Shareholders not having exercised appraisal rights by giving valid demands to this effect to SVG, in terms of section 164(7) of the Companies Act, in respect of more than 5% of the Shares within the 20 (twenty) Business Day period contemplated in section 164(7) of the Companies Act (expected to be 24 April 2018) provided that, in

the event that any SVG Shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and those SVG Shareholders vote against the resolution proposed at the Scheme Meeting to approve the Scheme, but do so in respect of no more than 5% of the Shares, this Condition shall be deemed to have been fulfilled at the time of the Scheme Meeting;

- 10.1.5 the resolutions contemplated in clause 10.1.1 be filed with the Companies and Intellectual Property Commission ("**CIPC**") within 6 (six) business days after their adoption, to the extent required;
 - 10.1.6 by 28 March 2018 the voluntary merger notification documents in terms of the Competition Act having been lodged with the Competition Commission and the implementation of the Acquisition be unconditionally approved by the Competition Authorities, in terms of the provisions of Chapter 3 of the Competition Act, or conditionally approved on terms and conditions acceptable to both Advini and SVG;
 - 10.1.7 by no later than 25 April 2018 the issuance of a compliance certificate by the Panel in respect of the Scheme in terms of section 121(b)(i) of the Act; and
 - 10.1.8 application is made for the written consent of the Presiding Officer (as defined in terms of the Western Cape Liquor Act), for the acquisition of an indirect financial interest by Advini of more than 5% in SV Opco's business.
- 10.2 If any one of the Conditions is not fulfilled or waived, but subject to clause 10.3, the Offer and Scheme will lapse and cease to be of any further force and effect, save that Advini and SVG will continue to be bound in terms of the Confidentiality Agreement. None of the SVG Shareholders or SVG will have any claim against Advini in respect of the Offer or arising from the failure of the Conditions, however, Advini shall have a claim against SVG in an amount equal to all costs and expenses incurred by Advini (including Advini's internal resources and external advisors fees) in the process of the assessment and/or the negotiations of the proposed Scheme and assessment of the Offer, subject to a maximum imposed by the Panel in respect hereof, should the failure of the Conditions not be a result of Advini's acts or omissions.
- 10.3 Subject to the approval of the Panel, if required, SVG and Advini will be entitled by written agreement, to:
- 10.3.1 waive any one or more of the Conditions, to the extent permitted by law, at any time prior to the date for fulfilment of the relevant Condition; and

10.3.2 extend the date for fulfilment of any or more of the Conditions.

10.4 Conditions of a regulatory nature shall not be capable of being waived.

11. DELIVERY OF DOCUMENTS AND RISK

11.1 Any documents that are sent through the post are sent at the risk of the SVG Shareholders concerned. Accordingly, SVG Shareholders should take note of the postal delivery times so as to ensure that Forms of Election, Surrender and Transfer and Indemnity Forms are received timeously. It is therefore recommended that such forms be sent by registered post, or delivered by hand to the Company Secretary.

11.2 No receipts will be issued for Document/s of Title surrendered unless specifically requested by the SVG Shareholder concerned. SVG Shareholders requiring receipts must prepare a receipt and forward it together with their Document/s of Title surrendered.

11.3 If the Scheme lapses because of the non-fulfilment of the Conditions and/or if the Scheme is not approved, then Document/s of Title will be despatched to the respective SVG Shareholders by registered post at their risk within 5 (five) Business Days of the Scheme so lapsing.

11.4 If Document/s of Title relating to any Shares which are to be disposed of in terms of the Scheme have been destroyed or lost, SVG Shareholders should nevertheless return the Form of Election, Surrender and Transfer duly signed and completed, together with a completed Indemnity Form, prior to the Scheme Meeting by post, or in person at the Scheme Meeting.

11.5 SVG reserves the right, in its absolute and sole discretion:

11.5.1 to treat as invalid Forms of Election, Surrender and Transfer not accompanied by the relevant Document/s of Title or Indemnity Form;

11.5.2 to treat as invalid Forms of Election, Surrender and Transfer and/or Indemnity Forms that have not been completed in accordance with the instructions set out therein; or

11.5.3 to require proof of the authority of the person signing the Form of Election, Surrender and Transfer and Indemnity Form, where such proof has not been lodged with, or recorded by, the Company Secretary.

12. WARRANTIES BY SCHEME PARTICIPANTS

Each Scheme Participant warrants to Advini and SVG in respect of its own Scheme Shares sold, that:

- 12.1 it is the legal owner of, and solely entitled to, the Scheme Shares sold by it in terms of the Scheme and that it has the power and authority to dispose of the Scheme Shares;
- 12.2 no other person or entity has any right of pre-emption in respect of the Scheme Shares or any other right by virtue of which any person or entity may be entitled to demand that one or more of the Scheme Shares be sold or transferred to them;
- 12.3 the Scheme Shares are not encumbered with any pledge or cession in security or usufruct or in any other manner, there are no rights to acquire the Shares, and none of the Shares are subject of any attachment;
- 12.4 the Scheme Shares are freely transferable, are not encumbered, nor are subject of any attachment;
- 12.5 pursuant to the Scheme, they are validly sold to Advini ("**Sale Agreement**"); and

it indemnifies and holds Advini and SVG harmless against any losses that they may suffer as a result of its breach of the Sale Agreement (or any of the warranties contained herein).

13. MINIMUM OFFER NUMBER

- 13.1 The Offer is subject to Advini acquiring in aggregate, a minimum of 51% of the Shares (being 9 334 642 Shares) ("**Minimum Offer Number**").
- 13.2 Accordingly, if the number of Shares which would be sold pursuant to the Scheme, having regard to the Forms of Election, Surrender and Transfer and the Default Option Shares, would not, in aggregate, equal or exceed the Minimum Offer Number, the aggregate number of Shares to be sold will automatically increase to, but may not exceed, the Minimum Offer Number.
- 13.3 Under circumstances described in clause 13.2 above, the number of Shares to be sold by SVG Shareholders will automatically increase by the Shortfall Percentage.
- 13.4 In this clause 13.4 "Shortfall Percentage" means a percentage calculated as follows:

$$(M-A)/(T-A) \times 100$$

Where:

M means the Minimum Offer Number of Shares;

A means the aggregate number of Shares elected for sale in terms of the Forms of Election, Surrender and Transfer plus the Default Option Shares; and

T means the total number of issued ordinary shares of SVG.

Worked example

If:

T = 18 303 220 means the total number of issued ordinary shares of SVG

M = 9 334 642 means the Minimum Offer Number of Shares;

A = 9 000 642 means the aggregate number of Shares elected for sale in terms of the Form of Election, Surrender and Transfer, plus the Default Option Shares

Then:

Shortfall Percentage = $(9\,334\,642 - 9\,000\,642) / (18\,303\,220 - 9\,000\,642) \times 100 = 3.59\%$

Meaning Shareholders that indicated they would sell only some of their Shares will have to sell those and an additional number of Shares, determined as 3.59% of their remaining Shares. Shareholders that indicated that they would sell none of their shares will have to sell 3.59% of their Shares. (All rounded to the nearest 1 Share).

For instance: Shareholder A owns 10 000 Shares and indicated it would sell 4 000 Shares, retaining 6 000 Shares. If the shortfall percentage is 3.59%, Shareholder A will be forced to sell 215 additional Shares as part of the Scheme ($6\,000 \times 3.59\% = 215$) (rounded to the nearest 1 Share). Therefore Shareholder A will sell a total of 4 215 Shares in terms of the Scheme.

14. MAXIMUM OFFER NUMBER

- 14.1 The Offer is subject to Advini acquiring no more than 55% of the Shares (being 10 066 771 Shares) ("**Maximum Offer Number**").

- 14.2 Accordingly, if the number of Shares which would be sold pursuant to the Scheme would, having regard to the Forms of Election, Surrender and Transfer and the Default Option Shares, in aggregate, exceed the Maximum Offer Number, the aggregate number of Shares that Shareholders sell must decrease to the Maximum Offer Number.
- 14.3 Under circumstances described in clause 14.2 above, the number of Shares to be sold by SVG Shareholders will be reduced as follows:
- 14.3.1 Shareholders deemed to have Default Option Shares shall not have their number of Default Option Shares reduced;
- 14.3.2 Shareholders who elected to sell all their Shares in terms of the Form of Election, Surrender and Transfer shall not have their number of Shares for sale reduced, but are subject to clause 14.3.4;
- 14.3.3 Shareholders who elected to sell only a portion of their Shares in terms of the Form of Election, Surrender and Transfer, shall have their number of Shares for sale reduced by the Surplus Percentage, pro-rata, so as not to exceed the Maximum Offer Number;
- 14.3.4 if a reduction as per clause 14.3.3 would not result, upon implementation of the Scheme, in the number of Shares sold being less than the Maximum Offer Number, then all Shareholders who made an election in the Form of Election, Surrender and Transfer will be treated equally, irrespective of whether they elected to sell all or some of their Shares. In that case, the number of Shares they elected to sell shall be reduced pro-rata by the Surplus Percentage.
- 14.4 In this clause 14.4 “**Surplus Percentage**” means a percentage calculated as follows:

$$(A-M)/(A-[D+E]) \times 100$$

Where:

M means the Maximum Offer Number of Shares;

D means the Default Option Shareholders as per paragraph 14.3.1;

E means Shareholders electing to sell all their Shares as per clause 14.3.2 (with E being equal to zero in the event of paragraph 14.3.4); and

A means the aggregate number of Shares elected for sale and Default Option Shares

Worked example:

If:

M = 10 066 771 being the Maximum Offer Number of Shares

D = 2 000 000 being the Default Option Shareholders as per paragraph 14.3.1

E = 1 000 000 being the number of Shares elected for sale where Shareholders elect to sell all of their Shares (assuming a reduction by every express election Shareholder as per paragraph 14.3.4 is not required)

A = 10 566 771 being the total Shares elected for sale and Default Option

Then:

Surplus Percentage = $(10\,566\,771 - 10\,066\,771) / (10\,566\,771 - [2\,000\,000 + 1\,000\,000]) \times 100 = 6.61\%$

Meaning Shareholders who were willing to sell only some of their Shares will have to sell 6.61% less Shares than they were willing to sell.

For instance: Shareholder A owns 10 000 Shares and elected to offer 8 000 Shares, retaining 2 000 Shares. If the surplus percentage is 6.61%, Shareholder A will be forced to sell 529 Shares less than the 8 000 Shares he elected to sell as part of the Scheme ($8\,000 \times 6.61\%$) = 529 (rounded to the nearest 1 Share). Therefore Shareholder A will sell a total of 7 471 Shares in terms of the Scheme.

15. SETTLEMENT OF THE SCHEME CONSIDERATION

- 15.1 Scheme Participants will be entitled to receive the Scheme Consideration on the Operative Date in respect of each Scheme Share sold by them.
- 15.2 Scheme Participants who are not Dissenting SVG Shareholders on the Scheme Consideration Record Date, will:
 - 15.2.1 if they have surrendered their Document/s of Title and Indemnity Form, if applicable, and duly completed Form of Election, Surrender and Transfer to the Company Secretary on or before 17h00 on the Scheme Consideration Record Date, receive the Scheme Consideration by way of an EFT on the Operative Date;
 - 15.2.2 if they surrender their Document/s of Title and Indemnity Form, if applicable, and completed Form of Election, Surrender and Transfer to the Company Secretary after

17h00 on the Scheme Consideration Record Date, have paid to them by way of an EFT within 3 (three) Business Days of the Company Secretary receiving their Document/s of Title and Indemnity Form, if applicable, and completed Form of Election, Surrender and Transfer; or

- 15.2.3 **if they are deemed to have chosen the Default Option, or Scheme Participants that fail to provide SVG with bank account details as required in Part B of the Form of Election, Surrender and Transfer, shall have their Scheme Consideration held in trust by SVG, until they provide the Company Secretary with such details. No interest shall accrue on such amounts and the Company shall retain such amounts in trust for the Scheme Participants, which if not claimed within 5 (five) years from the Operative Date shall be paid over to the Guardian's fund of the High Court, from which it can be claimed, with the Scheme Participants having no further claims against SVG in that regard.**
- 15.3 Scheme Participants who are Dissenting SVG Shareholders on the Scheme Consideration Record Date, but became Scheme Participants after the Scheme Consideration Record Date, will need to surrender their Document/s of Title and Indemnity Forms, if applicable, together with completed Forms of Election, Surrender and Transfer, to the Company Secretary, and will be paid within 3 (three) Business Days of the later of the date on which the Company Secretary receives their Document/s of Title and Indemnity Form, if applicable, and completed Forms of Election, Surrender and Transfer, and the date on which they cease to be Dissenting SVG Shareholders.
- 15.4 Where, on or subsequent to the Operative Date, a person who was not a registered holder of Scheme Shares on the Scheme Consideration Record Date tenders to the Company Secretary Document/s of Title and an Indemnity Form, if applicable, together with a duly completed Form of Election, Surrender and Transfer, purporting to have been executed by or on behalf of the registered holder of such Scheme Shares and, provided that the Scheme Consideration has not already been paid to the registered holder of the relevant Scheme Shares, then such transfer may be accepted by SVG and Advini as if it were a valid transfer to such person of the Scheme Shares concerned, provided that SVG and Advini have been, if so required by either or both of them, provided with an indemnity on terms acceptable to them in respect of such Scheme Consideration.
- 15.5 The Scheme Consideration will be paid by Advini to SVG, whereupon SVG shall be responsible to pay the Scheme Consideration to the Scheme Participants, in full, in accordance with the terms of the Scheme as set out in this Circular, including this clause 15,

without regard to any lien, right of set-off, counterclaim or other analogous right to which SVG or Advini may otherwise be, or claim to be, entitled.

16. EFFECTS OF THE SCHEME

The effect of the Scheme will be that Advini will, from the Operative Date, become the registered and beneficial owner of the Scheme Shares.

17. REPLACEMENT OF EXISTING MOI WITH NEW MOI

17.1 One of the Conditions is that the existing memorandum of incorporation (“**MOI**”) be replaced with the new MOI. The new MOI is annexed as Annexe E to the Circular.

17.2 The new MOI has been drafted to provide for the governance of the Company after the Scheme, being a private company.

17.3 Shareholders are advised that the new MOI includes certain rights granted to Advini:

17.3.1 the transfer of the Shares will be restricted;

17.3.2 Shareholders remaining in SVG will be subject to certain rules on how they will be able to sell their Shares and how the Company will be funded in future;

17.3.3 as the controlling shareholder, certain other rights will be given to Advini as more fully explained in the MOI; and

17.3.4 Advini will be entitled to nominate 3 directors and each Material Shareholder shall be entitled to nominate 1 director.

17.4 The replacement of the existing MOI with the new MOI will take place by the adoption of a Special Resolution to that effect recorded in the Circular and by the filing of the Special Resolution and the new MOI with the CIPC.

17.5 This Circular includes a Special Resolution of the kind referred to in clause 17.4 (Special Resolution 3).

18. DISSENTING SVG SHAREHOLDERS

18.1 SVG Shareholders are advised of their Appraisal Rights under section 164 of the Companies Act.

18.2 SVG Shareholders who wish to exercise their rights in terms of the aforementioned section of the Companies Act are required, before the Scheme Resolution to approve the Scheme is

voted on at the Scheme Meeting, to give notice to the Company in writing objecting to the Scheme Resolution in accordance with the requirements of section 164(3) of the Companies Act.

- 18.3 If the Scheme Resolution is adopted by the Company, the Company is required, in accordance with section 164(4) of the Companies Act, within 10 (ten) Business Days after the Scheme Shareholders adopt the Scheme Resolution, to send a notice to SVG Shareholders who gave written notice to the Company objecting to the Scheme Resolution and did not withdraw such written notice or vote in support of the Scheme Resolution, notifying them that the Scheme Resolution has been adopted.
- 18.4 SVG Shareholders who gave written notice to the Company in accordance with the requirements of section 164(3) of the Companies Act (and have not withdrawn that notice), who voted against the Scheme Resolution and who have complied with all the procedural requirements set out in section 164 may, in accordance with sections 164(5) to 164(8) of the Companies Act, demand that the Company pay them fair value of the SVG Shares held by them and in respect of which they have given the aforesaid written notice.
- 18.5 If SVG receives a demand in terms of sections 164(5) to 164(8) of the Companies Act and such demand is not withdrawn by the Operative Date, the Company will, in accordance with section 164(11) of the Companies Act, within 5 (five) Business Days of the Operative Date, make an offer to those Shareholders to purchase their SVG Shares at fair value.
- 18.6 A Dissenting SVG Shareholder who has sent a demand in accordance with the requirements of sections 164(5) to 164(8) may withdraw that demand before SVG makes an offer in accordance with section 164(11) of the Companies Act or if SVG fails to make such an offer. If a Dissenting SVG Shareholder voluntarily withdraws its demand made in accordance with the requirements of sections 164(5) to 164(8) of the Companies Act, it will cease to be a Dissenting SVG Shareholder and will become a Scheme Participant whose SVG Shares may be acquired by Advini, in accordance with clause the Scheme, with retrospective effect from the Operative Date in terms of the Scheme.
- 18.7 A Dissenting SVG Shareholder who has sent a demand in accordance with the requirements of sections 164(5) to 164(8) has no further rights in respect of the SVG Shares in respect of which it has made such demand, other than to be paid the fair value of such Shares, unless:
- 18.7.1 that Dissenting SVG Shareholder withdraws that demand before SVG makes an offer in accordance with section 164(11) of the Companies Act;

- 18.7.2 SVG fails to make an offer in accordance with section 164(11) of the Companies Act and that Dissenting SVG Shareholder withdraws its demand; or
- 18.7.3 SVG makes an offer in accordance with section 164(11) of the Companies Act below and the Dissenting SVG Shareholder allows such offer to lapse; or
- 18.7.4 SVG revokes the Scheme Resolution, by means of a subsequent special resolution, in which case that SVG Shareholder's rights will, in accordance with section 164(10) of the Companies Act, be reinstated without interruption.
- 18.8 The offer made in accordance with section 164(11) of the Companies Act will, in accordance with the requirements of section 164(12)(b) of the Companies Act, lapse if it is not accepted by the Dissenting SVG Shareholder within 30 (thirty) Business Days after it was made. If the Dissenting SVG Shareholder allows that offer to lapse, it will cease to be a Dissenting SVG Shareholder and will become a Scheme Participant whose SVG Shares may be acquired by Advini, and settled in accordance with clause 15 above.
- 18.9 A Dissenting SVG Shareholder who accepts an offer made in accordance with the requirements of section 164(11) of the Companies Act will become an Excluded Dissenting SVG Shareholder and will not participate in the Scheme. The Excluded Dissenting SVG Shareholder must thereafter, tender the Document/s of Title and Indemnity Form in respect of such Shares to SVG or the Company Secretary. SVG must pay that Excluded Dissenting SVG Shareholder the agreed amount within 10 (ten) Business Days after the Excluded Dissenting SVG Shareholder has accepted the offer and tendered the Document/s of Title.
- 18.10 A Dissenting SVG Shareholder who considers the offer made by SVG in accordance with section 164(11) of the Companies Act to be inadequate, may, in accordance with section 164(14) of the Companies Act, apply to a Court to determine a fair value in respect of the Shares that were the subject of that demand, and an order requiring SVG to pay the Dissenting SVG Shareholder the fair value so determined. The Court will, in accordance with section 164(15)(c)(v) of the Companies Act, be obliged to make an order requiring:
- 18.10.1 the Dissenting SVG Shareholders to either withdraw their respective demands or to tender their Shares as contemplated in clause 18.9 above; or
- 18.10.2 SVG to pay the fair value in respect of the Shares (as determined by the Court) to each Dissenting SVG Shareholder who tenders its Shares, subject to any conditions the Court considers necessary to ensure that SVG fulfils its obligations under section 164 of the Companies Act.

