

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you are in any doubt as to the action you should take, please consult your CSDP, Broker, attorney, accountant or other professional adviser.

### Action required

1. This Circular is important and should be read with particular attention to page 3 entitled "Action required by Esor Shareholders" which sets out the action required of them with regard to this Circular.
2. If you have disposed of all your ordinary shares in Esor, then this Circular, together with the accompanying Form of Acceptance, Surrender and Transfer, should be forwarded to the purchaser or the Broker, agent or CSDP through whom, you disposed of your shares.

Esor does not accept any responsibility and will not be held liable for any failure on the part of CSDPs or Brokers of Dematerialised Esor Shareholders to notify such Esor Shareholders of the information set out in this Circular.



### ESOR LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1994/000732/06)

JSE code: ESR

ISIN: ZAE000184669

### JOINT CIRCULAR TO ESOR SHAREHOLDERS

relating to:

**a Mandatory Offer by Geomer Investments, to Esor Shareholders to acquire all of the Esor Shares that Geomer Investments does not already own, for a cash consideration of 38 cents for each Esor Share disposed of in terms of the Mandatory Offer;**

and incorporating:

- a Form of Acceptance, Surrender and Transfer for use by Esor Shareholders who wish to accept the Mandatory Offer;
- extracts of the consolidated annual financial statements of Esor for the years ended 29 February 2016, 28 February 2015 and 28 February 2014;
- a report prepared by the Independent Expert on the terms and conditions of the Mandatory Offer; and
- the Independent Board's opinion and recommendation in relation to the Mandatory Offer.

Mandatory Offer opens at 09:00 on

Thursday, 10 November 2016

Mandatory Offer closes at 12:00 on

Friday, 23 December 2016

**VUNANI**  
CAPITAL

Corporate Adviser and Sponsor

**IBDO**

AUDIT • ADVISORY • TAX

Independent Expert

Date of issue: 10 November 2016

Copies of this Circular are available in English only and may be obtained during normal business hours between 10 November 2016 and 23 December 2016 from the registered office of the Company and the offices of the Corporate Adviser and Sponsor the addresses of which are set out in the "Corporate information" section hereof. The Circular shall also be available on the Company's website ([www.esor.co.za](http://www.esor.co.za)).

# CORPORATE INFORMATION

## Offeree Company

### ESOR LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1994/000732/06)

JSE code: ESR

ISIN: ZAE000184669

### Date and place of incorporation

8 February 1994

Republic of South Africa

### Registered office

30 Activia Road, Activia Park

Germiston, 1401

(PO Box 6478, Dunswart, 1508)

Website: www.esor.co.za

### Directors

B Krone\* (Chairman)

W van Zyl (CEO)

B Atkinson (Financial Director)

O Franks (Lead Independent Director)\*\*

H Sonn\*\*

R Masemene\*\*

\* Non-executive      \*\* Independent non-executive

### Independent Board of Esor

O Franks (Chairman)

H Sonn

R Masemene

### Company secretary

iThemba Governance and Statutory Solutions

(Proprietary) Limited, represented by Ms Elise Beukes

(Registration number 2008/008745/07)

Monument Office Park

Suite 5 – 102, 79 Steenbok Avenue

Monument Park, 0181

(PO Box 25160, Monument Park, 0105)

### Transfer Secretaries

Computershare Investor Services Proprietary Limited

(Registration number 2004/003647/07)

### Address prior to 28 November 2016

Ground Floor, 70 Marshall Street

Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

## Offeror

### GEOMER INVESTMENTS PROPRIETARY LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1995/005532/07)

### Registered office

225 Bree Street

Cape Town

7001

### Directors

M Golding

### Independent Expert

BDO Corporate Finance Proprietary Limited

(Registration number 1983/002903/07)

22 Wellington Road

Parktown, 2193

(Private Bag X60500, Houghton, 2041)

### Corporate Advisor to the Mandatory Offer

Vunani Corporate Finance

(Registration number 1998/001469/07)

Vunani House

Vunani Office Park

151 Katherine Street

Sandown, Sandton, 2196

(PO Box 652419, Benmore, 2010)

### Address on or after 28 November 2016

Rosebank Towers, 15 Biermann Avenue

Rosebank, 2196

(PO Box 61051, Marshalltown, 2107)

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## IMPORTANT INFORMATION

This Mandatory Offer Circular has been prepared for the purposes of complying with the Companies Act and the Companies Regulations.

The information disclosed in this Mandatory Offer Circular may not be the same as the information which would have been disclosed had this Mandatory Offer Circular been prepared in accordance with the laws and regulations of countries outside South Africa.

The release, publication or distribution of this Mandatory Offer Circular in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Mandatory Offer 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 any such jurisdiction. Neither the Offeror nor Esor accept any responsibility for any failure by an Offeror Participant to obtain advice and to observe any applicable legal requirements in any relevant foreign jurisdiction. This Mandatory Offer Circular does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or subscribe for, any shares or other securities or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.

# ACTION REQUIRED BY ESOR SHAREHOLDERS

## Please take careful note of the following provisions regarding the actions required by Esor Shareholders:

- If you have disposed of all of your Esor Shares, this Circular should be handed to the purchaser of such Esor Shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.
- If you are in any doubt as to what action you should take arising from this Circular, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser.

## 1. ESOR SHAREHOLDERS HOLDING THEIR OWN SHARE CERTIFICATES

Esor Shareholders holding their own share certificates who wish to accept the Mandatory Offer must complete the Form of Acceptance, Surrender and Transfer attached to this Mandatory Offer Document in accordance with the instructions therein. The completed Form of Acceptance, Surrender and Transfer must be forwarded, together with the relevant share certificates, by hand or by mail to Esor's Transfer Secretaries as follows:

### Computershare Investor Services Proprietary Limited

#### By hand

**Address prior to 28 November 2016**  
Ground Floor  
70 Marshall Street  
Johannesburg  
2001

**Address on or after 28 November 2016**  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196

#### By mail

PO Box 61763  
Marshalltown  
2107

so as to be received by Esor's Transfer Secretaries by no later than 12:00 on the Closing Date.

## 2. ESOR SHAREHOLDERS WHOSE SHARES ARE HELD IN DEMATERIALIZED FORM BY THEIR CSDPs OR BROKERS AS NOMINEES

- 2.1 If you are a Dematerialised Esor Shareholder, you will be contacted by your duly appointed CSDP or Broker in the manner stipulated in the custody agreement entered into between you and your CSDP or Broker, as the case may be, in order to ascertain whether or not you wish to accept the Mandatory Offer. If you wish to accept the Mandatory Offer, you must notify your CSDP or Broker of your acceptance of the Mandatory Offer in the time and manner stipulated in the custody agreement entered into between you and your CSDP or Broker, as the case may be.
- 2.2 If Esor Shareholders wish to accept the Mandatory Offer but have not been contacted by their CSDP or Broker, they should contact and furnish the CSDP or Broker with instructions regarding the acceptance of the Mandatory Offer. These instructions must be provided in the manner and by the cut-off date and time advised by the CSDP or Broker in terms of the custody agreement and must be communicated to Esor's Transfer Secretaries, details of whom are set out on the inside front cover, by no later than 12:00 on the Closing Date.
- 2.3 You must NOT complete the attached Form of Acceptance, Surrender and Transfer.
- 2.4 If you notify your CSDP or Broker of your desire to accept the Mandatory Offer, you will not be able to trade your Esor Shares from the date on which you notify your CSDP or Broker of your acceptance of the Mandatory Offer.
- 2.5 The Offeror, Esor, and Esor's Transfer Secretaries take no responsibility and will not be held liable for any failure on the part of any CSDP or Broker to notify a Esor Shareholder of the Mandatory Offer and/or to obtain instructions from a Esor Shareholder and submit acceptances timeously to the Esor Transfer Secretaries.