- 18.11 If, pursuant to the order of the Court, any Dissenting SVG Shareholder withdraws its demand, the Dissenting SVG Shareholder will cease to be a Dissenting SVG Shareholder and will become a Scheme Participant whose Shares will be acquired by Advini, in accordance with clause 15 above, with retrospective effect from the Operative Date.
- 18.12 If, pursuant to the order of the Court, a Dissenting SVG Shareholder tenders its Shares to SVG, such Dissenting SVG Shareholder will become an Excluded Dissenting SVG Shareholder and will not participate in the Scheme. The Excluded Dissenting SVG Shareholder must thereafter, tender the Document/s of Title in respect of such Shares and the signed and completed Indemnity Form to SVG or the Company Secretary. SVG must pay that Excluded Dissenting SVG Shareholder the fair value determined by the Court within 10 (ten) Business Days after the Excluded Dissenting SVG Shareholder has accepted the offer and tendered the Document/s of Title.
- 18.13 A copy of section 164 of the Companies Act, which sets out the Appraisal Rights, is included in Annexe D to this Circular.

19. FUNDING OF THE SCHEME CONSIDERATION

Advini has delivered an irrevocable, unconditional bank guarantee for the maximum possible Scheme Consideration to the Panel in compliance with regulations 111(4) and 111(5) of the Takeover Regulations.

20. INCOME TAX IMPLICATIONS FOR SCHEME PARTICIPANTS

The tax implications of the Scheme on Scheme Participants will depend on the individual circumstances of each Scheme Participant. Scheme Participants should consult their professional advisors immediately if they are in any doubt as to their tax position.

21. LAST TRADED PRICE

- 21.1 The Offer Price is R5.00 per Share.
- 21.2 The last traded price per Share was R0.75. The Offer Price represents a R4.25 premium to the last traded price.

22. INTERESTS OF ADVINI AND ITS DIRECTORS IN SVG SHARES

- 22.1 Neither Advini nor its directors or equivalent persons holds or controls any, or holds an option to purchase, or has any direct or indirect beneficial interest in, the Shares.
- 22.2 Advini is not acting in concert with any party in relation to the Offer.

22.3 There are no agreements, other than as disclosed in this Circular which are considered to be material to a decision regarding the Offer, between Advini and:

22.3.1 SVG; or

22.3.2 directors of SVG or persons who in the 12 months preceding the date of this Circular were directors of SVG; or

22.3.3 save as disclosed in this Circular, holders of Shares or persons who in the 12 months preceding the date of this Circular were holders of Shares.

23. INTERESTS OF SVG AND THE DIRECTORS OF SVG IN ADVINI SHARES

At the Last Practical Date, SVG and directors of SVG held, directly or indirectly, no beneficial interests in Advini Shares.

24. INTERESTS OF THE DIRECTORS OF SVG IN SVG SHARES

At Last Practical Date, the Directors of SVG held, directly and indirectly, beneficial interests in 8 300 000 (eight million three hundred thousand) Shares, representing approximately **45.2%** of the Shares. The direct and indirect beneficial interests of the Directors of SVG are as follows:

Director	Beneficial		Total	Total
	Direct	Indirect	Shares	%
<i>Executive</i>				
DE Steynberg	-	2 100 000	2 100 000	11.4%
<i>Non-executive</i>				
AJ De Haast	2 000 000	-	2 000 000	10.9%
DNJ Price	-	200 000	200 000	1.1%
DR Smollan	-	4 000 000	4 000 000	21.8%

The directors of SVG did not engage in any dealings in Shares during the period beginning six months before the Last Practical Date and ending on the Last Practical Date.

25. IRREVOCABLE UNDERTAKINGS

25.1 To date, irrevocable undertakings to vote in favour of the Scheme have been received from the following SVG Shareholders holding in aggregate, as at the date of signature of the

irrevocable undertakings, 11 550 875 (eleven million five hundred and fifty thousand eight hundred and seventy five) Shares, representing in aggregate 63.11% of the voting rights at the Scheme meeting or any adjournment thereof assuming all Shareholders are present or represented:

Shareholder	Date of irrevocable undertaking	Shares voting in favour of the Scheme	Scheme voting rights (%)	Undertakings
Andrew John De Haast	2 February 2018	2 000 000	10.93%	Not to sell 1 500 000 Shares
Perdeberg Wine Farmers Coop	2 February 2018	618 760	3.38%	Not to sell 618 760 Shares
Vinfruco Share Incentive Trust	2 February 2018	589 567	3.22%	Not to sell so many as are necessary to ensure that the Maximum Offer Number in clause 14 is not exceeded
Douglas Smollan Holdings (Pty) Ltd	2 February 2018	4 000 000	21.85%	Not to sell 4 000 000 Shares
One Vision Investments (Pty) Ltd	2 February 2018	2 100 000	11.47%	Not to sell 1 600 000 Shares
Roodezant Coop Limited	2 February 2018	233 000	1.27%	To sell all of their Shares
Saldanha Group Investments (Pty) Ltd	2 February 2018	1 000 000	5.46%	To sell all of their Shares
Malcolm Segal	2 February 2018	401 184	2.19%	To sell all of his Shares
Frangos Family Trust	2 February 2018	308 364	1.68%	To sell all of their Shares
De Klapmuts Boerdery CC	2 February 2018	300 000	1.64%	To sell all of its Shares
TOTAL		11 550 875	63.11%	

- 25.2 These SVG Shareholders have irrevocably undertaken to vote in favour of the Scheme in respect of the stated number of Shares or such number of Shares as held at the time of the Scheme Meeting as will ensure that the Scheme is approved. In addition, certain SVG Shareholders, as indicated, have given an irrevocable undertaking not to accept the Offer, in an effort to avoid an over-acceptance and dilution as contemplated in clause 14 above.
- 25.3 There were no dealings in Shares by the parties who have provided irrevocable undertakings for the period beginning six months before the Last Practical Date.

26. INTERESTS IN ADVINI SHARES BY PROVIDERS OF IRREVOCABLE UNDERTAKINGS

As at the Last Practicable Date, none of the parties set out in clause 25 above held, directly or indirectly, any beneficial interests in Advini Shares.

27. REMUNERATION OF SVG DIRECTORS

The SVG directors' emoluments will not be affected as a result of the Scheme. At least three non-executive members of the SVG Board are required to resign their positions with effect from the Operative Date.

28. AGREEMENTS IN RELATION TO THE SCHEME

28.1 Other than the:

28.1.1 Confidentiality Agreement;

28.1.2 Implementation Agreement;

28.1.3 Irrevocable undertakings provided to vote in favour of the Scheme as referenced in clause 25;

28.1.4 Expression of Interest as attached to the Implementation Agreement;

28.1.5 Offer Letter,

28.1.6 Amended Employment agreement of Eduan Steynberg; and

28.1.7 Distribution Agreement,

no other agreements that are considered to be material to a decision regarding the Scheme to be taken by SVG Shareholders have been entered into between any of the following parties: SVG, Advini, any directors of Advini (or persons who were directors of Advini within the 12 months preceding the Last Practicable Date), any Directors of SVG (and persons who

were Directors of SVG within the 12 months preceding the Last Practicable Date), the shareholders of Advini (or persons who were shareholders of Advini within the 12 months preceding the Last Practicable Date) and any SVG Shareholders (or persons who were SVG Shareholders within the 12 months preceding the Last Practicable Date), save as otherwise disclosed in this Circular.

28.2 The Scheme Agreement contains provisions relating to the implementation of the Scheme and certain undertakings of SVG and Advini, including undertakings regarding the conduct of the respective businesses of SVG and SV Opco during the Interim Period as well as the manner in which third party approaches will be dealt with by SVG during the Interim Period. In this regard Advini and SVG have agreed, *inter alia*, that:

28.2.1 SVG and SV Opco will continue its business in the normal and ordinary course and will not enter into any contract or commitment or do anything which, in any such case, is out of the normal and ordinary course of its business, is not on an arms-length basis or on historically consistent commercial terms;

28.2.2 SVG and SV Opco will not issue any Shares in the Interim Period;

28.2.3 SVG and SV Opco will not dispose of the business of SVG and SV Opco during the Interim Period; and

28.2.4 SVG will not make any distributions nor declare or pay any dividends to SVG Shareholders.

28.3 A complete list of warranties and undertakings that is normal for a transaction of this nature is contained in the Implementation Agreement.

28.4 SV Opco guarantees performance of SVG in terms of all Undertakings provided by SVG.

29. **BREAK FEE AND COSTS**

29.1 Subject to the Scheme being implemented, the costs in respect of all applications and documents pertaining to the Scheme will be dealt with in the following manner:

29.1.1 all costs associated with obtaining the approval of the Scheme by the Competition Authorities shall be paid by Advini;

29.1.2 SVG will pay all the costs associated with the Scheme Meeting; and

29.1.3 all other costs associated with the Scheme, the Circular and the Panel shall be paid by Advini and SVG in such proportions that Advini, post completion of the Offer, pays

directly or indirectly (through SVG) no more than an aggregate of 50% of the costs (taking into account its final shareholding in SVG).

- 29.2 In the event of a breach by SVG or its representatives of the provisions of the Expression of Interest or the Confidentiality Agreement, or the Offer is not proceeded with for reasons other than Advini's acts or omissions, SVG shall be liable to pay to Advini liquidated damages in the amount equal to all costs and expenses incurred by Advini (including Advini's internal resources, and external advisors) in the process of the assessment and/or the negotiation of the proposed Scheme and assessment of whether to make the Offer, subject to the maximum imposed by the Panel in respect hereof.

30. **MATERIAL CHANGES AND LITIGATION**

The board of SVG is not aware of any material changes or legal or arbitration proceedings (including any proceedings which are pending or threatened) which may have a material effect on the SVG Group's financial position.

31. **OPINIONS AND RECOMMENDATIONS**

31.1 **Appointment of an independent expert**

The Independent Board has appointed the Independent Expert, an independent advisor acceptable to the Panel, to provide an independent professional expert's opinion regarding the Scheme, and to make appropriate recommendations to the Independent Board in the form of a report contemplated in section 114(3) of the Companies Act.

31.2 **Report of the independent professional expert**

- 31.2.1 The Independent Expert has, as contemplated in regulation 110(1) of the Takeover Regulations, performed a valuation on the SVG Shares, and has considered the terms and conditions attached to the Scheme.

- 31.2.2 The report of the Independent Expert also includes the items required by section 114(3) of the Companies Act.

- 31.2.3 Taking into consideration the terms and conditions of the Scheme, the Independent Expert is of the opinion that such terms and conditions are fair and reasonable to SVG Shareholders. SVG Shareholders are referred to Annexe A of this Circular, which sets out the full text of the report of the Independent Expert regarding the Scheme.

31.3 Views of the Independent Board

- 31.3.1 The Independent Board, after due consideration of the report of the Independent Expert regarding the Scheme, and in accordance with its responsibilities in terms of regulation 110 of the Takeover Regulations, has formed a view of the range of the fair value of the Shares, which accords with the valuation range contained in the Independent Expert's opinion.
- 31.3.2 The Independent Board has not received any other offers within six months before the Last Practical Date.
- 31.3.3 The Scheme Consideration per Share is in the fair value range as determined by the Independent Expert.
- 31.3.4 The Independent Board, taking into account the report of the Independent Expert regarding the Scheme, has considered the terms and conditions thereof, and are unanimously of the opinion that the terms and conditions of the Scheme are fair and reasonable to SVG Shareholders and, accordingly, recommend that SVG Shareholders vote in favour of the Scheme Resolution.
- 31.3.5 In forming its opinion and decision, the Independent SVG Board has, *inter alia*, taken cognisance of: (i) prevailing market conditions; (ii) the opinion of the Independent Expert; and (iii) various other factors, including factors which are difficult to quantify or unquantifiable.
- 31.3.6 The Independent Board is of the view that the Scheme constitutes a viable and attractive method for SVG Shareholders to sell their shares at a significant premium to recent share transactions.
- 31.3.7 The Independent Expert Report contained in this Circular has indicated that they are of the opinion that the Offer Price is fair and reasonable.

32. VOTING OF DIRECTORS OF SVG

The Directors of SVG who hold Shares intend to vote such Shares in favour of the Scheme.

33. VIEWS OF THE ADVINI BOARD OF DIRECTORS

Advini believes that the Scheme is in the best interests of Advini and SVG Shareholders, as well as other stakeholders of the SVG businesses. Accordingly, the Advini board of directors

recommends that the Scheme Shareholders vote in favour of the resolutions required to approve the Scheme (including the Scheme Resolution).

34. SERVICE CONTRACTS OF DIRECTORS OF SVG

Other than the agreement with Eduan Steynberg as mentioned in clause 28.1.6 no other director has a service contract with SVG.

35. DIRECTORS' RESPONSIBILITY STATEMENT

35.1 Independent board responsibility statement

The Independent Board collectively and individually accept responsibility for the information contained in this Circular to the extent that it relates to SVG. In addition, they certify that, to the best of their knowledge and belief, the information contained in this Circular pertaining to SVG is true and, where appropriate, the Circular does not omit anything that is likely to affect the importance of the information contained in this Circular pertaining to SVG. No director on the Independent Board is excluded from this statement.

35.2 Advini responsibility statement

Advini's board of directors collectively and individually accept responsibility for the information contained in this Circular to the extent that it relates to Advini. In addition, they certify that, to the best of their knowledge and belief, the information contained in this Circular pertaining to Advini is true and, where appropriate, the Circular does not omit anything that is likely to affect the importance of the information contained in this Circular pertaining to Advini. No director of Advini is excluded from this statement.

36. CONSENTS

The Corporate Advisors, Legal Advisors, Independent Expert, Reporting Accountants, and the Company Secretary listed in the section entitled "Corporate Information" have consented, in writing, to act in the capacities stated and to their names being stated in this Circular and, where applicable, to the inclusion of their reports in the form and context in which they have been reproduced in this Circular, and have not, prior to the Last Practicable Date, withdrawn their consents prior to publication of this Circular.

37. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the office of SVG, R310 Baden Powell Drive, Lynedoch, Stellenbosch, 7600 and the office of Acorn Private Equity,

Unit D, The Beachhead, 10 Niblick Way, Somerset West, 7130 during normal business hours from 14 February 2018 up to and including 7 May 2018:

- 37.1 the current memorandum of incorporation of SVG;
- 37.2 a signed copy of the Implementation Agreement;
- 37.3 a signed copy of the Confidentiality Agreement;
- 37.4 the opinion of the Independent Expert, together with sections 115 and 164 of the Companies Act, attached to this Circular as Annexe A, Annexe C and Annexe D, respectively;
- 37.5 SVG's *pro forma* annual financial statements for the year ended 31 October 2017 and the audited annual financial statements for the two years ended 31 October 2016 and 31 October 2015, attached as Annexe B to this Circular;
- 37.6 copies of the irrevocable undertakings referred to in clause 25 above;
- 37.7 copies of the SVG directors' service contracts referred to in clause 34 above;
- 37.8 the letter of approval of the Circular from the Panel;
- 37.9 the written consents referred to in clause 36 above;
- 37.10 a signed copy of this Circular;
- 37.11 the Expression of Interest; and
- 37.12 the Distribution Agreement.

SIGNED ON BEHALF OF THE INDEPENDENT BOARD

David Price

Chairperson

14 February 2018

SIGNED ON BEHALF OF THE SVG BOARD

Eduan Steynberg

Managing Director

14 February 2018

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS OF ADVINI

Antoine Leccia

Chief Executive Officer

14 February 2018

OPINION OF THE INDEPENDENT EXPERT

23 January 2018
The Independent Board
Stellenbosch Vineyards Group Limited ("**SVG**")
R310 Lynedoch Road
Stellenbosch
7600

Dear Sirs,

INDEPENDENT FAIR AND REASONABLE REPORT IN RESPECT OF THE PROPOSED SCHEME OF ARRANGEMENT IN TERMS OF WHICH ADVINI SOUTH AFRICA PROPRIETARY LIMITED ("ADVINI**") WILL ACQUIRE 51% TO 55% OF THE ISSUED SHARE CAPITAL OF SVG**

1. Introduction

Advini is considering making an offer (the "**Offer**") to acquire 51% to 55% of the ordinary issued share capital of SVG ("**Offer Shares**") (the "**Proposed Transaction**").

The Offer will be affected by way of a scheme of arrangement (the "**Scheme**") as defined in Section 114 of the Companies Act 71 of 2008 as amended (the "**Companies Act**"), to be proposed between SVG and the shareholders of SVG ("**SVG Shareholders**").

In terms of the Offer, Advini will offer to purchase up to 55% of the Offer Shares held by the SVG Shareholders for an offer consideration of R5.00 per Offer Share (the "**Offer Consideration**"), subject to the Offer being accepted in respect of at least 51% of the Offer Shares. SVG Shareholders will have the right to sell all or part of their Offer Shares.

Full particulars of the Proposed Transaction will be contained in the Circular to SVG Shareholders to be dated on 14 February 2018 (the "**Circular**"), of which this opinion forms part.

2. Scope

PSG Capital Proprietary Limited ("**PSG Capital**") has been appointed by the board of directors of SVG (the "**Board**") as the independent expert to advise, in accordance with the Companies Act on whether the terms and conditions of the Proposed Transaction, are fair and reasonable as far as SVG Shareholders are concerned.

3. Responsibility

Compliance with the Companies Act is the responsibility of the Board. PSG Capital's responsibility is to report on the terms and conditions of the Proposed Transaction as they relate to SVG Shareholders.

We confirm that our fair and reasonable opinion (the “**Opinion**”) has been provided to the Board, which Opinion will be distributed to SVG Shareholders in connection with the Proposed Transaction, requiring shareholder approval of same. We understand that the results of our work will be used by the Board to satisfy the requirements of the Companies Act.

4. Definition of the terms “fair” and “reasonable”

A transaction will generally be considered fair to shareholders if the benefits received by shareholders, as a result of the transaction, are equal to or greater than the value surrendered.

The assessment of fairness is primarily based on quantitative considerations. Accordingly, the Scheme may be considered fair if the Scheme Consideration is equal to or greater than the value of the SVG Shares being surrendered by SVG Shareholders.

In terms of the Companies Regulations, a transaction will be considered reasonable if the value received by the shareholders in terms of the corporate action is higher than the market price of the company’s securities at the time that the corporate action was announced, if same is applicable. In addition, the assessment of reasonableness is also based on qualitative considerations surrounding a transaction. Even though the consideration may differ from the market value of the assets being acquired, a transaction may still be reasonable after considering other significant qualitative factors.

We have applied the aforementioned principles in preparing our Opinion. This fair and reasonable opinion does not purport to cater for an individual shareholder’s position but rather the general body of shareholders subject to the Scheme. A shareholder’s decision regarding fair and reasonableness of the terms of the Scheme may be influenced by their particular circumstances (for example taxation and the original price paid for the shares).

5. Sources of information

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from SVG management (“**Management**”) and from various public, financial and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in formalising our opinion include:

- The audited annual financial statements of SVG for the financial years ended 31 October 2015 and 31 October 2016;
- The management accounts of SVG for the financial year ended 31 October 2017;
- The SVG budget for the year ending 31 October 2018;
- The SVG forecasts for the years ending 31 October 2019 and 31 October 2020;
- The draft firm intention letter by Advini dated 1 December 2017 (the “**Firm Intention Letter**”);
- The property valuation reports as prepared by Knight Frank dated 30 September 2014 and 31 October 2016;

- The trading history in SVG shares since 15 September 2015 to date of this report;
- Other financial and non-financial information and assumptions made by Management;
- Discussions with Management regarding the financial information relating to prevailing market, economic, legal and other conditions which may affect the underlying value and the rationale for the Proposed Transaction;
- Publicly available information relating to SVG that we deemed to be relevant; and
- Publicly available information relating to the industry in which SVG operates that we deemed relevant, including company announcements, analysts' reports and media articles.

6. Assumptions

We have arrived at our opinion based on the following assumptions:

- That the terms, conditions and structure of the Scheme are legally enforceable;
- That reliance can be placed on the historical and forecast financial information of SVG;
- The current economic, regulatory and market conditions will not change materially;
- That SVG is not involved in any material legal proceedings;
- That SVG has no outstanding disputes with any regulatory body, including the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of SVG, other than what was disclosed;
- The structure of the Scheme will not give rise to any undisclosed tax liabilities; and
- Reliance can be placed on the representations made by Management during the course of forming this opinion.

7. Appropriateness and reasonableness of underlying information and assumptions

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

- Considering the historical trends of information and assumptions on SVG;
- Comparing and corroborating such information and assumptions with external sources of information, if such information is available; and
- Determining the extent to which representations from management and other industry experts were confirmed by documentary evidence as well as our understanding of SVG and the economic environment in which it operates.