## SALIENT DATES AND TIMES

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

2016

Record date in order to be eligible to receive this Circular on	Friday, 4 November
Circular posted to Esor Shareholders and announced on SENS on	Thursday, 10 November
Mandatory Offer opens at 09:00 on	Thursday, 10 November
Finalisation announcement released on SENS by no later than 11:00 on	Thursday, 8 December
Last day to trade in Esor Shares in order to be eligible to accept the Mandatory Offer on	Tuesday, 20 December
Esor Shares trade ex the Mandatory Offer on	Wednesday, 21 December
Mandatory Offer Record Date on	Friday, 23 December
Mandatory Offer closes at 12:00 on	Friday, 23 December
Offer Consideration discharged to Offer Participants (once Documents of Title have been received)	Wednesday, 28 December
Results of the Mandatory Offer Announced on SENS on	Wednesday, 28 December
Results of the Mandatory Offer to be published in the press on	Thursday, 29 December

### Notes

1. *The above dates and times are subject to amendment at the discretion of the Offeror, subject to prior written approval from the TRP being obtained. Any such amendment will be released on SENS and published in the press.*
2. *The Mandatory Offer is subject to a number of conditions precedent including the need potentially for approval from the Competition Authorities. The process and the potential impact such approval may have on the Closing Date of the Mandatory Offer is set out in paragraph 5.*
3. *Certificated Esor Shareholders are required to indicate their acceptance of the offer in accordance with the instructions contained in this Mandatory Offer Document, to be received by Esor's Transfer Secretaries by no later than 12:00 on the Closing Date.*
4. *Esor Shareholders whose Esor Shares are held by their CSDPs or Brokers as nominee are required to notify their duly appointed CSDP or Broker timeously of their intention to accept the Mandatory Offer in the manner and time stipulated in the custody agreement governing the relationship between the Esor Shareholder and the CSDP or Broker.*
5. *In the case of Certificated Esor Shareholders who have accepted the Mandatory Offer and who have surrendered their Documents of Title, payment of the Offer Consideration will be made by cheque or deposited directly into each such Esor Shareholder's bank account, whichever a Esor Shareholder may instruct, at the risk of the Esor Shareholder concerned.*
6. *In the case of Esor Shareholders whose Esor Shares are held by their CSDPs or Brokers as nominee, payment of the Offer Consideration will be made by crediting their accounts at the CSDP or Broker, as the case may be, in accordance with the custody agreement governing the relationship between the Esor Shareholder and the CSDP or Broker concerned.*
7. *All dates and times indicated above are South African dates and times.*

## DEFINITIONS AND INTERPRETATIONS

In this Mandatory Offer Circular, the Annexures and the Form of Acceptance, Surrender and Transfer, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and vice versa. Words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders.

"Broker"	any person registered as a "broking member (equities)" in accordance with the provisions of the Financial Markets Act;
"Business Day"	a day other than a Saturday, Sunday or official public holiday in South Africa;
"cents"	South African cents in the official currency of South Africa;
"Certificated Esor Share"	An Esor Share, which has not been Dematerialised, and title to which is evidenced by Documents of Title;
"Certificated Esor Shareholder"	An Esor Shareholder who holds Certificated Esor Shares;
"Circular" or "Mandatory Offer Circular"	this joint Offeror and Offeree Circular to Esor Shareholders, as contemplated in regulation 106(2) of the Takeover Regulations, dated 10 November 2016, including the annexures and the Form of Acceptance, Surrender and Transfer attached hereto, setting out the details of the Mandatory Offer and incorporating all disclosures required to be made by the Offeror and Offeree in terms of the Takeover Regulations;
"Closing Date"	the Closing Date of the Offer as released on SENS being at 12:00 on 23 December 2016 or such later date as the Offeror may, at its discretion, subject to the prior approval of the Takeover Regulation Panel, elect, which amended date will be released on SENS and published in the South African press;
"Common Monetary Area"	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"Companies Act"	the Companies Act, 2008 (Act No. 71 of 2008), as amended;
"Companies Regulations"	means the Companies Regulations 2011, promulgated in terms of section 223 of the Companies Act (which include the Takeover Regulations);
"Competition Authorities"	the Competition Commission of South Africa and/or the Competition Appeal Court of South Africa, being regulatory and/or judicial authorities established under the Competition Act, 89 of 1998, as amended;
"CSDP"	a participant, as defined in section 1 of the Financial Markets Act;
"Dematerialise" or "Dematerialisation"	the process by which Certificated Esor Shares are converted into electronic format as Dematerialised Esor Shares and recorded in the uncertificated securities Register;
"Dematerialised Esor Share"	an Esor Share that has been Dematerialised or has been issued in Dematerialised form, and recorded in the uncertificated securities Register;
"Dematerialised Esor Shareholder"	an Esor Shareholder who holds Dematerialised Esor Shares;
"Documents of Title"	valid share certificates and/or certified transfer deeds and/or balance receipts or any other Documents of Title acceptable to the Offeror in respect of Esor Shares;
"Emigrant"	any emigrant from the Common Monetary Area;

## DEFINITIONS AND INTERPRETATIONS *(continued)*

"Esor" or "the Company"	Esor Limited (Registration number 1994/000732/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, the issued ordinary share capital of which is listed on the JSE;
"Esor Board" or "Esor Directors"	the board of directors of Esor whose names appear in the "Corporate information" section of this Circular;
Esor Construction	Esor Construction Proprietary Limited (Registration number 1998/004367/07), a private company duly registered and incorporated in accordance with the company laws of South Africa and a wholly owned subsidiary of Esor;
"Esor Shares"	ordinary shares with a par value of R0,001 each in the issued share capital of Esor, being 395 185 430 Esor ordinary shares at the Last Practicable Date;
"Esor Shareholders"	the registered holders of Esor Shares as appearing on the Register;
"Finalisation Date"	the date on which the Mandatory Offer becomes unconditional, as described in section 5;
"Financial Markets Act"	the Financial Markets Act, 2012 (Act No. 19 of 2012);
"Firm Intention Announcement"	means the firm intention announcement relating to the Mandatory Offer as announced on SENS on 21 October 2016;
"Form of Acceptance, Surrender and Transfer"	the Form of Acceptance, Surrender and Transfer attached to and forming part of this Circular;
"Funding Heads of Agreement"	the heads of agreement entered into on 6 October 2016 by Geomer Investments and Esor, the material terms of which are set out in paragraph 17;
"Geomer Investments"	Geomer Investments Proprietary Limited (Registration number 1995/005532/07), a private company duly incorporated and registered in accordance with the company laws of South Africa;
"Geomer Investments Board"	the board of directors of Geomer Investments;
"Geomer Investments Shareholders"	the registered holders of shares in Geomer Investments;
"Geomer Trust"	the Trustees for the time being of the Geomer Trust (Master's reference number IT4895/96), a trust duly registered and incorporated in accordance with the laws of South Africa;
"Independent Board"	collectively; <ul style="list-style-type: none"><li>▪ Dr OSW Franks</li><li>▪ Ms HJ Sonn</li><li>▪ Ms R Masemene</li></ul> being the directors that the Esor Board has indicated are independent directors for purposes of the Takeover Regulations;
"Independent Expert" or "BDO Corporate Finance"	BDO Corporate Finance Proprietary Limited, the independent expert to Esor in respect of the Mandatory Offer, full details of which are set out in the "Corporate information" section of this Circular;
"Investec"	Investec Bank Limited (Registration number 1969/004763/06), a public company duly incorporated and registered in accordance with the company laws of South Africa;



"JSE"	JSE Limited (Registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the company laws of South Africa and licensed as an exchange under the Financial Markets Act;
"Last Practicable Date"	the last practicable date prior to the finalisation of the Circular, being Friday, 4 November 2016;
"Mandatory Offer" or "Offer"	the offer, the terms of which are set out in this Circular, made in accordance with section 123 of the Companies Act and the Takeover Regulations, by the Offeror to the Esor Shareholders to acquire the Offer Shares for the Offer Consideration;
"Mandatory Offer Record Date"	the record date to be recorded in the Register in order to be eligible to accept the Offer, this being Friday, 23 December;
"Natha Acquisition"	the acquisition by Geomer Investments of 42 683 901 Esor Shares from Mr Kamal Parabhu Natha on Thursday, 20 October, 2016;
"Offer Consideration"	the cash consideration of 38 cents payable by the Offeror for each Esor Share disposed of in terms of the Mandatory Offer;
"Offer Participants"	the Esor Shareholders to whom the Mandatory Offer is made and who validly and lawfully accept the Mandatory Offer during the Offer Period;
"Offer Shares"	all of the Esor Shares excluding the Esor Shares held by Geomer Investments;
"Offer Period"	the period from 09:00 on the Opening Date, being Thursday, 10 November 2016 to 12:00 on the Closing Date;
"Offeror"	Geomer Investments;
"Opening Date"	the Opening Date of the Offer being at 09:00 on Thursday, 10 November 2016;
"Rand" or "R"	South African Rand, the official currency of South Africa;
"Register"	the securities register of Esor Shareholders maintained by Esor in terms of the Companies Act;
"SENS"	the Stock Exchange News Service of the JSE;
"South Africa"	the Republic of South Africa;
"South African Exchange Control Regulations"	the Exchange Control Regulations of South Africa, as amended, developed in terms of section 9 of the Currency and Exchanges Act, 1933 (Act No. 9 of 1933), as amended;
"Strate"	Strate Proprietary Limited (Registration number 1998/022242/07), a limited liability private company duly registered and incorporated in accordance with the company laws of South Africa, which is licensed as a central securities depository under the Financial Markets Act and which is responsible for the electronic settlement system used by the JSE;
"Takeover Regulations"	the Take-over Regulations set forth in Chapter 5 of the Companies Regulations;
"Takeover Regulation Panel" or "TRP"	the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited, full details of which are set out in the "Corporate information" section of this Circular;
"VWAP"	volume weighted average price; and
"Wheatfield"	The Trustees for the time being of the Wheatfield Estate Foundation Trust (Master's reference number IT4260/2003), a trust duly registered and incorporated in accordance with the laws of South Africa.

# CIRCULAR TO ESOR SHAREHOLDERS

## **ESOR LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 1994/000732/06)

JSE code: ESR

ISIN: ZAE000184669

## **GEOMER INVESTMENTS PROPRIETARY LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 1995/005532/07)

## **1. INTRODUCTION**

- 1.1 Esor Shareholders are referred to the Firm Intention Announcement released on SENS on 21 October 2016 whereby Esor advised Esor Shareholders that Geomer Investments had acquired 42 683 901 ordinary shares, representing approximately 11,70% (net of treasury shares) in the issued share capital of Esor via the Natha Acquisition, such that the entire beneficial interest of Geomer Investments in the issued share capital of Esor was increased to 154 715 952 shares.
- 1.2 As stated in the Firm Intention Announcement prior to the Natha Acquisition, Geomer Investments owned 112 032 051 ordinary shares in Esor representing a shareholding of approximately 30,70% (net of treasury shares) and post the Natha Acquisition Geomer Investments increased its shareholding in Esor to 42,39%. Geomer Investments is in a position to exercise voting rights over its entire shareholding in Esor.
- 1.3 As a result of the Natha Acquisition, in terms of section 123 of the Companies Act, Geomer Investments has increased its shareholding and voting power in Esor to more than 35% and is obligated to make the Mandatory Offer to all Esor Shareholders to acquire each Offer Share for R0,38 (38 cents), which is equal to the highest consideration paid, by Geomer Investments for an ordinary share in the issued share capital in Esor in the 6 months prior to the Opening Date of the Mandatory Offer.
- 1.4 The terms of the Mandatory Offer are more fully set out in paragraph 4 below.
- 1.5 Geomer Investments has notified the Esor Board of its obligation to proceed with the Mandatory Offer. The Mandatory Offer is an affected transaction as defined in section 117(1)(c) of the Companies Act and, accordingly, will be regulated by the Companies Act, the Companies Regulations and the TRP.

## **2. PURPOSE OF THIS CIRCULAR**

The purpose of this Circular is to furnish Esor Shareholders with information relating to the Mandatory Offer, including the terms of the Offer, the manner in which it will be implemented, the opinion of the Independent Expert and the recommendation of the Independent Board.

## **3. RATIONALE OF THE MANDATORY OFFER**

As mentioned above, Geomer Investments is obliged to make the Mandatory Offer. Geomer Investments does not anticipate any change to the nature of Esor's business following the Mandatory Offer. It is expected that the directors of Esor will continue in office.

## **4. TERMS OF THE MANDATORY OFFER**

### **4.1 *The Mandatory Offer***

- 4.1.1 The Offeror hereby offers to acquire all of the Offer Shares, for which it has received valid acceptances for, from the Offer Participants for the Offer Consideration.
- 4.1.2 The Offer Consideration for every Offer Share in terms of the Mandatory Offer will be 38 cents.

## **4. TERMS OF THE MANDATORY OFFER** *(continued)*

### **4.1 The Mandatory Offer** *(continued)*

4.1.3 Esor Shareholders may elect to accept the Mandatory Offer in whole or in part.

### **4.2 The Offer Period**

4.2.1 The Mandatory Offer will be open for acceptance from 09:00 on 10 November 2016 and will provisionally close at 12:00 on 23 December 2016, subject to paragraph 4.2.2 below.