8. Procedures

In arriving at our opinion, we relied upon financial and other information, obtained from management together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

In arriving at our opinion we have, *inter alia*, undertaken the following procedures in evaluating the fair and reasonableness of the Proposed Transaction:

- Reviewed and analysed the financial information;
- Reviewed the terms and conditions of the Scheme as set out in the Firm Intention Letter;
- Reviewed the reasonableness of the information made available by and from discussions held with Management, *inter alia*:
 - the rationale for the Proposed Transaction;
 - the events leading up to receipt of the Firm Intention Letter;
 - such other matters as we considered necessary; and
 - the current market conditions relating to SVG.
- Where relevant, corroborated representations made by Management to source documents;
- Reviewed certain publicly available information relating to SVG that we have deemed relevant;
- Obtained letters of representation from Management asserting that we have been provided with all relevant information and that no material information was omitted and that all such information provided to us is accurate in all respects [to be obtained]; and
- Considered other relevant facts and information relevant to concluding this opinion.

9. Valuation methodology

In considering the Proposed Transaction, PSG Capital performed an independent valuation of SVG as at 31 October 2017. For the purposes of our valuation we have applied the discounted cash flow valuation method and valued SVG on a non-marketable controlling basis. In addition, we have performed an adjusted net tangible asset valuation on SVG.

Key external and internal value drivers identified in the valuation of SVG include, *inter alia*: revenue growth, EBITDA margins, net profit/loss margins, expected growth rates in revenue and EBITDA, capital expenditure requirements, working capital requirements and the optimal weighted average cost of capital.

The key value drivers as set out above are influenced by various factors, including, *inter alia*:

- the growth opportunities in the industry in which SVG operate; and
- the ability of SVG to achieve the forecasted revenue and EBITDA growth.

Sensitivity analyses were conducted, where practical, utilising key value drivers.

10. Reasonability

In arriving at our opinion with respect to the reasonability of the Proposed Transaction, we considered, *inter alia*, the following:

- historic trading prices of SVG;
- the trading liquidity of SVG shares; and
- Uncertainty on future dividend payments to SVG Shareholders.

11. Material effects on the rights of SVG Shareholders

The effect of the Proposed Transaction is that the interests of the SVG Shareholders accepting the Offer will be exchanged for a cash consideration, after which they will cease to be SVG Shareholders, depending on the uptake of the Offer.

12. Opinion

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us up to 22 January 2018. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm, as stated herein. Based on PSG Capital's analysis, subject to the foregoing and after taking into account all financial and non-financial considerations, we calculated an indicative fair value per Share of **R3.46 to R5.06** ("**Value Range**") with a most likely value of R4.26, being the midpoint of the Value Range. The Offer Consideration falls within the Value Range calculated.

In considering the values listed above, SVG Shareholders should take particular notice of the following factors:

- i) The actual market value achieved in a specific transaction may be higher or lower than our estimate of the market value depending upon the circumstances of the transaction (for example strategic considerations of the purchaser), the nature of the business (for example the purchaser's perception of potential synergies); and
- ii) The above market value represents a standalone valuation of the SVG under current management, strategies and business plans.

Subject to the foregoing assumptions, based on our analysis and after taking into account all financial and non-financial considerations, we are of the opinion that the Proposed Transaction is fair and reasonable to SVG Shareholders.

13. Limiting conditions

This opinion is provided to the Board in connection with and for the purpose of the Proposed Transaction for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of SVG

Shareholders. This opinion is prepared solely for the Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those forecasted for SVG.

We relied upon the accuracy of the information used by us in deriving our opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding. Whilst our work has involved an analysis of the annual financial statements, forecasts and other information provided to us, our engagement does not constitute nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Proposed Transaction.

The opinion expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the Proposed Transaction have been or will be properly fulfilled. Subsequent developments may affect our opinion, however we are under no obligation to update, revise or re-affirm such.

14. Sections 115 and 164 of the Companies Act

Extracts of sections 115 and 164 of the Companies Act have been included as Annexes 3 and 4 to the Circular.

15. Interest of directors of SVG

The effective interests of SVG directors, who hold SVG Shares before the Proposed Transaction are as follows:

Ordinary shares	Direct shareholding	Indirect shareholding
DR Smollan	-	4 000 000
DE Steynberg	-	2 100 000
AJ de Haast	2 000 000	-
DNJ Price	-	200 000
Total	2 000 000	6 300 000

The shareholding of Directors in SVG Shares following the Proposed Transaction, will be dependent upon the acceptance of the Offer by each Director.

16. Independence and additional regulatory disclosures

We confirm that PSG Capital holds no shares in SVG, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, and to the best of our knowledge we are not related to a person

who has or has had such interest in SVG within the immediately preceding two years or in the outcome of the Proposed Transaction.

The directors, partners, officers and employees of PSG Capital allocated to this assignment have the necessary qualifications, expertise and competencies to (i) understand the Proposed Transaction; (ii) evaluate the consequences of the Proposed Transaction; and (iii) assess the effect of the Proposed Transaction on the value of the shares and on the rights and interests of the SVG Shareholders and are able to express opinions, exercise judgement and make decisions impartially in carrying out this assignment.

Furthermore, we confirm that our professional fee for the opinion is R90,000 (excluding VAT), payable in cash, and is not contingent on the outcome of the Proposed Transaction.

17. Consent

We hereby consent to the inclusion of this opinion and references thereto, in whole or in part, in the form and context in which they appear to be included in any required regulatory announcement or documentation regarding the Proposed Transaction.

Yours faithfully

RIAAN VAN HEERDEN
PSG CAPITAL

**THE HISTORICAL *PRO FORMA* FINANCIAL INFORMATION OF SVG
FOR THE YEAR ENDED 31 OCTOBER 2017 AND THE HISTORICAL AUDITED FINANCIAL
INFORMATION OF SVG FOR THE YEARS ENDED 31 OCTOBER 2016 AND 31 OCTOBER 2015**

The report of historical financial information is the responsibility of the Directors of SVG.

The full set of audited annual financial statements for the years ended, 31 October 2016 and 31 October 2015 and the *pro forma* financial information 31 October 2017 are available at the Company's Head Office and at Acorn Private Equity.

Stellenbosch Vineyards Group Limited and its subsidiaries

Proforma Statements of comprehensive income

for the year ended 31 October 2017

	Note	Group		Company	
		2017 R	2016 R	2017 R	2016 R
Revenue	2	158 804 730	160 633 875	-	-
Cost of sales		(97 150 315)	(85 461 040)	-	-
Gross profit		61 654 415	75 172 835		-
Other income		6 561 086	7 914 333	383 932	420 908
Operating expenses		(59 824 138)	(60 416 692)	(383 932)	(420 908)
Results from operating activities before impairments and reversals		8 391 363	22 670 476	-	-
Impairments	4	-	(194 750)	-	-
Results from operating activities	3	8 391 363	22 475 276	-	-
Net finance cost		(7 564 512)	(8 701 236)	-	-
Financial income	5	6 812	50 127	-	-
Financial expense	5	(7 571 324)	(8 751 363)	-	-
Profit before income tax		826 851	13 774 490	-	-
Income tax	6	-	3 413 801	-	-
Profit for the year		826 851	17 188 291	-	-
Other comprehensive income					
Revaluation of land and buildings, net of tax		1 669 943	2 433 310	-	-
Revaluation		2 216 224	3 314 336		
Tax		(546 281)	(891 026)		
Total comprehensive income for the year		2 496 794	19 621 601	-	-

Stellenbosch Vineyards Group Limited and its subsidiaries

Proforma Statements of financial position

at 31 October 2017

		Group		Company	
	Note	2017 R	2016 R	2017 R	2016 R
Assets					
Non-current assets		89 554 340	87 548 483	55 743 406	55 743 406
Property, plant and equipment	7	71 197 472	68 645 334	-	-
Intangible assets	8	12 200 000	12 200 000	-	-
Investments in subsidiaries	9	-	-	53 282 507	53 282 507
Other investments	10	26	26	-	-
Intergroup loan	11	-	-	2 460 899	2 460 899
Deferred tax asset	12	6 156 842	6 703 123	-	-
Current assets		118 455 255	111 258 769	-	-
Inventories	13	51 042 058	42 894 011	-	-
Trade and other receivables	14	42 778 646	35 780 306	-	-
Bank and other cash balances	15	976 899	2 099 022	-	-
Assets held for sale	16	23 657 652	23 657 652	-	-
Derivative financial instruments	20.3	-	6 827 778	-	-
Total assets		208 009 595	198 807 252	55 743 406	55 743 406
Equity and liabilities					
Capital and reserves		96 948 005	94 041 351	55 743 406	55 743 406
Share capital	17.1	1 830	1 830	1 830	1 830
Share premium	17.1	70 050 803	70 050 803	70 050 803	70 050 803
Treasury shares	17.1	(2 979 299)	(3 389 159)	-	-
Reserves	17.1	29 874 671	27 377 877	(14 309 227)	(14 309 227)
Non-current liabilities		2 190 220	14 528 964	-	-
Interest-bearing termed loans	18	2 190 220	14 528 964	-	-
Current liabilities		108 871 370	90 236 937	-	-
Bank overdraft	15	34 790 793	38 870 881	-	-
Current portion of interest-bearing termed loans	18	12 333 909	10 999 246	-	-
Trade and other payables	19	59 067 581	40 366 810	-	-
Derivative financial instruments	20.3	2 679 087	-	-	-
Total equity and liabilities		208 009 595	198 807 252	55 753 406	55 743 406

Stellenbosch Vineyards Group Limited and its subsidiaries

Proforma Statements of changes in equity

for the year ended 31 October 2017

Group	Share capital R	Share premium R	Treasury shares R	Reserves R	Total R
Balance at 1 November 2015	1 830	70 050 803	(3 304 306)	7 756 276	74 504 603
Total comprehensive income for the year	-	-	-	19 621 601	19 621 601
Profit for the year	-	-	-	17 188 291	17 188 291
Other comprehensive income	-	-	-	2 433 310	2 433 310
Current year revaluation	-	-	-	2 433 310	2 433 310
Treasury shares purchased	-	-	(84 853)	-	(84 853)
Balance at 31 October 2016	1 830	70 050 803	(3 389 159)	27 377 877	94 041 351
Balance at 1 November 2016	1 830	70 050 803	(3 389 159)	27 377 877	94 041 351
Total comprehensive income for the year	-	-	-	2 496 794	2 496 794
Profit for the year	-	-	-	826 851	826 851
Other comprehensive income	-	-	-	1 669 943	1 669 943
Current year revaluation	-	-	-	1 669 943	1 669 943
Treasury shares movement	-	-	409 860	-	409 860
Balance at 31 October 2017	1 830	70 050 803	(2 979 299)	29 874 671	96 948 005

Company	Issued capital R	Share premium R	Accumulated loss R	Total R
Balance at 1 November 2015	1 830	70 050 803	(14 309 227)	55 743 406
Total comprehensive income for the year	-	-	-	-
Profit for the year	-	-	-	-
Balance at 31 October 2016	1 830	70 050 803	(14 309 227)	55 743 406
Balance at 1 November 2016	1 830	70 050 803	(14 309 227)	55 743 406
Total comprehensive income for the year	-	-	-	-
Profit for the year	-	-	-	-
Balance at 31 October 2017	1 830	70 050 803	(14 309 227)	55 743 406

Stellenbosch Vineyards Group Limited and its subsidiaries

Statements of comprehensive income

for the year ended 31 October 2016

		Group		Company	
	Note	12 months ended 31 October 2016 R	13 months ended 31 October 2015 R	12 months ended 31 October 2016 R	13 months ended 31 October 2015 R
Revenue	2	160 633 875	164 222 583	-	-
Cost of sales		(85 461 040)	(107 351 930)	-	-
Gross profit		75 172 835	56 870 653	-	-
Other income		7 914 333	9 904 662	420 908	706 045
Operating expenses		(60 416 692)	(50 643 211)	(420 908)	(393 860)
Results from operating activities before impairments and reversals		22 670 476	16 132 104	-	312 185
Impairments	4	(194 750)	(956 423)	-	-
Reversal of impairment of Thandi	10	-	1 799 999	-	-
Results from operating activities	3	22 475 276	16 975 680	-	312 185
Net finance cost		(8 701 236)	(9 835 885)	-	(312 185)
Financial income	5	50 127	3 252	-	-
Financial expense	5	(8 751 363)	(9 839 137)	-	(312 185)
Profit before income tax		13 774 490	7 139 795	-	-
Income tax	6	3 413 801	4 180 348	-	-
Profit for the year		17 188 291	11 320 143	-	-
Other comprehensive income					
Revaluation of land and buildings, net of tax		2 433 310	-	-	-
Total comprehensive income for the year		19 621 601	11 320 143	-	-

Stellenbosch Vineyards Group Limited and its subsidiaries

Statements of financial position

at 31 October 2016

	Note	Group		Company	
		2016 R	2015 R	2016 R	2015 R
Assets					
Non-current assets		87 548 483	79 264 907	55 743 406	55 743 406
Property, plant and equipment	7	68 645 334	62 884 533	-	-
Intangible assets	8	12 200 000	12 200 000	-	-
Investments in subsidiaries	9	-	-	53 282 507	53 282 507
Other investments	11	26	26	-	-
Intergroup loan	12	-	-	2 460 899	2 460 899
Deferred tax asset	13	6 703 123	4 180 348	-	-
Current assets		111 258 769	116 014 389	-	-
Inventories	14	42 894 011	46 853 303	-	-
Trade and other receivables	15	35 780 306	44 923 312	-	-
Bank and other cash balances	16	2 099 022	732 370	-	-
Assets held for sale	17	23 657 652	23 505 404	-	-
Derivative financial instruments	21.3	6 827 778	-	-	-
Total assets		198 807 252	195 279 296	55 743 406	55 743 406
Equity and liabilities					
Capital and reserves		94 041 351	74 504 603	55 743 406	55 743 406
Share capital	18.1	1 830	1 830	1 830	1 830
Share premium	18.1	70 050 803	70 050 803	70 050 803	70 050 803
Treasury shares	18.1	(3 389 159)	(3 304 306)	-	-
Reserves	18.2	27 377 877	7 756 276	(14 309 227)	(14 309 227)
Non-current liabilities		14 528 964	25 457 888	-	-
Interest-bearing termed loans	19	14 528 964	25 457 888	-	-
Current liabilities		90 236 937	95 316 805	-	-
Bank overdraft	16	38 870 881	46 746 101	-	-
Current portion of interest-bearing termed loans	19	10 999 246	9 931 836	-	-
Trade and other payables	20	40 366 810	35 910 604	-	-
Derivative financial instruments	21.3	-	2 728 264	-	-
Total equity and liabilities		198 807 252	195 279 296	55 743 406	55 743 406

Stellenbosch Vineyards Group Limited and its subsidiaries

Statements of changes in equity

for the year ended 31 October 2016

Group	Share capital R	Share premium R	Treasury shares R	Reserves R	Total R
Balance at 1 October 2014	1 830	70 050 803	(2 947 835)	(3 563 867)	63 540 931
Total comprehensive income for the period	-	-	-	11 320 143	11 320 143
Profit for the period	-	-	-	11 320 143	11 320 143
Treasury shares purchased	-	-	(356 471)	-	(356 471)
Balance at 31 October 2015	1 830	70 050 803	(3 304 306)	7 756 276	74 504 603
Balance at 1 November 2015	1 830	70 050 803	(3 304 306)	7 756 276	74 504 603
Total comprehensive income for the year	-	-	-	19 621 601	19 621 601
Profit for the year	-	-	-	17 188 291	17 188 291
Other comprehensive income	-	-	-	2 433 310	2 433 310
Current year revaluation	-	-	-	2 433 310	2 433 310
Treasury shares purchased	-	-	(84 853)	-	(84 853)
Balance at 31 October 2016	1 830	70 050 803	(3 389 159)	27 377 877	94 041 351

Company	Issued capital R	Share premium R	Accumulated loss R	Total R
Balance at 1 October 2014	1 830	70 050 803	(14 309 227)	55 743 406
Total comprehensive income for the period	-	-	-	-
Profit for the period	-	-	-	-
Balance at 31 October 2015	1 830	70 050 803	(14 309 227)	55 743 406
Balance at 1 November 2015	1 830	70 050 803	(14 309 227)	55 743 406
Total comprehensive income for the year	-	-	-	-
Profit for the year	-	-	-	-
Balance at 31 October 2016	1 830	70 050 803	(14 309 227)	55 743 406

Stellenbosch Vineyards Group Limited and its subsidiaries

Statements of comprehensive income

for the period ended 31 October 2015

	Note	Group		Company	
		13 months ended 31 October 2015 R	12 months ended 30 September 2014 R	13 months ended 31 October 2015 R	12 months ended 30 September 2014 R
Revenue	2	164 222 583	177 117 291	-	-
Cost of sales		(107 351 930)	(107 310 873)	-	-
Gross profit		56 870 653	69 806 418		-
Other income		9 904 662	13 121 850	706 045	604 067
Operating expenses		(50 643 211)	(65 737 457)	(393 860)	(331 265)
Results from operating activities before impairments and reversals		16 132 104	17 190 811	312 185	272 802
Impairments	4	(956 423)	(530 463)	-	-
Reversal of impairment of Thandi	10	1 799 999	-	-	-
Results from operating activities	3	16 975 680	16 660 348	312 185	272 802
Net finance cost		(9 835 885)	(9 525 783)	(312 185)	(272 802)
Financial income	5	3 252	2 893	-	-
Financial expense	5	(9 839 137)	(9 528 676)	(312 185)	(272 802)
Share of loss of equity-accounted associate, net of tax		-	(58 041)	-	-
Profit before income tax		7 139 795	7 076 524	-	-
Income tax	6	4 180 348	12 919	-	-
Profit for the period		11 320 143	7 089 443	-	-
Other comprehensive income					
Revaluation of land and buildings, net of tax		-	241 478	-	-
Total comprehensive profit for the period		11 320 143	7 330 921	-	-

Stellenbosch Vineyards Group Limited and its subsidiaries

Statements of financial position

at 31 October 2015

	Note	Group		Company	
		31 October 2015 R	30 September 2014 R	31 October 2015 R	30 September 2014 R
Assets					
Non-current assets		79 264 907	73 300 131	55 743 406	55 743 406
Property, plant and equipment	7	62 884 533	61 100 104	-	-
Intangible assets	8	12 200 000	12 200 000	-	-
Investments in subsidiaries	9	-	-	53 282 507	53 282 507
Investment in associate	10	-	1	-	-
Other investments	11	26	26	-	-
Intergroup loan	12	-	-	2 460 899	2 460 899
Deferred tax asset	13	4 180 348	-	-	-
Current assets		116 014 389	132 915 671	-	-
Inventories	14	46 853 303	61 249 613	-	-
Trade and other receivables	15	44 923 312	43 366 256	-	-
Bank and other cash balances	16	732 370	2 183 613	-	-
Assets held for sale	17	23 505 404	25 748 042	-	-
Derivative financial instruments	22.3	-	368 147	-	-
Total assets		195 279 296	206 215 802	55 743 406	55 743 406
Equity and liabilities					
Capital and reserves		74 504 603	63 540 931	55 743 406	55 743 406
Share capital	18.1	1 830	1 830	1 830	1 830
Share premium	18.1	70 050 803	70 050 803	70 050 803	70 050 803
Treasury shares	18.1	(3 304 306)	(2 947 835)	-	-
Reserves	18.2	7 756 276	(3 563 867)	(14 309 227)	(14 309 227)
Non-current liabilities		25 457 888	24 459 352	-	-
Interest-bearing termed loans	19	25 457 888	24 459 352	-	-
Current liabilities		95 316 805	118 215 519	-	-
Bank overdraft	16	46 746 101	57 417 920	-	-
Current portion of interest-bearing termed loans	19	9 931 836	8 475 888	-	-
Trade and other payables	20	35 910 604	49 964 505	-	-
Provisions	21	-	2 357 206	-	-
Derivative financial instruments	22.3	2 728 264	-	-	-
Total equity and liabilities		195 279 296	206 215 802	55 743 406	55 743 406