4.2.2 The Mandatory Offer is subject to a number of conditions precedent including the need potentially for approval from the Competition Authorities. The process and the potential impact such approval may have on the Closing Date of the Mandatory Offer is set out in paragraph 5.

4.2.3 The Offeror may, at its discretion, subject to the prior approval of the TRP, make any changes to the dates referred to in this Circular (including extending the Closing Date), which amended dates will be released on SENS and published in the press.

### **4.3 Settlement of the Offer Consideration**

4.3.1 The Offeror will procure the settlement of the Offer Consideration to the Offer Participants, as follows:

4.3.1.1 Certificated Esor Shareholders who accept the Mandatory Offer will have the Offer Consideration discharged to them by way of cheque or electronic funds transfer, at the election of the Esor Shareholder and at the risk of such Esor Shareholder, within 6 (six) Business Days after the later of:

4.3.1.1.1 the Finalisation Date; and

4.3.1.1.2 the date of acceptance thereof unless date of acceptance is received on the Closing Date, in which case the Offer Consideration will be discharged 1 (one) Business Day from the Record Date.

4.3.1.2 Dematerialised Esor Shareholders who accept the Mandatory Offer will have their accounts at their CSDP or Broker updated within 6 (six) Business Days after the later of:

4.3.1.2.1 the Finalisation Date; and

4.3.1.2.2 the date of acceptance thereof unless date of acceptance is received on the Closing Date, in which case the Offer Consideration will be discharged 1 (one) Business Day from the Record Date..

4.3.2 The Offer Consideration will be settled in cash in accordance with the terms of the Mandatory Offer, and will be settled in full without regard to any lien, right of setoff, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any Offer Participant.

4.3.3 Offer Participants warrant that they shall deliver the Offer Shares to the Offeror free from all liens, mortgages, options, rights of pre-emption, encumbrances, third party rights and interests of whatever nature.

4.3.4 Offer Participants who accept the Mandatory Offer will not receive any interest from the date of acceptance of the Mandatory Offer to the date of the payment of the Offer Consideration.

# CIRCULAR TO ESOR SHAREHOLDERS *(continued)*

## 5. CONDITIONS PRECEDENT

- 5.1 The Mandatory Offer is subject to the approval and consent from all relevant regulatory authorities required to implement the Mandatory Offer, which shall include the approval of the TRP by way of the issuance of the requisite compliance certificate and the Competition Authorities.
- 5.2 With regards to the approval from the Competition Authorities, Geomer Investments has approached the Competition Authorities in order to obtain approval to acquire the entire shareholding in Esor it does not already own so that the Mandatory Offer can be declared unconditional.
- 5.3 In the event this approval has not been obtained prior to the date that the Mandatory Offer is expected to open, the following process will be followed in respect of the Mandatory Offer:
  - 5.3.1 The decision as to whether Geomer Investments definitively requires Competition Authority approval to implement the Mandatory Offer as a result of Geomer Investments obtaining control of Esor, will be made 20 Business Days after the date the Mandatory Offer opens. (The period between the date the Mandatory Offer opens and 20 Business Days after such opening date being the ("Finalisation Period").
  - 5.3.2 Should approval from the Competition Authority be obtained during the Finalisation Period, the Mandatory Offer will be declared unconditional and implemented to the extent of the number of acceptances received.
  - 5.3.3 Should there be no need for Competition Authority approval at the end of the Finalisation Period, the Mandatory Offer will be declared unconditional and implemented to the extent of the number of acceptances received.
  - 5.3.4 If during the Finalisation Period Competition Authority approval is required and such approval has not been obtained, the Initial Offer Period will be extended to accommodate this process ("Extended Offer Period") subject to the approval of the TRP in terms of Regulation 103.
  - 5.3.5 If during the Extended Offer Period the requisite Competition Authority approval is received, the Mandatory Offer shall be declared unconditional and as per Regulation 105 of the Companies Act, remain open for a further 10 Business Days.
  - 5.3.6 If during the Extended Offer Period the Competition Authority approval is no longer required, the Mandatory Offer shall be declared unconditional and as per Regulation 105 of the Companies Act, remain open for a further 10 Business Days.
  - 5.3.7 If during the Extended Offer Period the Competition Authority approval is not obtained or is declined, the Mandatory Offer will not be implemented and Geomer will reduce its shareholding in Esor to an amount below 35%.
- 5.4 Notwithstanding the decision regarding the requirement for Competition Authority approval, the period in relation to the Mandatory Offer will not be affected but will remain open for the statutory period of 30 Business Days provided in Regulation 102 and Geomer Investments will continue to acquire shares in Esor until the closing date of the Mandatory Offer whether such closing happens after 30 Business Days as per the Initial Offer Period or at the end of the Extended Offer Period.

## 6. FUNDING AND CASH CONFIRMATION

- 6.1 Investec has furnished the TRP with a cash confirmation that the Offeror has sufficient cash resources and/or facilities with which to meet its obligations in relation to the Mandatory Offer.

## 7. IRREVOCABLE UNDERTAKINGS

- 7.1 The following Esor Shareholders which collectively hold 52 849 867 of the Esor Shares have provided irrevocable undertakings not to accept the Offer:

Esor Shareholder	Number of Esor Shares	Direct beneficial interest	Indirect beneficial interest	Percentage of Esor Shares owned <sup>1</sup> %
The Esor Broad Based Share Ownership Scheme	21 012 250	21 012 250	–	5,76
Mr Bernard Krone	10 000 000	10 000 000	–	2,74
Mr Willem Deon Nel	4 742 655	4 742 655	–	1,30
Mr Wessel Cornelius van Zyl	815 250	815 250	–	0,22
Esor Construction Pty Ltd	9 231 762	9 231 762	–	2,53
Rapidough Properties 417 cc	4 800 000	4 800 000	–	1,32
Mr Warren Clifford van der Vyver	2 017 950	2 017 950	–	0,55
Wheatfield Estate Foundation Trust	230 000	230 000	–	0,06
<b>Total</b>	<b>52 849 867</b>	<b>52 849 867</b>	<b>–</b>	<b>14,48</b>

<sup>1</sup> Based on outstanding number of shares of Esor of 364 941 418, excluding treasury shares of 30 244 012.

- 7.2 No Esor Shareholder who has provided irrevocable undertakings not to accept the Offer has traded shares in Esor in the past six months other than Mr Willem Deon Nel who acquired 4 742 655 Esor Shares on 21 October 2016 at a price of 38 cents.

## 8. GOVERNING LAW

- 8.1 This Circular, the Mandatory Offer and any acceptance thereof, will be governed by and construed in accordance with the laws of South Africa and will be subject to the exclusive jurisdiction of the South African courts.

## 9. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS

- 9.1 A summary of the South African Exchange Control Regulations applicable to the Mandatory Offer are set out below. The Esor Shareholders, who are in any doubt as to the action they should take, should consult their professional advisors.

### 9.2 Residents of the Common Monetary Area

In the case of:

- 9.2.1 Certificated Esor Shareholders whose registered address in the Company's Register are within the Common Monetary Area and whose Documents of Title are not restrictively endorsed in terms of the South African Exchange Control Regulations, the Offer Consideration shall be discharged to them by way of cheque or electronic funds transfer, at the election of the Esor Shareholder and at the risk of such Esor Shareholder within 6 (six) Business Days after the later of:
- 9.2.1.1 the Finalisation Date; and
  - 9.2.1.2 the date of acceptance thereof.

# CIRCULAR TO ESOR SHAREHOLDERS *(continued)*

## 9. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS *(continued)*

### 9.2 **Residents of the Common Monetary Area** *(continued)*

9.2.2 Dematerialised Esor Shareholders whose registered addresses in the Company's Register are within the Common Monetary Area and have not been restrictively designated in terms of the South African Exchange Control Regulations, the Offer Consideration will be credited directly to the accounts nominated for the relevant Esor Shareholders by their duly appointed CSDP or Broker in terms of the provisions of the custody agreement with their CSDP or Broker, within 6 (six) Business Days after the later of:

9.2.2.1 the Finalisation Date; and

9.2.2.2 the date of acceptance thereof.

### 9.3 **Emigrants from the Common Monetary Area**

In the case of Esor Shareholders who are Emigrants from the Common Monetary Area:

9.3.1 who are Certificated Esor Shareholders whose Documents of Title have been restrictively endorsed under the South African Exchange Control Regulations, the Offer Consideration will be forwarded to the authorised dealer in foreign exchange in South Africa controlling such Certificated Esor Shareholders' blocked assets in terms of the South African Exchange Control Regulations, within 6 (six) Business Days after the later of:

9.3.1.1 the Finalisation Date; and

9.3.1.2 the date of acceptance thereof.

9.3.2 who are Dematerialised Esor Shareholders, the Offer Consideration will be credited to the bank accounts of the Esor Shareholders' CSDP or Broker which shall arrange for the same to be credited directly to the Esor Shareholders' blocked Rand bank accounts held by the Esor Shareholders' authorised dealers and held to the order of the Esor Shareholders authorised dealer in foreign exchange in South Africa, within 6 (six) Business Days after the later of:

9.3.2.1 the Finalisation Date; and

9.3.2.2 the date of acceptance thereof.

### 9.4 **All other non-residents of the Common Monetary Area**

The Offer Consideration accruing to non-resident Esor Shareholders whose registered addresses are outside the Common Monetary Area and who are not Emigrants from the Common Monetary Area, will:

9.4.1 in the case of Certificated Esor Shareholders, whose Documents of Title have been restrictively endorsed under the South African Exchange Control Regulations, be shall be discharged to them by way of cheque or electronic funds transfer, at the election of the Esor Shareholder and at the risk of such Esor Shareholder within 6 (six) Business Days after the later of:

9.4.1.1 the Finalisation Date; and

9.4.1.2 the date of acceptance thereof; or

## 9. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS *(continued)*

### 9.4 **All other non-residents of the Common Monetary Area** *(continued)*

9.4.2 in the case of Dematerialised Esor Shareholders, be credited by their duly appointed CSDP or Broker directly to the accounts nominated by the Esor Shareholders in terms of the provisions of the custody agreement with his CSDP or Broker within 6 (six) Business Days after the later of:

9.4.2.1 the Finalisation Date; and

9.4.2.2 The date of acceptance thereof.

### 9.5 **Information not provided**

If the information regarding the authorised dealer is not given or instructions are not provided as required, the Offer Consideration will be held by Geomer Investments or the Transfer Secretaries on behalf of Geomer Investments for the benefit of the Certificated Esor Shareholder concerned pending receipt of the necessary information or instructions. No interest will accrue or be paid on the Offer Consideration so held.

## 10. DIRECT AND INDIRECT BENEFICIAL INTERESTS OF THE OFFEROR AND ESOR

### 10.1 **Interests of the Offeror in Esor**

The Offeror and Wheatfield, which is a concert party to the Offeror, collectively hold a direct and indirect beneficial interest of approximately 42,46% (net of treasury shares) in Esor, as set out in the table below. Neither Geomer Investments nor Wheatfield, at the Last Practicable Date, hold any options over Esor Shares.

Party	Direct beneficial interest	Indirect beneficial interest	Number of Esor Shares	Percentage of Esor Shares owned <sup>1</sup> %
Geomer Investments	154 715 952	–	154 715 952	42,39
Wheatfield	230 000	–	230 000	0,06

1. Based on outstanding number of shares of Esor of 364 941 418, excluding treasury shares of 30 244 012.

### 10.2 **Interests of the Offeror's directors or equivalent in the Offeror's securities**

Marcel Golding is the sole director of Geomer Investments and he has a direct interest in Geomer Investments of 71,16% with the balance of 28,84% being held by the Geomer Trust.

No director of Wheatfield owns any shares either directly or indirectly in Geomer.

### 10.3 **Interests of the Offeror's directors or equivalent in Esor**

The direct and indirect beneficial interests of the director of the Offeror or equivalent in Esor Shares as at the Last Practicable Date, are set out below.

Director	Direct beneficial interest	Indirect beneficial interest	Number of Esor Shares	Percentage of Esor Shares owned <sup>2</sup> %
Marcel Golding	–	110 776 622	110 776 622	30,35

2. Based on outstanding number of shares of Esor of 364 941 418, excluding treasury shares of 30 244 012.

## CIRCULAR TO ESOR SHAREHOLDERS *(continued)*

### 10. DIRECT AND INDIRECT BENEFICIAL INTERESTS OF THE OFFEROR AND ESOR *(continued)*

#### 10.4 *Interests of the Esor directors in Esor Shares and the Offeror*

The direct and indirect beneficial interests of the directors of Esor or equivalent in Esor Shares as at the Last Practicable Date, are set out below.

Director	Direct beneficial interest	Indirect beneficial interest	Number of Esor Shares	Percentage of Esor Shares owned <sup>3</sup> %
B Krone	10 000 000	–	10 000 000	2,74
W van Zyl	815 250	–	815 250	0,28
B Atkinson	8 000	–	8 000	–
O Franks	10 150	–	10 150	–
H Sonn	–	–	–	–
R Masemene	–	–	–	–

3. Based on outstanding number of shares of Esor of 364 941 418, excluding treasury shares of 30 244 012.

No directors of Esor nor Esor itself:

- owns any shares directly or indirectly in the Offeror;
- will be accepting the Mandatory Offer; and
- has traded shares in Esor in the past six months.