Stellenbosch Vineyards Group Limited and its subsidiaries

Statements of changes in equity

for the period ended 31 October 2015

Group	Share capital R	Share premium R	Treasury shares R	Accumulated loss R	Revaluation Reserves R	Total R
Balance at 1 October 2013	1 830	70 050 803	(2 947 835)	(37 031 137)	26 136 349	56 210 010
Total comprehensive profit for the year						
Profit for the year	-	-	-	7 089 443	-	7 089 443
Other comprehensive income						
Current year revaluation	-	-	-	-	241 478	241 478
Balance at 30 September 2014	1 830	70 050 803	(2 947 835)	(29 941 694)	26 377 827	63 540 931
Balance at 1 October 2014	1 830	70 050 803	(2 947 835)	(29 941 694)	26 377 827	63 540 931
Total comprehensive profit for the period						
Profit for the period	-	-	-	11 320 143	-	11 320 143
Treasury shares purchased	-	-	(356 471)	-	-	(356 471)
Balance at 31 October 2015	1 830	70 050 803	(3 304 306)	(18 621 551)	26 377 827	74 504 603

Company	Issued capital R	Share premium R	Accumulated loss R	Total R
Balance at 1 October 2013	1 830	70 050 803	(14 309 227)	55 743 406
Total comprehensive income for the year				
Profit for the year	-	-	-	-
Balance at 30 September 2014	1 830	70 050 803	(14 309 227)	55 743 406
Balance at 1 October 2014	1 830	70 050 803	(14 309 227)	55 743 406
Total comprehensive income for the period				
Profit for the period	-	-	-	-
Balance at 31 October 2015	1 830	70 050 803	(14 309 227)	55 743 406

SECTION 115: REQUIRED APPROVAL FOR TRANSACTIONS

Despite [section 65](#), and any provision of a company's [Memorandum of Incorporation](#), or any resolution adopted by its [board](#) or holders of its [securities](#), to the contrary, a [company](#) may not dispose of, or give effect to an [agreement](#) or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:

- (a) the disposal, [amalgamation or merger](#), or scheme of arrangement—
 - (i) as been approved in terms of this section; or
 - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of [Chapter 6](#); and
 - (b) to the extent that [Parts B](#) and [C](#) of this Chapter and the [Takeover Regulations](#) apply to a company that proposes to—
 - (i) dispose of all or the greater part of its assets or undertaking;
 - (ii) amalgamate or merge with another company; or
 - (iii) implement a scheme of arrangement, the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).
- (2) A proposed transaction contemplated in subsection (1) must be approved —
- (a) by a [special resolution](#) adopted by persons entitled to [exercise voting rights](#) on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and
 - (b) by a special resolution, also adopted in the manner required by clause (a), by the shareholders of the company's holding company if any, if—
 - (i) the [holding company](#) is a company or an [external company](#);
 - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the [subsidiary](#); and

- (iii) having regard to the consolidated [financial statements](#) of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
 - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if—
 - (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any [person](#) who voted against the resolution requires the [company](#) to seek court approval; or
 - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).
- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person [related](#) to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights—
 - (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
 - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- (4A) In subsection (4), "act in concert" has the meaning set out in section 117(1)(b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either—
 - (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
 - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant—
 - (a) is acting in good faith;
 - (b) appears prepared and able to sustain the proceedings; and

- (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if—
- (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
 - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable [rules](#) of the company, or other significant and [material](#) procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of [section 164](#) if that person—
- (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
 - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect—
- (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
 - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
 - (c) the transfer of [shares](#) from one person to another;
 - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
 - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
 - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the [amalgamation or merger](#).

SECTION 164: DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS

- (1) This section does not apply in any circumstances relating to a transaction, [agreement](#) or offer pursuant to a business rescue plan that was approved by shareholders of a [company](#), in terms of [section 152](#).
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to—
 - (a) amend its [Memorandum of Incorporation](#) by altering the preferences, rights, limitations or other terms of any class of its [shares](#) in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in [section 37\(8\)](#); or
 - (b) enter into a transaction contemplated in [section 112](#), [113](#), or [114](#),
that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting [shareholder](#) may give the company a written notice objecting to the resolution.
- (4) Within 10 [business days](#) after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who—
 - (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither—
 - (i) withdrawn that notice; or
 - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that [person](#) if—
 - (a) the shareholder—
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
 - (b) the company has adopted the resolution contemplated in subsection (2); and

- (c) the shareholder—
 - (i) voted against that resolution; and
 - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A [shareholder](#) who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within—
 - (a) 20 business days after receiving a notice under subsection (4); or
 - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state—
 - (a) the shareholder’s name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless—
 - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
 - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder’s rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder’s rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of—
 - (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a

demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

- (12) Every offer made under subsection (11)—
- (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12)—
- (a) the shareholder must either in the case of—
 - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
 - (ii) uncertificated shares, take the steps required in terms of [section 53](#) to direct the transfer of those shares to the company or the company's transfer agent; and
 - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and—
 - (i) tendered the share certificates; or
 - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has—
- (a) failed to make an offer under subsection (11); or
 - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14)—
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
 - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
 - (c) the court—

- (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
- (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
- (iii) in its discretion may—
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
- (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
- (v) must make an order requiring—
 - (aa) the dissenting shareholders to either withdraw their respective demands, or to comply with subsection (13)(a); and
 - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case-

- (a) that shareholder must comply with the requirements of subsection 13(a); and
- (b) the company must comply with the requirements of subsection 13(b);

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months—

- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and

- (b) the court may make an order that—
 - (i) is just and equitable, having regard to the financial circumstances of the company; and
 - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a [distribution](#) by the company, or an acquisition of its shares by the company within the meaning of [section 48](#), and therefore are not subject to—
 - (a) the provisions of that section; or
 - (b) the application by the company of the [solvency and liquidity test](#) set out in [section 4](#).
- (20) Except to the extent-
 - (a) expressly provided in this section; or
 - (b) that the Panel rules otherwise in a particular case,a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under [section 125](#) to any other person.

MEMORANDUM OF INCORPORATION

**Companies and Intellectual Property Commission
Republic of South Africa**

**MEMORANDUM OF INCORPORATION OF
STELLENBOSCH VINEYARDS GROUP PROPRIETARY LIMITED**

(REGISTRATION NUMBER: 1991/005701/07

which is a private company, is authorised to issue shares as described in Part Two of this Memorandum of Incorporation ("**MOI**") and is referred to in the rest of this MOI as "the Company".

ADOPTION OF MOI

This MOI was adopted by special resolution of the shareholders at a general meeting called for this purpose.

Neither the short (Form CoR.15.1.A) nor the long (Form CoR15.1.B) standard form of MOI for a Profit Company shall apply to the Company.

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INTRODUCTION

1. GENERAL INTERPRETATION

In this MOI:

- 1.1. a reference to a section by number refers to the corresponding section of the Act;
- 1.2. a reference to a Part by number refers to the corresponding Part in this MOI;
- 1.3. words that are defined in the Act bear the same meaning in this MOI as in that Act;
- 1.4. the headings to the clauses of this MOI are for reference purposes only and shall in no way govern nor affect the interpretation of nor modify nor amplify the terms of this MOI nor any clause hereof;
- 1.5. unless the context indicates a contrary intention an expression which denotes any gender includes the other genders; a natural person includes a juristic person and vice versa and the singular includes the plural and vice versa;
- 1.6. references to any enactment shall be deemed to include references to such enactment as re-enacted, amended or extended from time to time;
- 1.7. when any number of days is prescribed in this MOI, same shall be reckoned exclusively of the first and inclusively of the last day, unless the last day falls on a day which is not a business day, in which case the last day shall be the next business day;
- 1.8. the words "include", "includes", and "including" means "include without limitation", "includes without limitation", and "including without limitation". The use of the word "including" followed by specific examples shall not be construed as limiting the meaning of the general wording preceding it;
- 1.9. terms other than those defined within the MOI or the Act will be given their plain English meaning, and those terms, acronyms, and phrases known in general commercial or industry-specific practice, will be interpreted in accordance with their generally accepted meanings;
- 1.10. any schedules attached to this MOI form an integral of and are part of this MOI and words and expressions defined in this MOI shall bear, unless the context otherwise requires, the same meaning in such schedules;
- 1.11. in any instance where there is a conflict between a provision (be it expressed, implied or tacit) of this MOI and –

- 1.11.1. an alterable or elective provision of the Act, the provision of this MOI shall prevail to the extent of the conflict; and
- 1.11.2. an unalterable or non-elective provision of the Act, the unalterable or non-elective provision of the Act shall prevail to the extent of the conflict;
- 1.12. the rule of construction that a contract shall be interpreted against the party responsible for the drafting or preparation of the contract, shall not apply to this MOI;
- 1.13. any reference to a notice shall be construed as a reference to a written notice, and shall include a notice which is transmitted electronically in a manner and form such that the notice can conveniently be printed by the recipient within a reasonable time and at a reasonable cost; and
- 1.14. references to "this MOI" or any agreement or document shall be construed as a reference to this MOI or, as the case may be, such other agreement or document, as amended, varied, novated or supplemented from time to time.

2. DEFINITIONS

- 2.1. ***Words and expressions used.*** Unless inconsistent with the context, the words and expressions set forth below shall bear the following meanings and cognate expressions shall bear corresponding meanings:
 - 2.1.1. "Act means the Companies Act, 2008, as amended, together with any regulations published in terms thereof;
 - 2.1.2. "board" means the board of directors of the Company from time to time, or if there is only one director, then that director;
 - 2.1.3. "business day" means any day which is not a Saturday, Sunday or public holiday in the Republic of South Africa;
 - 2.1.4. "claims" means the aggregate of any claims on loan account, whether arising from the shareholder loans or otherwise, which a shareholder may have against the Company from time to time;
 - 2.1.5. "Commission" means the Companies and Intellectual Property Commission established by section 185;
 - 2.1.6. "determine" or "decide" means:
 - 2.1.6.1. with reference to decisions of the board, a resolution of the board passed in accordance with the relevant provisions of the MOI;

- 2.1.6.2. with reference to decisions of the shareholders, a resolution of the shareholders passed in accordance with the relevant provisions of the MOI;
- 2.1.7. "director" means a member of the board, and the alternate director of such board member;
- 2.1.8. "dispose" means to sell, alienate, distribute, unbundle, exchange, grant any option in respect of, transfer, donate, hedge the future price of or alienate any proceeds from, or otherwise dispose of that asset;
- 2.1.9. "effective date" means the date upon which a shareholder becomes the Majority Shareholder;
- 2.1.10. "equity" means a shareholder's shares and claims;
- 2.1.11. "Formula" means the formula to be used to determine the price of the shares where so indicated in this MOI, which formula is set out in Schedule 2;
- 2.1.12. "IFRS" means the International Financial Reporting Standards, as adopted from time to time by the Board of the International Accounting Standards Committee, or its successor body, and approved for use in the Republic from time to time by the Financial Reporting Standards Council established in terms of section 203;
- 2.1.13. "Majority Shareholder" means a shareholder that holds more than 50% of the shares;
- 2.1.14. "Material Shareholder" means a shareholder that holds 5% or more of the shares;
- 2.1.15. "ordinary resolution" means a resolution adopted with the support of more than 50% (fifty percent) of the voting rights of shareholders exercised on the resolution;
- 2.1.16. "prime rate" means the publicly quoted basic rate of interest, compounded monthly in arrears and calculated on a 365 (three hundred and sixty-five) day year irrespective of whether or not the year is a leap year, from time to time published by the Company's bankers as being its prime overdraft rate, as certified by any representative of that bank whose appointment and designation will not be necessary to prove and which certificate shall be prima facie proof of the contents thereof;
- 2.1.17. "Regulations" means regulations published pursuant to the Act;
- 2.1.18. "shareholder" means the holder of a share issued by the Company and who is registered as such in the Company's securities register;

- 2.1.19. "shareholder's percentage" means the number of shares held by a shareholder divided by the total number of shares issued by the Company, expressed as a percentage;
- 2.1.20. "shares" means the ordinary shares with a par value of R0.0001 each in the share capital of the Company; and
- 2.1.21. "special resolution" means a resolution adopted with the support of 75% (seventy five percent) or more of the voting rights of shareholders exercised on the resolution.
- 2.2. **Substantive provision.** If any provision in a definition is a substantive provision conferring rights or imposing obligations on any person, notwithstanding that it is only in the definition clause, effect shall be given to it as if it were a substantive provision of this MOI.

PART ONE : INCORPORATION AND NATURE OF THE COMPANY

3. INCORPORATION

- 3.1. ***Juristic person.*** The Company is a pre-existing company as defined in the Act that is converted from a public company to a private company upon the adoption and acceptance by CIPC of this MOI. This MOI replaces and supersedes the MOI of the Company applicable immediately prior to the acceptance hereof by CIPC.
- 3.2. ***Private Company.*** Being a private company as defined in the Act, the Company:
- 3.2.1. is a profit company;
- 3.2.2. is prohibited from offering any of its shares to the public; and
- 3.2.3. has restrictions on the transferability of its shares as set out in this MOI.
- 3.3. ***Governed by.*** The Company is incorporated in accordance with and governed by:
- 3.3.1. the unalterable provisions of the Act;
- 3.3.2. the alterable provisions of the Act, subject to the limitations, extensions, restrictions, variations or substitutions set out in this MOI;
- 3.3.3. the other provisions of this MOI.
- 3.4. ***Limitation of Liability.*** No person shall, solely by reason of being an incorporator, shareholder or director of the Company, be liable for any liabilities or obligations of the Company.

4. POWERS OF THE COMPANY

- 4.1. ***No ring-fencing.*** The Company has the powers and capacity of a natural person and is not subject to any restrictive conditions or prohibitions contemplated in section 15(2)(b) or (c).
- 4.2. ***Limitation, legal capacity and powers.*** The legal powers and capacity of the Company are not subject to any restrictions, limitations or qualifications, as contemplated in section 19(1)(b)(ii).
- 4.3. ***General powers.*** The Company may do anything which the Act empowers a company to do unless, where permissible, the MOI provides otherwise.
- 4.4. ***Memorandum of incorporation.***

This MOI may be altered or amended in accordance with section 16, 17 or 152(6)(b), subject to the provisions contemplated in section 16(1)(c) (special resolution).

5. FINANCIAL YEAR

The financial year-end of the Company will be 31 December each year.

6. ENHANCED ACCOUNTABILITY AND TRANSPARENCY

6.1. **No voluntary compliance.** To the extent within the election of the Company and not otherwise mandatorily required by the Act, the Company does not elect, in terms of section 34(2), to voluntarily comply with the provisions of Chapter 3 (Enhanced Accountability and Transparency) of the Act.

6.2. **Audit election.** The Company elects to be audited voluntarily.

6.3. **Annual financial statements.**

6.3.1. The Company shall keep all such accurate and complete accounting records, in English, as are necessary to enable the Company to satisfy its obligations in terms of:

6.3.1.1. the Act;

6.3.1.2. any other law with respect to the preparation of financial statements to which the Company may be subject and IFRS;

6.3.1.3. the Regulations; and

6.3.1.4. this MOI;

6.3.2. the Company shall each year prepare annual financial statements within 60 (sixty) days after the end of its financial year;

6.3.3. the annual financial statements shall be prepared on a basis that is not inconsistent with any unalterable or non-elective provision of the Act and shall:

6.3.3.1. satisfy, as to form and content, the financial reporting standards of IFRS; and

6.3.3.2. subject to and in accordance with IFRS:

6.3.3.2.1. present fairly the state of affairs and business of the Company and explain the transactions and financial position of the business of the Company;

6.3.3.2.2. show the Company's assets, liabilities and equity, as well as its income and expenses;

6.3.3.2.3. set out the date on which the statements were produced and the accounting period to which they apply; and

6.3.3.2.4. bear on the first page thereof a prominent notice indicating that the annual financial statements have been audited and the name and professional designation of the person who prepared them.

6.4. **Additional financial information.** The directors shall ensure that the chief executive officer (or another officer designated by the board) of the Company shall be obliged to ensure that a monthly report is sent to the board by no later than the 10th calendar day of the following month duly extended by such number of days as are official public holidays in the Republic of South Africa, which fall within that period (or such later date as the Majority Shareholder may agree in writing) as pertaining the financial affairs of the Company of the preceding calendar month, which report shall include, without limitation: sales reporting, a profit & loss statement, investment status, the cash situation, as well as any additional information as reasonably requested by the board

7. PANEL AND TAKEOVER REGULATIONS

7.1. **No voluntary compliance.** The Company and its shares shall not voluntarily be subject to Part B (Authority of Panel and Takeover Regulations) and Part C (Regulation of affected transactions and offers) of Chapter 5 of the Act, and to the Takeover Regulations.

PART TWO : SHARES**8. NUMBERS AND DESIGNATIONS OF AUTHORISED SHARES**

The classes of authorised shares and the maximum number of authorised shares of each class are as follows:

Maximum number and designation of authorised shares:	
Max No	Class
40 000 000	ordinary shares with a par value of R0.0001 per share

9. PARI PASSU

All the shares of the Company shall rank pari passu in all respects, save to the extent provided for from time to time in this Part Two.

10. RIGHTS ATTACHING TO THE SHARES

Each share entitles the holder to the following rights:

- 10.1. the right to be entered in the securities register of the Company as the registered holder of a share;
- 10.2. the rights to attend, participate in, speak at and vote on any matter to be considered at, any meeting of shareholders;
- 10.3. an irrevocable right of the shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that share;
- 10.4. the right to receive any distribution by the Company, if and when declared on the shares, to be made in proportion to the number of shares held by each shareholder;
- 10.5. the right to receive a portion of the total net assets of the Company remaining upon its liquidation; and
- 10.6. any other rights attaching to the shares in terms of the Act or any other law.

11. RESTRICTIONS ON TRANSFER OF SHARES

11.1. **Restrictions.** Other than with the prior written consent of the board of directors of the Company, and in addition to the provisions set out in this MOI:

11.1.1. a shareholder shall only be entitled to dispose of any of its shares if it simultaneously therewith disposes of a pro rata portion of its claims as a condition of such disposal and, if such shareholder is indebted to the Company or its subsidiaries, it simultaneously repays to such party all amounts it so owes;

11.1.2. no Material Shareholder shall be entitled to dispose of or transfer any of its shares or claims prior to the fourth anniversary of the Effective Date ("lock-in period");

11.1.3. no shareholder shall be entitled to dispose or transfer any of its equity to a competitor of the Company or a competitor of any of its subsidiaries; and

11.1.4. the provisions of this clause 11 will not apply to intra-group transfers of shares or claims by a shareholder that is a juristic person, to its holding company or subsidiaries or companies which are subsidiaries of its holding companies (save that such transferee is not a competitor of the Company or a competitor of any of its subsidiaries).

11.2. **Majority Shareholder right of pre-emption.** In addition to the restrictions above, a shareholder shall only be entitled to dispose of its equity in the Company ("**the Offering Shareholder**") provided it fully complies with the provisions of this clause 11, whether it disposes of the whole or a part thereof, and after it has first offered the equity it wishes to dispose of (**the "Sale Equity"**) for sale to the Majority Shareholder, who shall be entitled to acquire the Sale Equity at the price offered to the Offering Shareholder by a third party ("**the Offer Price**"). To the extent that the Offering Shareholder is a Material Shareholder, the provisions hereof shall apply, save that the Offer Price shall be the price calculated in accordance with the Formula as at the date of the Transfer Notice referred to below. To give effect hereto, the Offering Shareholder shall be obliged to offer the Sale Equity to the Majority Shareholder by giving notice in writing thereof ("**the Transfer Notice**") to the Majority Shareholder. The Transfer Notice shall state full details of the Sale Equity the Offering Shareholder wishes to dispose of, whereupon:

11.2.1. the Majority Shareholder shall have an irrevocable option to purchase the Offering Shareholder's Sale Equity (the "Option"), which Option shall be exercised by notifying the Company and the Offering Shareholder within a period of 60 (sixty) days of a) receipt of the Transfer Notice, or b) the date of determination of the Offer Price in terms of the Formula, as applicable and whichever is later;

- 11.2.2. if the Majority Shareholder fails to acquire 100% (one hundred percent) of the Sale Equity within the prescribed period, then the Offering Shareholder shall be entitled to dispose of the remaining Sale Equity to a third party, provided that the Offering Shareholder shall not dispose of the Sale Equity at a price less than the Offer Price unless it again first offers the same for sale to the Majority Shareholder at the reduced price, whereupon clause 11.2.1 shall once again apply, save that the reference to 60 (sixty) days in such clause shall be changed to 15 (fifteen) days.
- 11.3. **Transfer.** If the Sale Equity is disposed of pursuant to the provisions of this clause 11:
- 11.3.1. the Companies shall be obliged to reflect the transfer of any Shares sold in the share register of the Companies; and
- 11.3.2. if any shareholder's shareholder loan is ceded to more than 1 (one) person, the Company agrees to a cession of parts of the shareholder loan and to recognise the purchaser of each part of the shareholder loan as the true creditor in respect thereof.
- 11.4. **Majority Shareholder.** It is specifically stated that the Majority Shareholder can freely transfer its Sale Equity, subject only to clause 11.5 below, save that clause 11.5 shall not apply where the Majority Shareholder is transferring its Sale Equity to a related person as defined in section 2 of the Act, subject to the proviso that such transferee (along with any other such transferee) shall be deemed collectively to be a Majority Shareholder for purposes of this MOI.
- 11.5. **Come and Tag Along.** The following provisions shall apply in addition to any rights of pre-emption provided for in this MOI:
- 11.5.1. if a shareholder or shareholders ("the receiving shareholder/s") receive an offer from a *bona fide* third party to acquire all or a part of their shares, and such receiving shareholder/s wish to accept such offer in respect of more than 50% (fifty percent) of the total issued shares of the Company, then the remaining shareholders shall be entitled to require the receiving shareholder/s to procure that the third party makes the same offer to the remaining shareholders, failing which the receiving shareholder/s shall not be entitled to sell to such third party in terms of the offer received; and
- 11.5.2. if a third party wishes to purchase all the shares in the Company, and shareholders holding more than 50% (fifty percent) of the total issued shares of the Company ("the accepting shareholders") wish to accept such offer, but the remaining minority of the shareholders refuse such offer, then the accepting shareholders shall be

entitled to require the remaining shareholders to sell their shares in the Company in terms of the offer.

- 11.6. **Authority.** Each of the shareholders hereby irrevocably appoints any member of the board from time to time as its attorney and agent to do all such things as may be necessary to comply with the provisions of this clause 11 relating to the transfer of its shares and claims.

12. SECURITIES REGISTER

- 12.1. **Securities register.** Any person who is entitled to have his name entered into the securities register of the Company shall provide to the Company with all the information it may require from time to time for purposes of establishing and maintaining the securities register, including the name, business address, residential address, postal address and available e-mail address of that person.

- 12.2. **Transfer of shares.** Subject to clause 12.3, the Company must enter in its securities register every transfer of shares, including in the entry:

- 12.2.1. the name and business, residential or postal address of the transferee;
- 12.2.2. the description of the shares or interest transferred;
- 12.2.3. the date of the transfer; and
- 12.2.4. the value of any consideration still to be received by the Company on each such share or interest, in the case of a transfer of shares the subscription price for which has not been fully paid as contemplated in sections 40(5) and (6).

- 12.3. **Requirements for entry in securities register.** The Company may make an entry contemplated in clause 12.2 only if the transfer:

- 12.3.1. is evidenced by a proper instrument of transfer (the original or a copy thereof) in a form and substance satisfactory to the board that has been delivered to the Company; or
- 12.3.2. was effected in compliance with this MOI or by operation of law.

- 12.4. **Proper instrument of transfer.** For purposes of clause 12.3.1 and section 51(6)(a), a "proper instrument of transfer" means an instrument in writing, in any form, specifying:

- 12.4.1. the full name of the transferor (being the name of a person entered in the securities register as the registered holder of the shares being transferred);
- 12.4.2. the full name of the transferee; and
- 12.4.3. the number of the class of shares being transferred,

which has been signed by or on behalf of the registered shareholder as transferor and signed by or on behalf of the transferee.

12.5. ***Delivery of instrument of transfer.*** Every instrument of transfer shall be delivered to the Company, accompanied by:

12.5.1. the certificate issued in respect of the shares to be transferred; and/or

12.5.2. such other evidence as the Company may require to prove the title of the transferor, or such transferor's right to transfer the shares.

12.6. ***Authority to sign transfer deed.*** All authorities to sign transfer deeds granted by holders of shares for the purpose of transferring shares which may be lodged, produced or exhibited with or to the Company or its registered office shall, as between the Company and the grantor of such authorities, be taken and deemed to continue and remain in full force and effect, and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at such of the Company's offices at which the authority was first lodged, produced or exhibited. Even after the giving and lodging of such notice, the Company shall be entitled to give effect to any instruments signed under the authority to sign and certified by any officer of the Company as being in order before the giving and lodging of such notice.

12.7. ***Transmission of shares by operation of law.*** Subject to the laws relating to securities transfer tax upon, or in respect of, the estates of deceased persons and the administration of the estates of insolvent and deceased persons and persons under disability:

12.7.1. the parent, guardian or curator of any shareholder who is a minor;

12.7.2. the trustee of an insolvent shareholder;

12.7.3. the liquidator of a body corporate;

12.7.4. the tutor or curator of a shareholder under disability;

12.7.5. the executor or administrator of the estate of a deceased shareholder; or

12.7.6. any other person becoming entitled to any shares held by a shareholder by any lawful means other than transfer in terms of this MOI;

shall, subject always to the remaining provisions of this MOI, upon production of such evidence as may be required by the directors, have the right either:

- 12.7.7. to exercise the same rights and to receive the same distributions and other advantages to which he would be entitled if he were the holder of the shares registered in the name of the shareholder concerned; or
- 12.7.8. to require to be registered as the holder in respect of those shares and to make such transfer of those shares as the shareholder concerned could have made, but the directors shall have the same right to decline or suspend registration as they would have had in the case of a transfer of the shares by the shareholder.
- 12.8. **Joint holders.** In the case of any share registered in the names of two or more persons as joint holders, the person first-named in the securities register shall, save as is provided in this MOI, be the only person recognised by the Company as having any title to such security and to the related certificate of title. Upon the death, insolvency or placing under curatorship by reason of insanity or prodigality of any joint holder of any share, the sole remaining holder or the first-named of two or more remaining joint holders, as the case may be, shall be the only person recognised by the Company as having any title to such security.

13. SHARE CERTIFICATES

- 13.1. **Shares to be certificated.** Shares of the Company are to be issued in certificated form.
- 13.2. **Entitled to share certificate.** Every person whose name is entered as a shareholder in the securities register shall be entitled to one share certificate for all the shares registered in his name, or to several certificates, each for a part of such shares.
- 13.3. **Joint holders.** A certificate for shares registered in the names of two or more persons shall be delivered to the person first named in the register as a holder thereof, and delivery of a certificate for a share to that person shall be a sufficient delivery to all joint holders of that share.
- 13.4. **Requirements for share certificates.** A certificate evidencing any certificated shares of the Company:
- 13.4.1. must state on its face:
- 13.4.1.1. the name of the Company;
- 13.4.1.2. the name of the person to whom the shares were issued;
- 13.4.1.3. the number and class of the shares;
- 13.4.1.4. a number distinctive for each certificate; and
- 13.4.1.5. any restriction on the transfer of the shares evidenced by that certificate,

- provided that any share certificate issued by a pre-existing company shall not be invalidated solely by reason of its failing to comply with the aforesaid specifications;
- 13.4.2. must be signed by two persons authorised by the board, which signatures may be affixed or placed on the certificate by autographic, mechanical or electronic means; and
- 13.4.3. is proof that the named shareholder owns the shares, in the absence of evidence to the contrary.
- 13.5. **Defaced, lost or destroyed.** If a share certificate is defaced, lost or destroyed, it may be replaced on payment of any duty payable on the new certificate and such terms (if any) as to evidence, indemnity and payment of the out-of-pocket expenses of the Company of investigating such evidence and, in the case of loss or destruction, of advertising the same, as the board may think fit and in the case of defacement, on delivery of the old certificate to the Company.
- 13.6. Rights associated with any particular person. A person:
- 13.6.1. acquires the rights associated with any particular shares of the Company when that person's name is entered in the Company's securities register as the holder of those shares; and
- 13.6.2. ceases to have the rights associated with any particular shares of the Company when the transfer to another person, re-acquisition by the Company, or surrender to the Company of those shares has been entered in the Company's securities register.
- 13.7. **Prohibition regarding beneficial interests.** The Company shall not permit shares to be held by one person for the beneficial interest of another. The Company shall not permit shares to be voted upon by the holder of a beneficial interest notwithstanding any agreement permitting the holder of the beneficial interest to vote the shares to the exclusion of the registered shareholder.
- 13.8. **STT and legal costs.** Securities transfer tax and other legal costs payable in respect of any transfer or allotment of shares pursuant to this MOI will be paid by the Company, but shall be recoverable from the person acquiring such shares.

PART THREE : SHAREHOLDERS

14. SHAREHOLDERS' MEETINGS

14.1. ***Holding of shareholders' meetings.*** Subject to clause 16.3 and the provisions of section 60 dealing with the passing of resolutions of shareholders otherwise than at a meeting of shareholders, the Company shall hold a shareholders' meeting:

14.1.1. at any time that the board is required by the Act or this MOI to refer a matter to shareholders for decision; or

14.1.2. whenever required in terms of the Act to fill a vacancy on the board; or

14.1.3. when required by any other provision of this MOI.

14.2. ***Convening of meetings of shareholders.*** The board, or any other person specified in clause 14.3 below, may call a meeting of shareholders at any time. In addition, the board must call a meeting of shareholders if one or more written and signed demands for such meeting are delivered to the Company and:

14.2.1. each such demand describes the specific purpose for which the meeting is proposed; and

14.2.2. in aggregate, demands for substantially the same purpose are made and signed by the holders, at the earliest time specified in any of those demands, of at least 10% of the voting rights entitled to be exercised in relation to the matter proposed to be considered at the meeting.

14.3. ***Other persons entitled to call meetings.*** In addition to the board, the Company secretary or any shareholder in the event of the board failing to comply with clause 14.1 of the Company, if appointed, shall be entitled to call a meeting of shareholders in terms of section 61(1).

14.4. ***Location of meetings.*** The board may determine the location of shareholders' meetings (including the location of any meeting which has been adjourned), provided that the location shall be the registered office of the Company or an alternate suitable venue within a 20km radius of the registered office of the Company or an alternate suitable venue in the Republic of South Africa which is reasonably accessible to each shareholder.

14.5. ***Notice of shareholders' meeting.*** A notice of a shareholders meeting must be delivered to each shareholder of the Company at least 15 (fifteen) business days before the date of the proposed meeting or any shorter period agreed on by all shareholders at such meeting, provided that every shareholder who is entitled to

exercise voting rights at the meeting is present at the meeting and agrees to waive the required minimum notice of such meeting.

- 14.6. **Requirements for notice.** A notice of a shareholders meeting must be given in the prescribed form CoR 42.2 (or such other form as may be prescribed by the Act) and must include the following information:
- 14.6.1. the date, time and place for the meeting;
 - 14.6.2. the general purpose of the meeting and any specific purpose as contemplated in clause 14.2.1
 - 14.6.3. a copy of any proposed resolution of which the Company has received notice, and which is to be considered at the meeting, and a notice of the percentage of voting rights that will be required for that resolution to be adopted;
 - 14.6.4. in the case of an annual general meeting of the Company:
 - 14.6.4.1. the financial statements to be presented or a summarised form thereof; and
 - 14.6.4.2. directions for obtaining a copy of the complete annual financial statements for the preceding financial year; and
 - 14.6.5. a reasonably prominent statement that:
 - 14.6.5.1. a shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder;
 - 14.6.5.2. a proxy need not also be a shareholder of the Company; and
 - 14.6.5.3. participants will be required to provide satisfactory identification to verify their right to participate at the meeting, as contemplated in clause 14.8.
- 14.7. **Chairperson.** The chairperson of the board shall be entitled to chair shareholders' meetings. If, however, there is no chairperson or if he has notified his inability to attend a meeting or if at any meeting he is not present within 15 (fifteen) minutes of the time appointed for the meeting, the shareholders who are entitled to exercise voting rights in relation to the Company present shall choose another director to chair the meeting by ordinary resolution. If no director is present or if none of the directors present are willing to chair the meeting, then the shareholders by ordinary resolution shall choose a representative of one of their own to be the chairperson of the meeting.
- 14.8. **Verification of right to attend meeting.** A person wishing to attend or participate in a shareholders' meeting (whether as a shareholder or by proxy), must present

reasonably satisfactory identification to the chairperson of the meeting (or his nominee) 15 minutes before the time scheduled for the start of the meeting. The chairperson (or his nominee) must be reasonably satisfied that the right of the person to attend and vote has been reasonably verified. For the purposes of this clause 14.8, the following forms of identification shall be "reasonably satisfactory": a valid identity document, driver's license or passport (or a certified copy of any of these documents), accompanied by a power of attorney, letter of authority or other instrument appointing the proxy or person to attend the meeting on behalf of a shareholder. In the event that the identification process is not completed by the time that the meeting is scheduled to begin, then the commencement of the meeting shall be delayed until the identification process is complete.

14.9. **Authority to delegate.** A shareholder may, at any time, appoint any individual, including an individual who is not a shareholder, as a proxy to:

14.9.1. participate in, and speak and vote at, a shareholders meeting (or adjournment thereof) on behalf of the shareholder; or

14.9.2. give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60, being the consideration and passing of a resolution or the election of directors other than at a meeting of shareholders.

14.10. **Requirements for instrument of proxy.** The instrument that appoints a proxy shall:

14.10.1. be in writing, dated and signed by the shareholder;

14.10.2. be given by the person appointing such proxy or his attorney duly authorized in writing or, if the appointed is a corporation, given by an officer or attorney so authorized.

14.11. **Appointment of proxy.** The appointment of a proxy shall be made either by a proxy form substantially in the format attached as Schedule 1 or by a power of attorney or by such other means as may be acceptable to the board and which shall comply with section 58. A Shareholder may appoint more than one proxy to exercise voting rights attached to different classes of shares held by that shareholder.

14.12. **Authority of proxy to delegate.** A proxy may not delegate his authority to act on behalf of a shareholder appointing him as proxy to another person.

14.13. **Delivery of proxy instrument.** A copy of the instrument appointing a proxy must be delivered to the Company, or to any other person specified to receive such instrument in the notice convening the meeting, before such meeting is due to take place, failing which the instrument of proxy or power of attorney shall not be treated as valid.

14.14. **Deliberative authority of proxy.** The authority of a shareholder's proxy to decide to vote in favour of, against, or to abstain from exercising any voting rights shall be determined by the instrument appointing the proxy.

14.15. **Validity of appointment.**

14.15.1. The proxy appointment remains valid for its intended purpose, provided that it may be revoked at any time by cancellation in writing, or the making of a later inconsistent appointment of another proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.

14.15.2. The appointment of a proxy shall be suspended at such time and to the extent that the shareholder appointing such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

14.15.3. A vote given in accordance with the terms of an instrument of proxy or power of attorney appointing a proxy shall be valid notwithstanding the previous legal incapacity of the shareholder or revocation of the instrument or power of attorney or of the transfer of the shares in respect of which the vote is given, unless notice in writing of such legal incapacity, revocation or transfer shall have been received by or on behalf of the Company not less than 24 (twenty four) hours (or such lesser period as the board may determine in relation to any particular meeting) before the time appointed for holding the meeting.

14.16. **Electronic participation.** A shareholders meeting may be conducted entirely or partly by electronic communication, provided that the electronic communication employed ordinarily enables all participants in the meeting to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the meeting.

14.17. **Resolution adopted by shareholders who are connected by electronic communication.** A resolution approved by a majority of shareholders who were connected by electronic communication at a shareholders' meeting where:

14.17.1. all such shareholders remained connected for the duration of the electronic meeting;

14.17.2. the subject matter of the resolution had been discussed at such meeting; and

14.17.3. the chairperson, deputy chairperson or any shareholder present at such electronic meeting certifies in writing that the aforementioned requirements have been met,

shall be valid and shall be deemed to have been passed on the date on which the meeting was held (unless a statement to the contrary is made in the minutes of such meeting).

14.18. ***Delivery of resolution.*** Within 10 (ten) business days after the adoption or failing of a resolution at a meeting contemplated in clause 14.16, the Company shall:

14.18.1. deliver to each shareholder a copy of the resolution proposed with a statement describing the results of the vote, consent process or election as the case may be; and

14.18.2. insert a copy of the resolution and statement referred to in 14.18.1 into the Company's minute book.

14.19. Quorum

14.19.1. A quorum at meetings of shareholders will be shareholders entitled to exercise more than 50% (fifty percent) of the voting rights at such meeting had all shareholders with voting rights on those matters been present in person or by proxy at such meeting and provided further that due and proper notice of the meeting shall have been given to all shareholders, which quorum must include the Majority Shareholder and at least 2 (two) Material Shareholders, to the extent applicable. In addition, if there are three or more shareholders, the quorum for shareholders meetings shall be at least 3 (three) shareholders complying with the quorum requirements set out above.

14.19.2. If within 30 minutes after the time appointed for the meeting a quorum is not present, the meeting will stand adjourned to the same day of the next week at the same time and place. Written notice of such adjourned meeting (incorporating an agenda) shall be given to all shareholders of the Company not less than 48 (forty eight) hours before such adjourned meeting is to be held.

14.19.3. If at such adjourned meeting a quorum is not present within 30 minutes after the time appointed for the meeting, any shareholders present in person or by proxy shall constitute a quorum. No business may be conducted at the adjourned meeting save for business specified on the agenda.

14.20. ***Extension of time.*** The chairperson presiding at a shareholders meeting may extend the 30 minute limit specified in clause 14.19 as contemplated in section 64(5) for a reasonable period on grounds that:

14.20.1. exceptional circumstances affecting weather, transportation or electronic communication have generally impeded or are generally impeding the ability of shareholders to be present at the meeting; or

14.20.2. one or more particular shareholders, having been delayed, have communicated an intention to attend the meeting, and those shareholders, together with others in attendance, would satisfy the quorum requirements of clause 14.19.

14.21. **Adjournment of meeting.** Subject to clauses 14.19 and 14.20, a shareholders meeting (or consideration of a particular matter on the agenda) may be adjourned without further notice to a fixed time and place (but will require a notice if it is adjourned "until further notice") by a vote in favour thereof by holders of a majority of the voting rights held by all persons present or represented at the meeting and entitled to be exercised on at least one matter remaining on the agenda of the meeting or, where the adjournment is in respect of a particular matter, by a vote in favour thereof by holders of a majority of those voting rights present or represented by proxy and entitled to be exercised in respect of the matter in question.

15. VOTING AT SHAREHOLDERS MEETINGS

15.1. **Voting by show of hands or on a poll.** At a shareholders meeting, voting may either be by show of hands or on a poll.

15.2. **Number of votes.** Subject to any special terms as to voting on which any share may be issued and subject to the provisions of the Act, every person entitled to vote and who is present in person or represented by proxy shall on a show of hands have one vote only, but on a poll every person entitled to vote and present or represented shall have one vote for every share held or represented by him.

15.3. **Method of voting.** Save as is otherwise expressly provided by the Act or by this MOI, all questions, matters and resolutions arising at or submitted to any general meeting shall be decided by an ordinary resolution and shall in the first instance be decided by a show of hands.

15.4. **Mandatory poll.** A polled vote must be held on any particular matter to be voted on at a meeting, whether before or after an initial vote on a show of hands, if a demand for such a vote is made by:

15.4.1. at least five persons having the right to vote on that matter, either as a shareholder or by proxy;

15.4.2. a person who is, or persons who together are, entitled, as a shareholder or proxy, to exercise at least 10% of the voting rights entitled to be voted on that matter; or

15.4.3. the chairperson of the meeting.