### 11. GEOMER INVESTMENTS AND WHEATFIELD ACQUISITION HISTORY OF ESOR SHARES

11.1 The following table depicts the trades of Geomer Investments in Esor Shares in the past six months.

Date	Quantity	Price	Value
5 September 2016	78 095 730	38 cents	R29 676 377
11 October 2016	1 569 321	37 cents	R580 648,80
21 October 2016	42 683 901	38 cents	R16 219 882

11.2 The following table depicts the trades of Wheatfield in Esor Shares in the past six months.

Date	Quantity	Price	Value
10 August 2016	60 300	35 cents	R21 105
11 August 2016	48 295	35 cents	R16 903
12 August 2016	121 405	35 cents	R42 492



## **12. AGREEMENTS IN RELATION TO THE MANDATORY OFFER**

- 12.1 The directors of the Offeror confirm that no agreement, other than the irrevocable undertakings detailed in paragraph 7 and the Funding Heads of Agreement detailed in paragraph 17 in relation to the Mandatory Offer, exists between the Offeror and/or Wheatfield and:
  - 12.1.1 Esor;
  - 12.1.2 any directors of Esor or any person who was a director of Esor within the 12 months prior to the Last Practicable Date; and
  - 12.1.3 any Esor Shareholder, or any person who was a Esor Shareholder within the 12 months prior to the Last Practicable Date, that could be considered to be material to a decision regarding the Mandatory Offer to be taken by Esor Shareholders.
- 12.2 The directors of Esor confirm that no agreement, other than the irrevocable undertakings detailed in paragraph 7 and the Funding Heads of Agreement detailed in paragraph 17 in relation to the Mandatory Offer, exists between Esor and:
  - 12.2.1 Geomer Investments; and/or
  - 12.2.2 Wheatfield; and
  - 12.2.3 any directors of Geomer Investments or any person who was a director of Geomer Investments within the 12 months prior to the Last Practicable Date; and
  - 12.2.4 any Geomer Investments Shareholder, or any person who was a Geomer Investments Shareholder within the 12 months prior to the Last Practicable Date, that could be considered to be material to a decision regarding the Mandatory Offer to be taken by Esor Shareholders.

## **13. DIRECTORS' EMOLUMENTS AND SERVICE CONTRACTS**

- 13.1 The total emoluments receivable by Esor directors will not be varied as a consequence of the Mandatory Offer.
- 13.2 There are no material particulars of an abnormal nature in respect of Esor directors' service contracts which require specific disclosure, nor were any directors' service contracts entered into or amended during the period commencing 6 (six) months prior to the Opening Date and ending on the Last Practicable Date.
- 13.3 The service contracts of Esor directors will not be affected by the Mandatory Offer.

## **14. FAIR AND REASONABLE OPINION**

- 14.1 BDO Corporate Finance Proprietary Limited, acting as Independent Expert, has considered the terms and conditions of the Mandatory Offer and is of the opinion that, as at the date of the issue of the report of the Independent Expert, the Mandatory Offer is not fair and not reasonable.
- 14.2 This report of the Independent Expert is attached as Annexure 1 to this Circular.

## **15. OPINION OF THE INDEPENDENT BOARD**

- 15.1 The Independent Board has reviewed the opinion received from the Independent Expert set out in Annexure 1 to this Circular and is unanimously in agreement with the views and opinions expressed therein.

## **CIRCULAR TO ESOR SHAREHOLDERS** *(continued)*

### **15. OPINION OF THE INDEPENDENT BOARD** *(continued)*

- 15.2 In particular, the Independent Board has considered the fair value range determined by the Independent Expert and is in agreement with the fair value range determined and has placed reliance on the valuation performed by the Independent Expert.
- 15.3 In forming its opinion on the Mandatory Offer, the Independent Board has considered the value and price of the Esor Shares as at 21 October 2016 as compared to the Offer Consideration. The Offer Consideration for the Esor Shares is R0,38 which is below the Esor Shares traded price on the JSE, as at 20 October 2016 the business day prior to the date that the Firm Intention Announcement regarding the Mandatory Offer was released on SENS and, accordingly, the Independent Board is of the opinion that the Offer Consideration is unfair.
- 15.4 Based on qualitative factors, the Independent Board is of the opinion that the proposed terms and conditions of the Mandatory Offer are unreasonable from the perspective of Esor Shareholders as the Mandatory Offer is at a discount to the 30-day VWAP of an Esor Share as at 21 October 2016.
- 15.5 The Independent Board, taking into account the above considerations, is unanimously of the opinion that the terms and conditions of the Mandatory Offer are unfair and unreasonable to Esor Shareholders.
- 15.6 In forming its opinion on the Mandatory Offer as set out above, the Independent Board did not take into account any considerations, including any factors that may be difficult to quantify or which are unquantifiable, other than those stated herein.
- 15.7 The Independent Board confirms that no other offers have been received by Esor within the six-month period prior to the Opening Date.

### **16. RIGHTS OFFER**

- 16.1 Esor Shareholders are referred to the cautionary announcement released on SENS on 26 October 2016 wherein details of a proposed rights offer ("Proposed Rights Offer") were disclosed to Esor Shareholders.
- 16.2 In terms of the Proposed Rights Offer, it was disclosed that Esor would be offering up to 98 796 357 Esor Shares to raise approximately R37 million to repay the credit facility made available to Esor by Geomer Investments to complete the Tuboseal Acquisition (as defined in the above SENS announcement).
- 16.3 The Proposed Rights Offer would be executed during January 2017.
- 16.4 Geomer Investments has committed to fully underwrite the Proposed Rights Offer.
- 16.5 Information relating to the Proposed Rights Offer is being disclosed in this Circular in order to allow Esor Shareholders to be in a position to make an informed decision in respect of whether to accept the Mandatory Offer or not having been provided details of the Proposed Rights Offer.

## **17. FUNDING HEADS OF AGREEMENT**

- 17.1 On 6 October 2016 Geomer Investments and Esor entered into the Funding Heads of Agreement the material details of which are as follows:
- 17.1.1 The Funding Heads of Agreement are legally binding until formal written agreements detailing the matters covered in the Funding Heads of Agreement are entered into.
  - 17.1.2 A line of credit ("Credit Facility") shall be granted by Geomer Investments to Esor in the amount of R35 750 000.
  - 17.1.3 The Credit Facility shall be used by Esor for the purpose of advancing its business.
  - 17.1.4 The Credit Facility may be drawn upon by Esor Construction for the sole purpose of executing the Tuboseal Acquisition.
  - 17.1.5 Geomer Investments shall be entitled to the payment by Esor of interest on the drawn-down capital portion of the Credit Facility at the publicly quoted prime rate of interest of First National Bank, a division of FirstRand Bank Limited, calculated on a net annual compounded monthly in arrears basis, from the date of drawn-down to date of repayment in full.
  - 17.1.6 The Credit Facility shall be repaid in full by Esor to Geomer Investments by no later than close of business on 28 February 2017.
  - 17.1.7 Esor shall undertake a rights issue in accordance with the listings requirements of JSE Limited, such that it shall offer up to 98 796 357 shares at an issue price of 38 cents per share in the ratio of 25 rights offer shares for every 100 Esor Shares held.
  - 17.1.8 Should the Proposed Rights Offer, as detailed in paragraph 16 above, not be undertaken or not be completed by 28 February 2017, the interest rate referred to in 17.1.5 above shall be increased to the publicly quoted prime rate of interest plus 5% and Geomer Investments shall be entitled to a commitment fee of R536 250.
  - 17.1.9 Geomer Investments shall underwrite the Proposed Rights Offer and shall be paid an underwriting fee equal to 1,5% of the amount underwritten.
  - 17.1.10 All conditions precedent in terms of the Funding Heads of Agreement have been fulfilled.

## **18. COSTS OF THE MANDATORY OFFER**

Each of Esor and the Offer will bear its own costs pertaining to the Circular, and Esor shall bear all related fees and/or costs pertaining to the requisite corporate advisory, legal, regulatory, secretarial and ancillary services required therefore.

## **19. DIRECTORS' RESPONSIBILITY STATEMENT**

- 19.1 The Geomer Investments Board, to the extent that information relates to Geomer Investments or the Geomer Investments Board:
- 19.1.1 accepts full responsibility for the accuracy of the information contained in this Mandatory Offer Circular;
  - 19.1.2 certifies that, to the best of its respective knowledge and belief, the aforesaid information contained in this Mandatory Offer Circular is true and correct; and
  - 19.1.3 certifies that this Mandatory Offer Circular does not, to the best of their respective knowledge and belief, omit anything that is likely to affect the importance of any information contained in this Mandatory Offer Circular.

# CIRCULAR TO ESOR SHAREHOLDERS *(continued)*

## 19. DIRECTORS' RESPONSIBILITY STATEMENT *(continued)*

- 19.2 No member of the Geomer Investments Board is excluded from the statements set out in paragraph 19.1 above.
- 19.3 The Independent Board, to the extent that information relates to Esor or the Independent Board:
  - 19.3.1 accepts full responsibility for the accuracy of the information contained in this Mandatory Offer Circular;
  - 19.3.2 certifies that, to the best of their respective knowledge and belief, the information contained in this Mandatory Offer Circular is true and correct; and
  - 19.3.3 certifies that this Mandatory Offer Circular does not, to the best of their respective knowledge and belief, omit anything that is likely to affect the importance of the information contained in this Mandatory Offer Circular.
- 19.4 No member of the Independent Board is excluded from the statements set out in paragraph 19.3 above.

## 20. CONSENT

- 20.1 Each of the Transfer Secretaries, Independent Expert and Corporate Advisor and Sponsor have consented in writing to act in their stated capacities and to their names being stated in this Circular and have not withdrawn their consent prior to the publication of this Circular.

## 21. DOCUMENTS AVAILABLE FOR INSPECTION

- 21.1 Copies of the following documents will be available for inspection during normal business hours at the registered office of Esor and the registered office of the Corporate Advisor to the Mandatory Offer from 10 November 2016 up to and including 23 December 2016:
  - 21.1.1 the approval letter from the TRP approving the Mandatory Offer;
  - 21.1.2 the letters of consent;
  - 21.1.3 a signed copy of this Circular;
  - 21.1.4 the Independent Expert report;
  - 21.1.5 the signed irrevocable undertakings;
  - 21.1.6 The Funding Heads of Agreement;
  - 21.1.7 the memorandum of incorporation of Esor; and
  - 21.1.8 audited financial information of Esor for the years ended 29 February 2016, 28 February 2015 and 28 February 2014.

By order of the Geomer Investments Board

By order of the Independent Board

**Catherine Lloyd**

*Authorised Representative*

Geomer Investments Proprietary Limited

10 November 2016

**Dr OSW Franks**

*Chairman of the Independent Board*

Esor Limited

10 November 2016

# ANNEXURE 1: REPORT OF THE INDEPENDENT EXPERT

The Independent Board  
Esor Limited  
30 Activia Road  
Activia Park  
Germiston  
(PO Box 6478 Dunswart, 1508)

7 November 2016

Dear Sirs

## REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO ESOR LIMITED REGARDING A MANDATORY OFFER

### Introduction

In an announcement published by Esor Limited ("**Esor**" or the "**Company**") on 21 October 2016 on the Stock Exchange News Services of the JSE Limited ("**JSE**") ("**SENS**"), holders of ordinary shares in the issued share capital of Esor ("**Esor Shares**") ("**Esor Shareholders**") were informed that Geomer Investments Proprietary Limited ("**Geomer Investments**") has increased its shareholding in Esor from 30,70% to 42,39%, pursuant to the acquisition of an additional 42 683 901 Esor Shares from Mr Kamal Parabhu Natha ("**Natha Acquisition**"). Consequently, in terms of section 123 of the Companies Act, No. 71 of 2008, as amended, (the "**Companies Act**") read with the Takeover Regulations promulgated in terms of sections 120 and 223 of the Companies Act (the "**Takeover Regulations**"), Geomer Investments (the "**Offeror**"), is obligated to make an offer to Esor Shareholders to acquire all of the ordinary shares in Esor, other than those that it already owns (the "**Offer Shares**"), at R0,38 per Offer Share (the "**Offer Price**"), being the highest price paid by the Offeror or any person acting in concert with the Offeror within the six month period before the commencement of the offer period (the "**Mandatory Offer**" or "**Offer**").

As at the date of this opinion, the ordinary share capital of the Company comprises of the following:

- Authorised ordinary share capital comprising:
  - 500 000 000 ordinary shares with a par value of R0,001.
- Issued ordinary share capital comprising:
  - 395 185 430 ordinary shares with par value of R0,001.

The Company holds 30 244 012 Esor Shares as treasury shares. Full details of the Offer are contained in the circular to Esor Shareholders (the "**Circular**") to be dated on or about 10 November 2016, which will include a copy of this letter.

## ANNEXURE 1: REPORT OF THE INDEPENDENT EXPERT *(continued)*

At the last practicable date prior to the finalisation of this Circular, being 7 November 2016 ("**Last Practicable Date**"), Esor Directors held the following direct and indirect beneficial interests in the share capital of Esor:

	Total direct and indirect beneficial holding
Director	
<b>Executive</b>	
BW Atkinson	8 000
WC van Zyl	815 250
<b>Non-executive</b>	
OSW Franks	10 150
B Krone	10 873 328
R Masemene	–
HJ Sonn	–
<b>Total</b>	<b>11 706 728</b>

### Fair and reasonable opinion required in respect of the Offer

The Offer is an affected transaction as defined in section 117(1)(c)(vi) of the Companies Act and, accordingly, will be regulated by the Companies Act, the Takeover Regulations and the Takeover Regulation Panel ("**TRP**"). Regulation 90 (1) provides that the Company must retain an independent expert to compile a report to the Independent Board concerning the Offer which meets the requirements of Regulation 90 (5) ("**Fair and Reasonable Opinion**").

BDO Corporate Finance Proprietary Limited ("**BDO Corporate Finance**" or the "**Independent Expert**") has been appointed by the independent board constituted to assess the Offer ("**Independent Board**") to advise on whether the terms and conditions of the Offer are fair and reasonable to the remaining shareholders of Esor.

### Responsibility

Compliance with the Companies Act is the responsibility of the directors of Esor. Our responsibility is to report on the fairness and reasonableness of the terms and conditions of the Offer.

### Explanation as to how the terms "fair" and "reasonable" apply in the context of the offer

The "fairness" of an offer is based on quantitative issues. An offer may be said to be fair if the benefits received by shareholders, as a result of the Offer, are equal to or greater than the value ceded by shareholders.

The Offer may be said to be fair if the Offer Price is greater than or equal to the fair value of an Esor Share or unfair if the Offer Price is less than the fair value of one Esor Share.

The assessment of reasonableness of the Offer Price is based on the Offer Price in relation to the prevailing trading price of an Esor Share as at the time of the Offer.