- 15.5. **Poll.** If a poll is demanded as aforesaid, it shall be taken in such manner and at such place and time (either immediately or after an interval) as the chairperson of the meeting directs. The demand for a poll may be withdrawn. The chairperson shall count the votes and declare the result of the poll at the meeting. In case of any dispute as to the admission or rejection of a vote, the chairperson of the meeting shall determine the dispute and the determination of the chairperson made in good faith shall be final and conclusive.
- 15.6. **Results of poll.** Subject to the provisions of the Act, at any general meeting, unless a poll is demanded, a declaration by the chairperson that a resolution has been carried, or carried by a particular majority, or lost, or not carried by a particular majority, shall be final and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact. The chairperson is required to record the number and percentage of votes in favour of and against the proposed resolution, as well as any abstentions.
- 15.7. **Meeting to continue.** The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
- 15.8. **Joint holders.** When there are joint registered holders of any shares, any one of such persons may vote at any meeting in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders is present or represented at any meeting, that joint holder whose name appears first in the securities register in respect of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect of such shares.
- 15.9. **Representative of shareholder.** Any entity holding shares conferring the right to vote may, by resolution of the directors or other governing body of that entity, authorise one person to act as its representative at any shareholders meeting. The representative shall be entitled to exercise the same powers as that entity could exercise if it were an individual shareholder. The board may, but shall not be obliged to, require proof to their satisfaction of the appointment or authority of a representative to act.

16. SHAREHOLDERS RESOLUTIONS

- 16.1. **Proposal by board.** The board may propose any resolution to be considered by shareholders and may determine whether that resolution will be considered and voted on at a meeting of shareholders or by written vote in accordance with clause 16.3.

16.2. **Proposal by shareholders.** Any shareholder or shareholders holding collectively more than 10% (ten percent) of the shares shall be entitled to propose a resolution concerning a matter in respect of which it is entitled to exercise voting rights and may require that the resolution be considered at a meeting of shareholders or by written vote in terms of clause 16.3.

16.3. Round robin resolution

16.3.1. Pursuant to section 60(1), a resolution in writing signed by such percentage as is required to pass an ordinary resolution or a special resolution, as is applicable in the circumstances, within 20 business days after the resolution was submitted to the shareholders and inserted in the minute book of the Company, shall be as valid and effective as if it had been passed at a properly constituted shareholders meeting.

16.3.2. The written resolution shall be deemed (unless a statement to the contrary is made in that resolution) to have been passed on the last day on which that resolution is signed by any one or more of the shareholders who are entitled to exercise voting rights in relation to that resolution.

16.3.3. The written resolution may consist of two or more documents in the same form, each of which is signed by one or more such shareholders, as the case may be.

16.4. **Legal proceedings against a shareholder.** If any resolution of the Company is proposed that the Company institute any legal proceedings against any shareholder or director, such resolution shall be deemed to be within the shareholders' domain and not the directors' domain. If any shareholder vetoes any such resolution, and as a result the requisite majority to pass the resolution cannot be obtained then, provided that one or more of the approving shareholders furnish an indemnity to the Company against all costs, losses or damages of whatsoever nature which the Company may sustain in the event that any such legal proceedings are unsuccessful, such vetoing shareholder shall be deemed to have voted in favour of the resolution. The provisions of this clause will apply, *mutatis mutandis*, to any subsidiary of the Company.

PART FOUR : DIRECTORS

17. GENERAL POWERS AND DUTIES OF DIRECTORS

- 17.1. ***Powers of the board.*** The business and affairs of the Company shall be managed by or at the direction of the board, which has the full authority to do so and perform any of the functions of the Company, except to the extent that the Act or this MOI provides otherwise and where shareholder approval is specifically required in terms thereof. Notwithstanding the foregoing, no resolution passed by the shareholders shall invalidate any prior act of the board which would have been valid if such resolution had not been passed.
- 17.2. ***One director.*** For so long as the Company has only 1 (one) director, that director may exercise any power or perform any function of the board at any time, without notice or compliance with any other internal formalities of the Company, save that all resolutions passed shall be recorded in the Company's minute book.

18. COMPOSITION OF THE BOARD

- 18.1. ***Right to appoint and remove director.*** Subject to the Act, the directors must be elected by shareholders of the Company entitled to exercise voting rights, as contemplated in section 66(4). The shareholders shall vote at shareholders meetings to procure the intended constitution of the board, based on the following principles:
- 18.1.1. the Majority Shareholder shall be entitled but not obliged to nominate 3 (three) directors, or such greater number as is required to procure that the Majority Shareholder has nominated no less than the number of directors nominated and appointed by the Material Shareholders in terms of clause 18.1.2 below from time to time;
- 18.1.2. each Material Shareholder shall be entitled but not obliged to nominate and appoint 1 (one) director approved by the Majority Shareholder (which approval shall not be unreasonably withheld), who shall only hold office for so long as such shareholder qualifies as a Material Shareholder and the Material Shareholder must procure the resignation of such director when the Material Shareholder no longer qualifies as a Material Shareholder, and hereby indemnifies and holds the Company and each of its directors harmless in respect of any claims, losses, damages and costs they may suffer relating to such removal; and
- 18.1.3. shareholders by special resolution shall be entitled to nominate and appoint further directors as non-executive directors of the Company.

- 18.2. **Election process.** Subject to clause 18.3, in any election of directors (including alternate directors):
- 18.2.1. the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with a series of votes continuing until all vacancies on the board at that time have been filled; and
- 18.2.2. in each vote to fill a vacancy, each voting right entitled to be exercised may be exercised once and the vacancy is filled only if a majority of the voting rights exercised support the candidate (section 68(2)).
- 18.3. **Election by written poll.** An election of a director that could be conducted at a shareholders meeting may instead be conducted by written polling of all the shareholders entitled to exercise voting rights in relation to the election of that director.
- 18.4. **Consent of director required.** No election of a director shall take effect until he has delivered to the Company a written consent to serve as such.
- 18.5. **Ex officio directors.** There shall be no ex officio directors, in addition to any directors appointed in terms of this MOI and elected directors.
- 18.6. **Term.** Each of the directors and the alternate directors, shall be elected in accordance with clause 18.2 to serve for an indefinite term as a director or alternate director. An alternate director shall serve in the place of 1 (one) or more director/s named in the resolution electing him during the directors' absence or inability to act as director. If a person is an alternate director to more than 1 (one) director or if an alternate director is also a director, he shall have a separate vote, on behalf of each director he is representing in addition to his own vote, if any.
- 18.7. **Qualification.** There are no general qualifications prescribed by the Company for a person to serve as a director or an alternate director in addition to the requirements of the Act.
- 18.8. **Alternate directors.** Each shareholder nominating a director appointed as such may appoint and remove any person, including another director, to act as an alternate director in such director's place and during their absence. In the case of appointments of alternate directors by the Material Shareholders, such appointments shall be approved by the Majority Shareholder (which approval shall not be unreasonably withheld). Any appointment or removal of an alternate director shall be effected by a written notice to the Company signed by the person nominating or requesting the removal of that alternate. An alternate director shall, except as

regards the power to appoint an alternate, be subject in all respects to the terms and conditions applicable to the other directors. On a person being elected as an alternate director, the alternate director shall in all respects be subject to the provisions of this MOI applicable to the other directors of the Company. An alternate director shall be entitled to act at all meetings and in all proceedings in which, and on all occasions when, the director in respect of whom he has been appointed as an alternate is not present and does not act himself. An alternate director shall cease to be an alternate director if the director who he has appointed as the alternate director ceases for any reason to be a director, provided that if any director retires and is re-elected at the same meeting, any alternate director appointment in respect of such director shall remain in force as though the director had not retired.

18.9. **Register of directors.** The Company must maintain records of its directors, including the details specified in the Act, in a "Register of Directors".

19. ELIGIBILITY AND CESSATION AS DIRECTOR AND VACANCIES

19.1. **Cessation as director.** A director shall no longer be eligible and shall cease to hold office as such if:

19.1.1. he becomes ineligible or disqualified as contemplated in section 69; or

19.1.2. he is removed from office in terms of this MOI.

19.2. **Immediate cessation.** A director, prescribed officer, board committee member, or audit committee member, who becomes ineligible or disqualified to hold office under the Act or this MOI, ceases to be entitled to act in such office with immediate effect, subject to clause 19.4 (section 70(2)).

19.3. **Filing required.** The Company must file with the Commission a notice in the prescribed form within 10 (ten) business days of a person becoming, or ceasing to be, a director.

19.4. **Suspension.** Notwithstanding clause 19.1, if the board has removed a director in terms of clause 19.12, a vacancy on the board does not arise until the later of:

19.4.1. the expiry of the time for filing an application for review in terms of section 71(5); or

19.4.2. the granting of an order by the court on such an application,

but the director is suspended from office during that time.

19.5. **Filling a vacancy.** If a vacancy arises on the board, it must be filled by:

19.5.1. a new appointment nominated by the specific shareholder, if the director was appointed pursuant to a shareholder's right to nominate such director; or

- 19.5.2. by a new election conducted:
- 19.5.2.1. at the next annual general meeting of the Company, if the Company is required to hold such a meeting; or
- 19.5.2.2. in any other case, within six months after the vacancy arose:
- 19.5.2.2.1. at a shareholders meeting called for the purpose of electing the director; or
- 19.5.2.2.2. by a poll of the persons entitled to exercise voting rights in an election of the director,
- as contemplated in clauses 18.2 and 18.3.
- 19.6. **Board's right to fill temporary vacancy.** Should the shareholders entitled to do so fail to fill any vacancy, the board may appoint such director on a temporary basis until the vacancy has been filled.
- 19.7. **Continuing directors.** The continuing directors (or sole continuing director) may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to this MOI as a quorum, the continuing directors or director may act only for the purpose of summoning a meeting of shareholders.
- 19.8. **Shareholder entitlement to convene a meeting.** If there is no director able and willing to act, then any shareholder entitled to exercise voting rights in the election of a director may convene a meeting of shareholders for the purpose of appointing directors and/or filling a vacancy.
- 19.9. **Temporary vacancy.** Any person appointed by the board to fill a temporary vacancy shall retain office only until the earlier of:
- 19.9.1. the making of a new appointment by the shareholders entitled thereto, if the director whose place he fills was appointed under that provision;
- 19.9.2. such time as the director whose place he fills would have held office;
- 19.9.3. a new election is held as required in terms hereof and the temporary director is elected as a director on a permanent basis or another person is elected as a director to fill the vacancy on a permanent basis.
- 19.10. **Removal of directors (section 71).** Notwithstanding anything to the contrary in this MOI, or any agreement between the Company and a director, or between any shareholders and a director, a director may be removed from office by:
- 19.10.1. an ordinary resolution adopted at a shareholders meeting by the persons entitled to exercise voting rights in an election of that director;

19.10.2. a resolution of the board as contemplated in clause 19.12; or

19.10.3. by order of court,

subject to the further provisions of this MOI and the Act.

19.11. **Notice.** Before the shareholders may consider a resolution contemplated in clause 19.10.1:

19.11.1. the director must be given 15 business days' notice of the proposed meeting and the resolution; and

19.11.2. the director must be afforded a reasonable opportunity to make a presentation, in person or through a representative, to the meeting, before the resolution is put to a vote.

19.12. **Board may remove director.** If a shareholder or a director has alleged that a director:

19.12.1. has become:

19.12.1.1. ineligible or disqualified as contemplated in section 69 or clause 19.1, other than on the grounds contemplated in section 69(8)(a) (court prohibition or delinquency); or

19.12.1.2. incapacitated to the extent that the director is unable to perform the functions of a director, and is unlikely to regain that capacity within a reasonable time; or

19.12.2. has neglected, or been derelict in the performance of, the functions of a director;

the board, excluding the director concerned, must determine the matter by resolution, and may remove the director whom it has determined to be ineligible or disqualified, incapacitated, or negligent or derelict, as the case may be.

19.13. **Notice and presentation.** Before the board may consider a resolution contemplated in clause 19.12, the director must be given:

19.13.1. notice of the meeting, including a copy of the proposed resolution and a statement setting out reasons for the resolution, with sufficient specificity to reasonably permit the director to prepare and present a response; and

19.13.2. a reasonable opportunity to make a presentation, in person or through a representative, to the meeting before the resolution is put to a vote.

19.14. **Remedies.** Section 71 provides the remedies of the director concerned and/or directors that may have voted against the removal of the said director.

19.15. **Fewer than three directors.** If the Company has fewer than three directors, the provisions of clause 19.12 shall not apply and in the circumstances contemplated in

that clause, the director or shareholder may apply to the Companies Tribunal to make a determination as to the removal of the director, as contemplated in section 71(8).

20. REMUNERATION AND EXPENSES

20.1. **Remuneration of directors and alternate directors.** The directors and alternate directors shall be entitled to such remuneration as the board recommends from time to time, provided that such remuneration shall be approved by a special resolution of shareholders passed within the previous two years (section 66(9)). To the extent applicable, an alternate director shall be paid only out of the remuneration payable to the director for whom he is appointed to be an alternate director.

20.2. **Expenses.** In addition, the directors and alternate directors shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the directors and shareholders, and the members of the board committees shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the members of the board committees, as approved by the board.

21. PROCEEDINGS OF DIRECTORS

21.1. **Calling a meeting.** Any director may call a meeting of the board at any time if such director considers there is a good reason to do so. In addition, a director authorised by the board must call a board meeting if requested to do so by at least 2 (two) directors.

21.2. **Regulating meetings.** The directors may regulate their meetings as they think fit. The directors shall however meet no less than twice per annum in addition to any annual budget approval meeting to the extent not dealt with in any of the foregoing meetings.

21.3. **Notice of meetings.**

21.3.1. Subject to clause 21.4, a notice of a board meeting must be in writing and delivered to each director of the Company so as to be received by the director in question in the ordinary course not less than 15 (fifteen) business days before the date appointed for the board meeting, provided that in exceptional circumstances the notice period may be shortened as is deemed necessary by the chairman to allow the directors to attend to the exceptional circumstances in question.

21.3.2. Such notice of a board meeting may be in any form determined by the board but must as a minimum include:

21.3.2.1. the date, time and place for the meeting;

- 21.3.2.2. a detailed agenda for the meeting;
- 21.3.2.3. information with respect to the availability of participation in the meeting (and in the postponement or adjournment of the meeting) by electronic communication and the necessary information to enable directors (including their alternates) to access the available medium or means of communication; and
- 21.3.2.4. the general purpose of the meeting.

21.4. **Waiver of notice.** If all of the directors:

- 21.4.1. acknowledge actual receipt of the notice;
- 21.4.2. are present at a meeting of the directors; or
- 21.4.3. waive notice of the meeting;

the meeting may proceed even if the Company failed to give the required notice of that meeting, or there was a defect in the giving of the notice.

21.5. **Meeting.** The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

21.6. **Venue.** Unless otherwise determined by the directors, all their meetings shall be held in the city or town where the company's registered office is for the time being situated. A meeting of directors may be conducted by electronic communication and/or one or more directors may participate in a meeting of directors by electronic communication so long as the electronic communication facility employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.

21.7. **Quorum.** The quorum for an initially convened board meeting shall be at least 2 (two) directors nominated by the Majority Shareholders and at least 1 (one) director appointed by the Material Shareholders who must be personally present at the meeting or participate in person electronically, before a vote may be called at such meeting.

21.8. **Automatic postponement of a meeting.**

- 21.8.1. If within 30 minutes of the appointed time for a board meeting to begin a quorum is not present, then the meeting is automatically postponed (without any motion, vote or further notice) for one week;
- 21.8.2. The 30 minute limit may be extended for a reasonable period not exceeding two hours by the chairman of the meeting.

- 21.9. **Automatic adjournment of a meeting.** If at the time a matter is to be considered at a board meeting, a quorum is not present and there is no other business on the agenda which can be dealt with, the meeting is automatically adjourned (without any motion or vote) for one week.
- 21.10. **Voluntary postponement of a particular matter to later in the board meeting.** If at the time a particular matter is to be considered at the board meeting, a quorum is not present, but there is other business remaining on the agenda, consideration of that matter may be postponed (without motion or vote) to the end of the board meeting.
- 21.11. **Further notice required for postponed or adjourned meeting.** Further notice of a board meeting that is postponed or adjourned is not required unless the location for the meeting is different from:
- 21.11.1. the location of the postponed or adjourned meeting; or
- 21.11.2. the location announced at the time of adjournment, in the case of an adjourned meeting; or
- 21.11.3. it is necessary to inform directors of the availability of participation in the postponed or adjourned meeting by electronic communication.
- 21.12. **Deemed quorum at a postponed or adjourned meeting.** If at the appointed time for a postponed meeting to begin or an adjourned meeting to resume, the quorum requirements in this MOI are not met, then those directors present in person at the board meeting including those participating electronically, will be deemed to constitute a quorum.
- 21.13. **Continuing quorum during meeting.** After a quorum has been established for a board meeting or for a matter to be considered at a board meeting, the board meeting may continue or the matter may be considered, so long as at least 2 (two) directors appointed by the Majority Shareholder are present at the meeting.
- 21.14. **Chairperson.** The chairperson of board and shareholder meetings shall be elected from the board members nominated by the Majority Shareholder.
- 21.15. **Voting.** Each resolution of directors is to be passed by a majority of votes cast by the directors entitled to vote on such resolution. The resolution will fail where the resolution is not passed by the requisite majority of votes.
- 21.16. **Tied vote.** In the case of a tied vote, the chairperson shall be entitled to cast a deciding vote even if the chairperson did not initially have or cast a vote and the matter being voted on fails. Notwithstanding the foregoing, the chairman shall not

have a casting vote on resolutions authorising the conclusion, implementation or early termination of agreements between the Company or its subsidiaries on the one hand, and shareholders (or their related persons, as defined in the Act) on the other hand.

21.17. **Minutes.** The Company must keep minutes of the meetings of the board, and any of its committees, and include in the minutes –

21.17.1. any declaration given by notice or made by a director as required by section 75 (Personal financial interests of directors); and

21.17.2. every resolution adopted by the board.

21.18. **Resolutions.** Resolutions adopted by the board –

21.18.1. must be dated and sequentially numbered; and

21.18.2. are effective as of the date of the resolution, unless the resolution states otherwise.

21.19. **Resolution signed during electronic communication.** A resolution approved by the required majority of directors who were connected electronically where:

21.19.1. all such directors remained connected for the duration of the electronic meeting;

21.19.2. the subject matter of the resolution had been discussed at such electronic meeting; and

21.19.3. the chairperson, deputy chairperson or any other director present at such meeting certifies in writing that the aforementioned requirements have been met;

shall be valid and shall be deemed to have been passed on the date on which the meeting was held (unless a statement to the contrary is made in that resolution).

21.20. **Round robin.**

21.20.1. A round robin resolution of directors shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted, provided that it is adopted by written consent of the majority of the directors entitled to vote on a poll on the particular resolution, calculated as set out in clause 21.15, given in person, or by electronic communication, provided that each director has received prior notice of the matter to be decided upon.

21.20.2. A resolution passed in terms of section 74(1) read with clause 21.20.1 shall be deemed to have been passed on the date on which it was signed by the director last required to achieve the requisite approval unless the resolution states otherwise.

21.20.3. Any such resolution may consist of several documents, each of which may be signed by one or more directors (or their alternates, if applicable).

21.21. **Adopting minutes.** Any minutes of a meeting, or a resolution, signed by the chairman of the meeting, or by the chairman of the next meeting of the board, are evidence of the proceedings of that meeting, or adoption of that resolution, as the case may be.

22. BOARD COMMITTEES

22.1. **Board may delegate.** The directors may by resolution appoint any number of committees of the board and may delegate any of their authority to any such committee. Any committee so formed shall, in the exercise of the powers so delegated, conform to the provisions of the Act and this MOI. Pursuant hereto, a remuneration committee shall be formed.

22.2. **Eligibility.** Any such board committee may comprise members who are not directors, provided that any such member must not be ineligible or disqualified from being a director and any such non-director committee member may not vote on any matter being considered by the committee on which he serves.

22.3. **Authority.** A committee may make recommendations to the board on any matter within its remit, provided that the final decision on such matters shall be taken by the board.

22.4. **Meetings of board committees.** Meetings and other proceedings of a committee of the board consisting of more than 1 (one) member shall be governed by the provisions of this MOI regulating the meetings and proceedings of directors.

23. INDEMNITY

23.1. **Director.** For the purposes of this clause 23, "director" includes a former director, an alternate director, a prescribed officer and a person who is a member of a committee of the board, irrespective of whether or not the person is also a member of the board.

23.2. **Indemnity.** The Company may –

23.2.1. advance expenses to a director or directly or indirectly indemnify a director in respect of the defence of legal proceedings, as set out in section 78(4);

23.2.2. indemnify a director in respect of liability as set out in section 78(5); and/or

23.2.3. purchase insurance to protect the Company or a director as set out in section 78(7),

and the power of the Company in this regard is not limited, restricted or extended by this MOI.

- 23.3. **Former directors.** The provisions of this clause 23.2 shall apply *mutatis mutandis* in respect of any former director, prescribed officer or member of any committee of the board, including the audit committee, to the extent applicable.
- 23.4. **Restitution.** The Company is entitled to claim restitution from a director or a director of a related company for any money paid directly or indirectly by the Company to or on behalf of that director in any manner inconsistent with section 78.

PART FIVE : GENERAL PROVISIONS

24. FINANCING OF THE COMPANY

24.1. **Funding.** The board shall determine the business plan, annual budget and finance requirements of the Company from time to time, including the methods of procuring such finance, subject to any further working or other capital of the Company being funded in the following manner and in the following order of priority (unless otherwise determined by special resolution), subject only to such rights to provide funding to the Company as are conferred in writing by the Company on the first Majority Shareholder prior to and with effect from the Effective Date:

24.1.1. firstly, out of the cash generated by the Company;

24.1.2. secondly, by way of loans or other financial assistance to the Company from financial institutions or other third parties, or in the event that the Majority Shareholder offers funding on the same or better terms than offered by external financial institutions or third parties (“Elected Funding”), the board may accept such Elected Funding (provided that the provisions of clauses 24.4 and 24.5 shall not apply to the Elected Funding). In determining whether financial assistance is available from financial institutions or other third parties, the board shall act in the best interests of the Company and shall only seek funding from shareholders' loans in terms of clause 24.1.3 to the extent such external financial assistance is not available to the Company on terms similar to what has previously been granted to the Company, or terms more favourable than applicable to proportional shareholder loans referred to below; and

24.1.3. thirdly, by way of shareholder loans or by means of a rights issue, subject to the further provisions of this MOI.

24.2. **Terms of the shareholder loans.** In the event that the board determines that a request be made to the shareholders to provide loan funding to the Company as contemplated in clause 24.1.3, all the shareholders shall be requested by the board, in writing, to provide shareholder loans to the Company by a particular date, in their respective shareholder's percentage. Unless otherwise determined by special resolution, any proportionate shareholder loans shall bear the terms set out in clause 24.3.

24.3. **Proportionate funding.** The proportional shareholder loans -

24.3.1. will be unsecured;

- 24.3.2. will bear interest at prime rate, or such rate as the shareholders may determine by special resolution;
- 24.3.3. will be repaid out of the free cash flow available after payment of any amounts due by the Company to third party funders or in terms of Elected Funding, if applicable;
- 24.3.4. will only be repaid subject to compliance with the payment provisions of any third-party debt covenants and any other funding agreements concluded with any third party;
- 24.3.5. will be repaid to the shareholders *pro rata* to the ratio in which the shareholders advanced the shareholder loans to the Company;
- 24.3.6. will not be repaid to the extent that such repayment is not consistent with the present and reasonably anticipated future cash flows, working capital requirements and capital expenditure budgets of the Company;
- 24.3.7. notwithstanding the foregoing, will immediately become due and payable, in the event that –
 - 24.3.7.1. the Company is placed in liquidation or under judicial management, whether provisional or final and whether compulsory or voluntary or if business rescue proceedings as contemplated in Chapter 6 of the Act are commenced in respect of the Company; or
 - 24.3.7.2. the Company enters into a compromise or other similar arrangement with its creditors generally;
- 24.3.8. notwithstanding the foregoing, will become due and payable on the 10 (tenth) anniversary of the date of advance thereof.
- 24.4. **Disproportionate funding.** Should any shareholder elect not to provide its shareholder's percentage of any funding to the Company in terms of clause 24.1.3, then:
 - 24.4.1. any other shareholder shall be entitled, but not obliged, to provide all or part of any such loan finance shortfall to the Company;
 - 24.4.2. any such excess loan finance shall bear the same terms as the shareholder loan terms in clause 24.3, *mutatis mutandis*, save that such excess funding shall rank for repayment prior to the repayment of any proportionate shareholder loans, and shall accrue interest at the rate agreed between the board and such funding shareholders, or failing agreement at the prime rate plus 2% (two percent), subject to amendment of these provisions in respect of funding to the Company as agreed

in writing by the Company with the first Majority Shareholder prior to and with effect from the Effective Date; and

- 24.4.3. any non-funding shareholder shall be entitled to advance its shareholder's percentage of funding within a period of 12 (twelve) months from the date that the disproportionate funding has been advanced by the other shareholders ("the Funding Period") and within a further period of 10 days after receipt by the Company of the Conversion Notice referred to below ("the Notice Period"). Upon receipt of such funding during the Funding Period or the Notice Period, the board shall immediately settle or repay any disproportionate funding advanced by the other shareholder/s, pro rata to the amount of disproportionate funding advanced at the time.
- 24.5. **Conversion of disproportionate funding.** If the shareholders fail to provide the finance required by means of proportionate funding during the Funding Period, and if, within a period of 90 (ninety) days after the expiry of the Notice Period a shareholder that has provided disproportionate funding ("**Requesting Shareholder**") gives a written request therefore, addressed to the Company ("**the Conversion Notice**"), subject to the remainder of this clause 24.5, any disproportionate funding at the time may be converted to shares to procure that, after the conversion to shares, such that all shareholder loans are proportionate to shareholding. The conversion of disproportionate funding to shares shall be effected as follows:
- 24.5.1. as soon as possible after receipt of the Conversion Notice, the board shall determine the value of a share in accordance with the Formula ("the Conversion Value") in accordance with the provisions of Schedule 2;
- 24.5.2. should the shareholders not agree with the Conversion Value, the auditors of the Company, acting as experts and not as arbitrators, shall determine the Conversion Value;
- 24.5.3. the Board must notify all shareholders of the Conversion Value and of the right of all shareholders to participate in a rights offer at the Conversion Value proportionately to the Requesting Shareholders in clause 24.5.4;
- 24.5.4. after the Conversion Value is agreed or determined, the disproportionate funding of the all shareholders shall be applied to subscribe for additional shares calculated with reference to the amount of such excess provided, divided by the applicable Conversion Value attributable to such shareholder (with reference to Schedule 2);
- 24.5.5. each holder of shares hereby consents to any dilution of its shareholding that may occur pursuant to a rights issue as set above and confirms that such dilution shall

not be considered oppressive, unjust or inequitable conduct on the part of the Company or any other shareholder;

24.5.6. each holder of shares hereby authorises any director to act as its attorney and agent to vote in favour of necessary resolutions and sign all documents necessary to give effect to clause 24.5.5 in the event of a default or failure to co-operate by such shareholder.

24.6. **General Rights Issue.** Should the board determine that shareholders are required to fund the Company by means of a rights issue, all shareholders shall be entitled to provide such funding by means of a rights issue of shares in accordance with their shareholders' percentage, subject to this MOI and in accordance with section 39 of the Act, and the Company shall be obliged to give effect thereto, on the following basis:-

24.6.1. the board shall determine the value of a share in accordance with the Formula ("**Issue Value**");

24.6.2. should the shareholders not agree with the Issue Value, the auditors of the Company, acting as experts and not as arbitrators, shall determine the Issue Value;

24.6.3. after the Issue Value is agreed or determined, the contributing shareholders shall contribute the funding, which shall be applied to subscribe for additional shares calculated with reference to the amount of the funding provided divided by the Issue Value attributable to a share;

24.6.4. each holder of shares hereby consents to any dilution of its shareholding that may occur pursuant to a rights issue as set above and confirms that such dilution shall not be considered oppressive, unjust or inequitable conduct on the part of the Company or any other shareholder;

24.6.5. each holder of shares hereby authorises any director to act as its attorney and agent to vote in favour of necessary resolutions and sign all documents necessary to give effect to the foregoing in the event of a default or failure to co-operate by such shareholder.

24.7. **Expert and not as an arbitrator.** For purposes hereof, "as an expert and not as an arbitrator" shall mean:

24.7.1. the determination of the auditors shall (in the absence of manifest error) be final and binding;

- 24.7.2. subject to any express provision to the contrary, the auditors shall determine the liability for his or its charges, which shall be paid accordingly;
- 24.7.3. the auditors shall be entitled to determine such methods and processes as he or it may, in his or its sole discretion, deem appropriate in the circumstances provided that the auditors may not adopt any process which is manifestly biased, unfair or unreasonable;
- 24.7.4. the auditors shall consult with the relevant shareholders (provided that the extent of the auditors' consultation shall be in their sole discretion) prior to rendering a determination; and
- 24.7.5. having regard to the sensitivity of any confidential information, the auditors shall be entitled to take advice from any person considered by it to have expert knowledge with reference to the matter in question.

25. PUT AND CALL OPTION

- 25.1. **Potential Dilution Proposals.** Notwithstanding any provisions of this MOI and in addition to the provisions of clauses 24.4 to 24.6, to the extent that the board determines a funding proposal that includes a change in the capital structure of the Company with the potential of resulting in the dilution of a non-funding shareholder ("**the Proposal**"), such Proposal shall require the approval of shareholders by special resolution. Any shareholder shall be entitled to inform the board and the Majority Shareholder, at least 5 (five) days prior to the proposed vote in respect thereof, that it intends voting against the Proposal.
- 25.2. **Call Option.** To the extent that the board and the Majority Shareholder receive a notification from any shareholder that such shareholder intends to vote against the Proposal ("**the Grantor**"), and the Majority Shareholder advises the Grantor that it intends voting in favour of the Proposal, the Grantor irrevocably and unconditionally grants a call option to the Majority Shareholder ("**the Call Option**") to purchase all (and not part of) its equity ("**the Call Option Equity**") held by the Grantor at the relevant time ("**the Call Option**"), on the following terms:
 - 25.2.1. the Majority Shareholder shall be entitled, at any time after being notified by the board that a shareholder intends to vote against the Proposal, to exercise the Call Option by delivering a written notice ("**Call Option Notice**") to the Grantor prior to the date upon which the Proposal is due to be voted on by shareholders;
 - 25.2.2. the purchase price of the Call Option Equity shall be determined by the board in accordance with the Formula ("**Call Option Price**");

- 25.2.3. should the Majority Shareholder or the Grantor not agree with the Call Option Price, the auditors of the Company, acting as experts and not as arbitrators, shall determine the Call Option Price;
- 25.2.4. the effective date of the sale shall be the 15th business day after the determination of the Call Option Price, unless regulatory approvals are required, in which event it will be the first business day after the last of the regulatory approvals is obtained (“the Call Option Effective Date”);
- 25.2.5. after delivery of the Call Option Notice, the Grantor irrevocably and unconditionally authorises the Majority Shareholder to vote its shares in favour of the Proposal pending the Call Option Effective Date;
- 25.2.6. on the Call Option Effective Date:
- 25.2.6.1. the Majority Shareholder shall pay the Call Option Price, by electronic transfer, free of exchange, set-off or any other deductions whatsoever, into a bank account nominated in writing by the Grantor for that purpose; and
- 25.2.6.2. the Grantor shall deliver to the Majority Shareholder the share certificates in respect of the Call Option Shares and share transfer forms in respect thereof, duly signed by the Grantor, undated and blank as to transferee, and the Grantor shall be deemed to have ceded all claims against the Company to the Majority Shareholder;
- 25.2.6.3. upon payment for the Call Option Price, the Grantor (in its capacity as a shareholder) shall have no further claims of whatsoever nature against the Company or its shareholders.
- 25.3. **Additional event.** To the extent that a shareholder voted against the Proposal without having given notification thereof as contemplated in clause 25.2 (“**the Dissenting Shareholder**”) and the Majority Shareholder voted in favour of the Proposal, but the Proposal failed, the Dissenting Shareholder shall be deemed to be a Grantor, and the provisions of the Call Option referred to above shall again apply, and the Majority Shareholder shall be entitled to acquire the Call Option Equity of the Dissenting Shareholder on the following terms:
- 25.3.1. the Majority Shareholder shall be entitled, at any time after the shareholder voted against the Proposal, to exercise the Call Option by delivering a written notice (Call Option Notice”) to the Grantor within 60 (sixty) days after the Proposal was voted on by shareholders;

25.3.2. the terms and conditions applicable to the Call Option are the same as clauses 25.2.2 to 25.2.6 *mutatis mutandis*.

25.4. **Put Option.** To the extent that the Majority Shareholder fails to exercise the Call Option and has not informed the Grantor that it has revoked its decision to vote in favour of the Proposal, the Majority Shareholder grants to the Grantor the right to sell the Grantor's Call Option Equity to the Majority Shareholder ("**the Put Option**"), and the Majority Shareholder shall be obliged to purchase such Call Option Equity on the following terms:

25.4.1. the Grantor shall be entitled, prior to the meeting at which the Proposal is due to be voted on by shareholders, to exercise the Put Option by delivering a written notice ("**Put Option Notice**") to the Majority Shareholder;

25.4.2. the terms and conditions applicable to the Put Option are the same as clauses 25.2.2 to 25.2.6, *mutatis mutandis*, save that any reference to "Call Option" shall be deemed to be a reference to "Put Option".

26. LOSS OF DOCUMENTS

The Company shall not be responsible for the loss in transmission of any cheque, warrant, certificate or (without any limitation) other document sent through the post either to the registered address of any shareholder or to any other address requested by the shareholder.

27. NOTICES

27.1. **Delivery.** All notices and documents required to be published as contemplated in sections 15(3)(a) or 17(1)(a) shall be delivered by the Company in accordance with sections 6(9), 6(10) and 6(11) read with Regulation 7 and Table CR3, to each shareholder to any of his registered addresses recorded in the securities register.

27.2. **Shareholder has not notified address.** If a shareholder has not notified an address in terms of Part Two (Securities Register), he shall be deemed (for all purposes, including for the purposes set out in clause 27.1 above) to have waived his right to be served with notices.

27.3. **Notices to joint holders.** All notices with respect to any shares to which persons are jointly entitled may be given to the shareholder listed first in the securities register, and notice so given shall be sufficient notice to all the holders of such shares.

27.4. **Notice where there has been a transmission of shares by operation of law.** Notice may be given by the Company to the persons entitled to a share in

consequence of the death or insolvency of a shareholder, or by sending it through the post in a prepaid envelope addressed to them by name, or by the title of representatives of the deceased, or trustees of the insolvent or by any like description, at the address (if any) supplied for the purpose by the persons claiming to be so entitled, or (until such address has been supplied) by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred.

- 27.5. **Risk associated with delivery of notice.** Where a notice is sent by post, the post office shall be the agent for the shareholder and the shareholder shall, from the time and date of delivery of the notice to the post office, bear all risks associated with that notice including of non-delivery or late delivery of the notice.
- 27.6. **Binding nature.** A notice given to any shareholder shall be binding on all persons claiming on his death or on any transmission of his interests.
- 27.7. **Signature to notice.** The signature to any notice given by the Company may be written or printed, or partly written and partly printed.

28. COMPANY RECORDS

- 28.1. **Retention.** The Company shall cause to keep such company records as are prescribed by the Act and the Regulations in the manner prescribed by the Act and Regulations in a written form.
- 28.2. **Location.** The Company records shall be kept at, or shall be accessible from, the Company's registered office, or such other place in the Republic of South Africa that the board thinks fit. Should the Company records be kept in a location other than the registered office, the Company shall file a notice setting out the location at which the Company records may be accessed.

29. WINDING UP

- 29.1. **Application of costs of liquidation.** If the Company is to be wound up, the assets remaining after payment of the debts and liabilities of the Company and the costs of the liquidation shall be distributed among the shareholders in proportion to the number of shares held by each of them, provided that the provisions of this paragraph shall be subject to the rights of the holders of shares (if any) issued upon special conditions.
- 29.2. **Assets of the Company.** In a winding-up of the Company, any part of the assets of the Company, including any shares of other companies may, with the sanction of a special resolution of the Company, be paid to the shareholders of the Company in

specie, or may, with the same sanction, be vested in trustees for the benefit of such shareholders, and the liquidation of the Company may be closed and the Company dissolved.

Schedule 1
Form Of Proxy

"I/WE

[•]

of

[the Company]

being a shareholder / shareholders of the abovementioned Company do hereby appoint

.....OF.....OR

failing himof

..... or failing him the chairman of the

Company, or failing him the chairman of the meeting as my / our proxy to:

[participate in, and speak and vote for me / us at a shareholders meeting of the Company to be held at on

.....20.....at (time appointed) and any adjournment thereof.]

/ [give or withhold written consent on my / our behalf to the written resolutions to which this form of proxy is attached, as contemplated in section 60 of the Act.]

[participate in, and speak and vote for me / us at any shareholders meeting held by the Company, or give or withhold written consent on my / our behalf in respect of any decision contemplated in section 60 of the Act, between the date of this proxy instrument and

.....20.....]

DATED THIS.....DAY

OF.....20.....

NAME (IN

FULL).....

Address

.....

Signature

I / We desire to vote as follows:

	For	Against	Abstain
Resolution No. 1			
Resolution No. 2			

Schedule 2 - The Formula

1 SHARES

Price per Share shall be valued as follows where:

1. "**Net Financial Debt**" shall mean the total outstanding debt in respect of all long-term borrowings of the Company, plus the then current bank overdraft debit balance, plus the total value of all outstanding shareholders' loans plus accrued interest thereon, as applicable, less cash on hand, less cash on deposit;
2. the total cost incurred by the Company in respect of all matters related to the initial acquisition of shares by the first Majority Shareholder, including, but not limited to, all professional fees and disbursements, as verified by the Company's auditors, be excluded as a once-off adjustment from the first EBITDA calculation;
3. "**EBITDA**" shall mean earnings from operating activities on a consolidated basis, before impairments, reversals, depreciation or amortization;
4. the below Formula is calculated once in each financial year of the Company in which it is required as soon as possible after the financial statements of the Company are finalised, and the same price result will be used for all subsequent Formula calculations required in that financial year, save as set out below;
5. in respect of the Conversion Value, the following shall apply:
 - a. the Conversion Value applicable to the shareholder/s that first advanced disproportionate funding in terms of clause 24.4.1 and thereafter requested conversion in terms of a Conversion Notice, shall be the lower of the value calculated in accordance with the Formula a) applicable as at the date the disproportionate funding was originally advanced by the relevant shareholder; and b) applicable as at the date of the Conversion Notice; and
 - b. the Conversion Value applicable to all other shareholders who elected to make pro rata funding during the Funding Period: the value calculated in accordance with the Formula and applicable as at the date of the Conversion Notice.

$$A = [(1) + (2)] / (3)]$$

Whereas:

- 1 = 50% of the Share Capital and Reserves of the Company;
- 2 = 50% x (3 last financial years average EBITDA) x 7.49 – Net Financial Debt,
- 3 = Total number of shares in issue as at the relevant date.

2. CLAIMS

All claims shall be calculated at the book value thereof as incorporated in the most recent annual financial statements of the Company.



STELLENBOSCH VINEYARDS GROUP LIMITED

Incorporated in the Republic of South Africa
(Registration number 1991/005071/06)

("SVG" or the "Company")

NOTICE CONVENING THE SCHEME MEETING

If you are in any doubt as to what action you should take in respect of the Scheme Meeting and/or the following resolutions, please consult your broker, banker, attorney, accountant or other professional advisor immediately.

All terms used in this notice of Scheme Meeting shall, unless the context otherwise requires or they are otherwise defined herein, have the meanings attributed to them in the Circular, dated 14 February 2018, to which this notice of Scheme Meeting is attached ("Notice").

SVG Shareholders are reminded that:

- a SVG Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint one or more proxies to attend, speak and vote in its stead at the Scheme Meeting in the place of that SVG Shareholder, and SVG Shareholders are referred to the attached Form of Proxy in this regard;
- a proxy need not also be a SVG Shareholder; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification to the Chairperson, and the Chairperson must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.

A. NOTICE

Notice is hereby given that a Scheme Meeting, as at the Scheme Voting Record Date of 7 March 2018, will be held at 12h00 on 8 March 2018 at Stellenbosch Vineyards, R310 Baden

Powell Drive, Lynedoch, Stellenbosch for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

B. WHO MAY ATTEND AND VOTE?

Record Date

The SVG Board determined that, in accordance with the requirements of section 62(3)(a), read with section 59 of the Companies Act, the Scheme Voting Record Date, being the date on which Shareholders who are entitled to attend and vote at the Scheme Meeting will be determined, will be 7 March 2018.

Attending in person or by proxy

SVG Shareholders may attend the Scheme Meeting in person, or an SVG Shareholder who is entitled to attend and vote at the Scheme Meeting may appoint a proxy or 2 or more proxies to attend and participate in and vote at the Scheme Meeting on behalf of the SVG Shareholder, by completing the Form of Proxy in accordance with the instructions set out herein, and SVG Shareholders are referred to the attached proxy form in this regard.

Electronic Participation

Electronic participation will not be possible at the Scheme Meeting.

Identification

In terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified. Accordingly, all SVG Shareholders will be required to provide reasonably satisfactory identification to the Chairperson of the Scheme Meeting in order to participate in and vote at the Scheme Meeting.

Voting

On a show of hands, every SVG Shareholder who is present in person, by proxy or represented at the Scheme Meeting shall have one vote (irrespective of the number of Shares held) and on a poll, every SVG Shareholder shall have that proportion of the total votes in the Company which the aggregate amount of the nominal value of the Shares held by that SVG Shareholder bears to the aggregate of the nominal value of all the Shares issued by the Company.

C. PURPOSE OF THE SCHEME MEETING

The purpose of the Scheme Meeting is to consider, and if deemed fit, pass, with or without modification, all resolutions set out below.

SPECIAL RESOLUTION 1:

APPROVAL OF THE SCHEME IN TERMS OF SECTIONS 114 AND 115 OF THE COMPANIES ACT

THE ADVINI SCHEME OF ARRANGEMENT ("**ADVINI SCHEME**") AS DESCRIBED IN THE CIRCULAR IS PUT TO THE VOTE OF THE SVG SHAREHOLDERS. THE EFFECT OF THE APPROVAL AND IMPLEMENTATION OF THE ADVINI SCHEME WILL BE THAT AT LEAST 51% AND AT MOST 55%, IN AGGREGATE, OF THE SHARES WILL BE ACQUIRED BY ADVINI SOUTH AFRICA PROPRIETARY LIMITED, REGISTRATION NUMBER 2016/316617/07.

"Resolved that the scheme of arrangement proposed by the SVG Board between SVG and the SVG Shareholders in terms of section 114(1) of the Companies Act (as more fully described in the Circular to which this Notice is attached), which, if implemented, will result in Advini South Africa Proprietary Limited acquiring 51% to 55% of the Shares (excluding the Shares of the SVG Shareholders who exercise their appraisal rights in terms of section 164 of the Companies Act and who accept an offer made to them by the Company in terms of section 164(11) of the Companies Act or who, pursuant to an order of Court, tender their Shares to the Company in terms of section 164(15)(c)(v) of the Companies Act), at R5.00 in cash for every Scheme Share held on the Scheme Consideration Record Date, be and is hereby approved as a special resolution in accordance with the requirements of section 115(2)(a) of the Companies Act."

The quorum requirement for the special resolution to be adopted: at least three Shareholders present and sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on such special resolution.

The percentage of voting rights required for the special resolution to be adopted: at least 75% of the voting rights that are exercised on such special resolution.

SPECIAL RESOLUTION 2

APPROVAL OF FINANCIAL ASSISTANCE IN TERMS OF SECTIONS 44 AND 45 OF THE COMPANIES ACT

THIS RESOLUTION SEEKS APPROVAL FOR THE PROVISION OF ANY WARRANTIES, INDEMNITIES, AND UNDERTAKINGS BY SVG IN THE ADVINI SCHEME THAT AMOUNTS TO FINANCIAL ASSISTANCE IN TERMS OF THE COMPANIES ACT.

"Resolved that, subject to special resolution 1 being approved, and subject to compliance with and as required by the Companies Act, 2008 (specifically the provisions of sections 44 and 45 of the Act to the extent applicable) and the Company's memorandum of incorporation, the SVG Shareholders approve of the Company providing financial assistance in terms of the Implementation Agreement, for the purpose of or in connection with the acquisition of the Scheme Shares by Advini."

The quorum requirement for the special resolution to be adopted: at least three SVG Shareholders present and sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on such special resolution.

The percentage of voting rights required for the special resolution to be adopted: at least 75% of the voting rights that are exercised at the Scheme Meeting on such special resolution.

SPECIAL RESOLUTION 3:

APPROVAL OF THE AMENDMENT OF THE MEMORANDUM OF INCORPORATION IN TERMS OF SECTION 16(5)(a) OF THE COMPANIES ACT

THIS RESOLUTION SEEKS APPROVAL FOR THE COMPLETE REPLACEMENT OF THE MEMORANDUM OF INCORPORATION.

"Resolved that, subject to special resolution 1 being approved, the Company be converted from a public company to a private company, the financial year end of the Company be amended to 31 December and the existing Memorandum of Incorporation ("**MOI**") of the Company be and is deleted in its entirety and replaced with the new MOI attached to the Circular in terms of section 16(5)(a) of the Companies Act, with effect from the date of filing of

the required Notice of Amendment and new MOI by the Companies and Intellectual Property Commission."

The quorum requirement for the special resolution to be adopted: at least three SVG Shareholders present and sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on such special resolution.

The percentage of voting rights required for the special resolution to be adopted: at least 75% of the voting rights that are exercised on such special resolution.

ORDINARY RESOLUTION:

AUTHORITY GRANTED TO DIRECTORS

"Resolved that each director of SVG be and is hereby individually authorised to sign all such documents and do all such other things as may be necessary for, or incidental to, the implementation of the above special resolutions, including implementing the Scheme as contemplated thereby."

The quorum requirement for the ordinary resolution to be adopted is at least three SVG Shareholders present and sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on the ordinary resolution.

The percentage of voting rights required for the ordinary resolution to be adopted: more than 50% of the voting rights that are exercised on such ordinary resolution.

APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS

In accordance with section 164 of the Companies Act, at any time before special resolution 1 and/or 3, as applicable, and as set out in this notice convening the Scheme Meeting is voted on, a SVG Shareholder may give the Company a written notice objecting to the special resolution.

Within 10 (ten) Business Days after the Company has adopted the special resolution 1 and/or 3, the Company must send a notice that the special resolution 1 and/or 3 has been adopted to each SVG Shareholder who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of the special resolution.

A SVG Shareholder may demand that the Company pay the SVG Shareholder the fair value for all of the Shares held by them if:

- the SVG Shareholder has sent the Company a written notice of objection;
- the Company has adopted the special resolution; and
- the SVG Shareholder voted against the special resolution and has complied with all of the procedural requirements of section 164 of the Companies Act.

A copy of section 164 of the Companies Act is set out in Annexe 4 to the Circular to which this notice convening the Scheme Meeting is attached. Further detail regarding the process and consequences of a Shareholder exercising its Appraisal Rights are set out in clause 18 of the Circular.

In accordance with section 37(8) of the Companies Act, if the Memorandum of Incorporation of a company has been amended to materially and adversely alter the preferences, rights, limitations or other terms of a class of shares, any holder of those shares is entitled to seek relief in terms of section 164 if that shareholder:

- notified the company in advance of the intention to oppose the resolution to amend the Memorandum of Incorporation; and
- was present at the meeting, and voted against that resolution.”

By order of the SVG Board

JG de Villiers

Company Secretary of SVG

Registered office

Stellenbosch Vineyards

R310 Baden Powell Drive, Lynedoch

Stellenbosch 7600

14 February 2018

[YELLOW]



STELLENBOSCH VINEYARDS GROUP LIMITED

Incorporated in the Republic of South Africa
(Registration number 1991/005071/06)
("SVG" or the "Company")

FORM OF PROXY

For use only by, at the Scheme Meeting of SVG to be held at the SVG Offices, R310 Baden Powell Drive, Lynedoch, Stellenbosch 7600 at 12h00 on 8 March 2018.

I/We _____ (full name/s in block letters)
of _____
(address)

being the holders of _____ shares in the capital of SVG, and entitled to vote, do hereby appoint (see note):

1. _____ or failing him/her,
2. _____ or failing him/her,
3. the Chairperson of the Scheme Meeting,

as my/our proxy to represent and act for me/us at the Scheme Meeting for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of SVG registered in my/our name in accordance with the following instructions:

	Number of votes		
	For	Against	Abstain
Special resolution number 1 - Approval of the Scheme and			

related transactions in terms of sections 114 and 115 of the Companies Act			
Special resolution number 2 - Approval of financial assistance by SVG in terms of sections 44 and 45 of the Companies Act			
Special resolution number 3 - Approval of substitution of the Memorandum of Incorporation of SVG			
Ordinary resolution number 1 – Authority granted to Directors			

Please indicate in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit. However, an abstention or deemed abstention is deemed to be an acceptance of the Offer in respect of all the Shares held by the represented SVG Shareholder (the Default Option referred to in the Circular), subject to the Conditions, limitations and adjustments in clauses 9, 10, 13 and 14 of the Circular.

Signed at _____ on _____ 2018
Telephone number () _____ Cellphone number _____
Signature _____
Assisted by (where applicable) _____

Each SVG Shareholder is entitled to appoint one or more proxies (who need not be a shareholder of SVG but must be natural persons) to attend, speak at and vote in place of that SVG Shareholder at the Scheme Meeting.

Notes to the Form of Proxy

1. The Form of Proxy must only be used by SVG Shareholders who hold shares in their “own name”.
2. SVG Shareholders are reminded that the onus is on them to communicate with their broker.
3. A SVG Shareholder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the SVG Shareholder’s choice in the space/s provided, with or without deleting “the Chairperson of the Scheme Meeting”, but any such deletion or insertion must be initialled by the SVG Shareholder. Any insertion or deletion not complying with the foregoing will, subject to clause 10 below, be declared not to have been validly effected. The person whose name stands first on the Form of Proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the Chairperson of the meeting shall exercise the proxy.
4. Please note that the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a SVG Shareholder, or as a proxy for a

SVG Shareholder, has been reasonably verified. Accordingly, meeting participants (including SVG Shareholders and proxies) must provide satisfactory identification.

5. A SVG Shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each share held. A SVG Shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the SVG Shareholder in the appropriate box(es). An "X" in the appropriate box indicates the maximum number of votes exercisable by that SVG Shareholder. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the meeting as he/she deems fit in respect of all the SVG Shareholder's votes. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the SVG Shareholder or by his/her/its proxy, but the total of the votes cast and in respect of which abstention is recorded, may not exceed the maximum number of votes exercisable by the SVG Shareholder or by his/her proxy.
6. The proxy shall (unless this sentence is struck out and countersigned) have the authority to vote, as he/she deems fit, on any other resolution which may validly be proposed at the meeting, including in respect of any proposed amendment to the above resolutions. If the aforementioned sentence is struck out, the proxy shall be deemed to be instructed to vote against any such proposed additional resolution and/or proposed amendment to an existing resolution as proposed in the notice to which this form is attached.
7. A vote given in terms of an instrument of proxy shall be valid in relation to the meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the Shares in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the Company Secretary not less than 48 (forty-eight) hours before the commencement of the meeting.
8. The Chairperson of the meeting may reject or accept any Form of Proxy that is completed and/or received other than in compliance with these notes.
9. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
10. Documentary evidence establishing the authority of a person signing the Form of Proxy in a representative or other legal capacity must be attached to this Form of Proxy, unless previously recorded by SVG or unless the Chairperson of the meeting waives this requirement.
11. 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 SVG.
12. Where there are joint holders of Shares:

- Any one holder may sign the Form of Proxy.
- The vote(s) of the senior Shareholders (for that purpose seniority will be determined by the order in which the names of Shareholders appear in SVG's register of Shareholders) 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).

13. To be effective, completed Forms of Proxy should be lodged with the Company Secretary:

Hand deliveries to:

Stellenbosch Vineyards
R310 Baden Powell Drive, Lynedoch
Stellenbosch 7600

Postal deliveries to:

P.O. Box 465
Stellenbosch 7599

to be received at any time before the commencement of the Scheme Meeting (or any adjournment or postponement of the Scheme Meeting) or must be handed to the Chairperson before the appointed proxy exercises any of the relevant Shareholder's shareholder rights at the Scheme Meeting (or any adjournment or postponement of the Scheme Meeting), provided that, should the relevant Shareholder return such Form of Proxy to such Company Secretary at any of the above addresses less than 24 hours before the Scheme Meeting, the relevant Shareholder will also be required to furnish a copy of such Form of Proxy to the Chairperson of the Scheme Meeting before the appointed proxy exercises any of the relevant Shareholder's shareholder rights at the Scheme Meeting (or any adjournment or postponement of the Scheme Meeting).

14. Any alteration or correction made to this Form of Proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.

15. A proxy may not delegate his/her authority to act on behalf of the Shareholder, to another person.

STELLENBOSCH VINEYARDS GROUP LIMITED

Incorporated in the Republic of South Africa
(Registration number 1991/005071/06
("SVG" or the "Company"))

FORM OF ELECTION, SURRENDER AND TRANSFER IN RESPECT OF SCHEME ("FORM")

Important notes concerning this Form:

- This Form is only for use in respect of the scheme of arrangement proposed by the SVG Board between SVG and its Shareholders (the "**Scheme**") in accordance with the requirements of section 114(1) of the Companies Act, 71 of 2008, as amended ("**Companies Act**").
- Full details of the Scheme are contained in the Circular to Shareholders of SVG, dated 14 February 2018 ("**Circular**"), to which this Form is attached and forms part. Accordingly, all terms used in this Form shall, unless the context otherwise requires or they are otherwise defined herein, have the meanings attributed to them in the Circular.
- In the absence of an election by 17h00 on 8 March ("**the Offer Closing Date**") the relevant Scheme Participants will be deemed to have elected to sell all of their SVG Shares ("**the Default Option**"), subject to the further potential limitations and adjustments to the sale of their SVG Shares in terms of the Scheme.
- A Dissenting SVG Shareholder who subsequently becomes a Scheme Participant after the Scheme Consideration Record Date will be deemed to have elected to sell all their Shares, subject to the further potential limitations and adjustments to the sale of their SVG Shares in terms of the Scheme.

INSTRUCTIONS:

1. All SVG Shareholders must complete this Form of Election, Surrender and Transfer, the Indemnity Form (to the extent the Document/s of Title are not returned) and surrender Document/s of Title in respect of all Shares held.
2. A separate Form is required for each SVG Shareholder.
3. Part A must be completed by all Scheme Participants who return this Form.
4. If this Form is returned with the relevant Document/s of Title to Shares, it will be treated as a conditional surrender that is made subject to the Scheme becoming operative. In the event of the Scheme not becoming operative for any reason whatsoever, or the SVG Shareholder does not sell all its Shares in terms of the Scheme, Company Secretary, JG de Villiers will, by not later than 5 (five) Business Days after the date upon which it becomes known that the Scheme will not be operative or after the Operative Date to the

extent operative but not all Shares are sold, return the Document/s of Title (or updated replacement Document/s of Title in respect of remaining Shares held post the Scheme) to the relevant SVG Shareholders, by registered post, at the risk of such SVG Shareholders.

5. Persons who have acquired Shares in SVG after the date of the issue of the Circular to which this Form is attached, may obtain copies of the Form and the Circular from JG de Villiers, R310 Baden Powell Drive, Lynedoch, Stellenbosch 7600 (P.O. Box 465 Stellenbosch 7599).
6. The Scheme Consideration will not be paid to Scheme Participants unless they have delivered a duly completed and valid Form (and all documents referred to in the Form) with either the Document/s of Title or a duly completed and valid Indemnity Form in respect of the relevant Scheme Shares, to JG de Villiers.
7. If a Scheme Participant fails to complete the Form in respect of all of the Shares held by such Scheme Participant or if the election by the Scheme Participant in respect of any Shares held by such Scheme Participant is unclear, that Scheme Participant will be deemed to have elected the Default Option.

To: JG de Villiers
P.O. Box 465
Stellenbosch 7599

Dear Sirs

PART A: To be completed by ALL Scheme Participants who return this Form.

I/We, the undersigned Scheme Participant, hereby surrender and enclose the SVG share certificate/s and/or other Document/s of Title attached hereto, representing all the Shares registered in the name of the person mentioned below and authorise the Company Secretary, conditional upon the Scheme becoming operative, to register the transfer of the Scheme Shares sold by us, into the name of Advini:

Name of Shareholder	Share numbers and Certificate number(s)	Number of Shares Shareholder elects to sell and covered by each certificate(s) enclosed (if all, some, or none of your Shares are for sale, please indicate this below and the number of Shares)
Total		

against payment of the Scheme Consideration

Signature of SVG Shareholder	Name and address of agent lodging this Form (if any)
Assisted by me (if applicable)	
(State full name and capacity)	
Date 2018	
Telephone number (Home) ()	
Telephone number (Work) ()	
Cellphone number	

PART B: Bank Account details of SVG Shareholders.

To be completed in BLOCK CAPITALS by SVG Shareholders for receipt of the Scheme Consideration by means of EFT.

I/We, being a holder/s of Shares hereby request that the Scheme Consideration be electronically deposited into my/our bank account, the details of which are as follows:

Name of account holder (no third party accounts):
Bank name:
Branch name:
Branch code:
Account number:
Signature of Shareholder:
Assisted by me (if applicable):
(State full name and capacity):
Date:
Tel (Home) () Tel (Work) () Cell phone

In terms of the Financial Intelligence Centre Act, 32 of 2001, as amended, the Company Secretary, JG de Villiers, will only be able to record the bank details if certified true copies of the SVG Shareholder's identity document and bank statement are submitted with this Form.

Notes and instructions:

1. Applications under this Form are irrevocable and may not be withdrawn once submitted.
2. SVG Shareholders consult their professional advisors in case of doubt as to the correct completion of this Form.
3. No receipts will be issued for documents lodged unless specifically requested.
4. Any alteration to this Form must be signed in full and not initialled.
5. If this Form is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this Form for noting (unless it has already been noted by SVG or the Company Secretary).
6. Where the Scheme Participant is a company or a close corporation, unless it has already been registered with SVG or the Company Secretary, a certified copy of the directors' or members' resolution authorising the signing of this Form must be submitted if so requested by SVG.
7. If this Form is not signed by the Scheme Participant, the Scheme Participant will be deemed to have irrevocably appointed the Company Secretary to implement the Scheme Participant's obligations under the Scheme on his or her behalf.
8. Where there are any joint holders of any Scheme Shares, only that holder whose name stands first in the Register in respect of such Shares need sign this Form.

9. A minor must be assisted by his or her parent or guardian, unless the relevant documents establishing his or her legal capacity are produced or have been registered by the Company Secretary.

The contact details of the Takeover Regulation Panel are as follows:

Physical address	Postal address
1st Floor, Block 2	1 st Floor, Block 2
Freestone Park	Freestone Park
135 Patricia Road	135 Patricia Road
Atholl	Atholl
Johannesburg	Johannesburg
2196	2196
011 784 0035	
011 784 0062	
Madimetja Lucky Phakeng	Basil Mashabane
<i>Executive Director</i>	<i>Legal Counsel</i>
phakengl@trpanel.co.za	mashabaneb@trpanel.co.za

**INDEMNITY FORM
IN RESPECT OF LOST OR DESTROYED SHARE CERTIFICATES**

TO THE CHAIRMAN AND DIRECTORS OF

STELLENBOSCH VINEYARDS GROUP LIMITED
REGISTRATION NUMBER: 1991/005071/06
("Company")

WHEREAS I/We [SHAREHOLDER] of [Address] has lost or mislaid the Share Certificate (s) No [no] for [Amount] shares ("**Shares**"), or they have been destroyed, and I/We have or hereby apply to the directors of the Company to issue a new certificate (s) in respect of the Shares:

I/We hereby undertake and agree that I/we will deliver to you the original certificate(s) for the Shares should the same ever be found, and that I/we hereby hold you, Advini and the Company and all its officers respectively, harmless and indemnified against all actions, claims, demands, liabilities, costs, charges and expenses, which may be incurred or sustained by you, Advini and/or the Company, and/or any of its officers, by reason of your so doing.

I/We also hereby hold harmless Advini, the Company, its directors, secretaries, or any official, and indemnified against any loss that may be sustained through the shares aforesaid being inadvertently transferred to any other person or persons at any time.

DATED AT [•] THIS DAY [Day] OF [Month]

WITNESS:

SIGNATURE