It is therefore conceivable that if the Offer Price exceeds either the estimated fair value per security or current traded price per Esor Share, but not both, the Offer Price could be considered fair but not reasonable or reasonable but not fair.

## Detail and sources of information

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

- The terms and conditions of the Offer, as set out in the Circular;
- Audited annual financial statements of Esor for the years ended February 2015 and 2016;
- Unaudited management accounts of Esor for the six-month period ended 31 August 2016;
- Analysis of secured revenue as at 31 August 2016 ("**Order Book**");
- Forecast financial information of Esor for the financial years ending 2017 to 2021;
- Discussions with Esor directors and management regarding the historic and forecast financial information;
- Discussions with Esor directors and management on prevailing market, economic, legal and other conditions which may affect underlying value;
- Publicly available information relating to the Construction sector in general; and
- Publicly available information relating to Esor that we deemed to be relevant, including company announcements and media articles.

The information above was secured from:

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

## Procedures

In arriving at our opinion we have undertaken the following procedures in evaluating the fairness and reasonableness of the Offer:

- Reviewed the terms and conditions of the Offer;
- Reviewed the audited and unaudited financial information of Esor;
- Reviewed and obtained an understanding from management as to the forecast financial information of Esor and assessed the achievability thereof by considering historic information as well as macro-economic and sector-specific data;
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the Construction industry generally;
- Held discussions with directors and management of Esor regarding the past and current business operations, regulatory requirements, financial condition and future prospects of the Company and such other matters as we have deemed relevant to our inquiry;
- Compiled forecast free cash flows for Esor by using the historic and forecast financial information as detailed above. Applied BDO Corporate Finance's assumptions of cost of capital to the forecast cash flows to produce a discounted cash flow valuation for Esor. In determining the terminal value of Esor, we considered market ranges for earnings before interest, taxation, depreciation and amortisation ("**EBITDA**") multiples based on cyclicity of the business;

## **ANNEXURE 1: REPORT OF THE INDEPENDENT EXPERT** *(continued)*

- Assessed the long-term potential of Esor;
- Performed a sensitivity analysis on key assumptions included in the DCF valuation;
- Evaluated the relative risks associated with Esor and the industry in which it operates;
- Reviewed certain publicly available information relating to Esor and the Construction sector that we deemed to be relevant, including company announcements and media articles; and
- Where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which Esor operates, and to analyse external factors that could influence the business of Esor.

### **Assumptions**

We arrived at our opinion based on the following assumptions:

- That reliance can be placed on the financial information of Esor.

### **Appropriateness and reasonableness of underlying information and assumptions**

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

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

### **Limiting conditions**

This opinion has been given to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion for the benefit of Esor minority shareholders. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Esor Shareholders. Should an Esor Shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual shareholder's decision as to whether to accept the Offer may be influenced by his particular circumstances. The assessment as to whether or not the Independent Board decides to recommend the Offer is a decision that can only be taken by the Independent Board of Esor.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. While our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of Esor relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such 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 the actual future results of Esor will correspond to those projected. We have however compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.



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

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

## Independence, competence and fees

We confirm that we have no direct or indirect interest in Esor Shares or the Offer. We also confirm that we have the necessary competence to provide the Fair and Reasonable Opinion.

Furthermore, we confirm that our professional fees of R100 000 (excluding VAT) are not contingent upon the success of the Offer.

## Valuation

BDO Corporate Finance performed a valuation of Esor as at 31 August 2016, to determine whether the Offer is fair.

Key external value drivers which were considered in assessing the forecast cash flows and risk profile of Esor comprise:

- Order Book as at 31 August 2016, detailed further below. The value of the Order Book was considered in light of the forecasts as well as in terms of prior years; and
- macro-economic and sector specific data including: forecast interest rates (the prime lending rate at 10,5% for the forecast period), forecast annual inflation rates (6,9% in 2016 slowing to 5,6% in 2019), forecast gross domestic product ("GDP") growth rates (forecast to improve to 1,7% growth by 2019 from 0,2% in 2016), forecast changes in gross fixed capital formation ("GFCF") (negative 0,8% growth in GFCF expected in 2016 forecast to grow by 5,9% in 2019), public sector infrastructure expenditure and the FNB/BER Building Confidence Index (which declined to 34 in the first quarter of 2016).

Key internal value drivers comprise:

- the discount rate for Esor. A discount rate of 16,0% was determined for Esor; and
- exit EBITDA multiples. BDO analysis indicates that the market range is a 2 – 5x EBITDA multiple for construction companies based on cyclicality and defensive qualities.

	As at 31 August 2016	
	2017 R	2018 R
Order Book	1 461 072 000	211 347 000

The Order Book as at 31 August 2016 is detailed on the following page.

## ANNEXURE 1: REPORT OF THE INDEPENDENT EXPERT *(continued)*

The principal value drivers and assumptions used for the valuation are as follows:

Description	Approach	Discount rate %	Revenue growth % <sup>1</sup>	EBIT % <sup>2</sup>	EBITDA % <sup>2</sup>	Exit EBITDA multiple
Assumption	DCF (Exit EBITDA multiple)	16,0	4,3	2,5	4,2	3,0x

1. Compound annual growth rate in revenue over the forecast period.

2. Sustainable margins.

### Valuation results

In undertaking the valuation exercise above, we determined a valuation range for Esor Shares of R0,54 to R0,61 per Esor Share, with a most likely value of R0,57 per Esor Share.

The valuation range above is provided solely in respect of this opinion and should not be used for any other purposes.

### Reasonableness of the Offer

The Offer Price represents a:

- Discount of 15,6% to the closing price per Esor Share on the exchange operated by the JSE ("Exchange") on Wednesday, 19 October 2016 of R0,45, being the last trading day prior to the Natha Acquisition;
- Discount of 4,9% to the 30-day volume weighted average price ("VWAP") of Esor Shares on the Exchange of R0,40 up to 19 October 2016.

### Opinion

BDO Corporate Finance has considered the proposed terms and conditions of the Offer, based upon and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Offer, based on quantitative considerations, are not fair to the Esor Shareholders.

We are of the opinion that the proposed terms and conditions of the Offer are not reasonable from the perspective of the Esor Shareholders.

Our opinion is necessarily based upon the information available to us up to 2 November 2016, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals and consents required in connection with the Offer and the Offer have been fulfilled or obtained.

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

## **Consent**

We hereby consent to the inclusion of this letter and references thereto in the Circular in the form and context in which they appear.

Yours faithfully

**BDO Corporate Finance Proprietary Limited**

22 Wellington Road, Parktown, 2193

**Nick Lazanakis**

CA(SA)

## ANNEXURE 2: EXTRACTS FROM THE HISTORICAL AUDITED FINANCIAL INFORMATION OF ESOR FOR THE YEARS ENDED 29 FEBRUARY 2016, 28 FEBRUARY 2015 AND 28 FEBRUARY 2014

The report of financial information is the responsibility of the directors of Esor. The information included in this Annexure 2 is an extract of the full set of audited financial statements. The full set of audited annual financial statements for the years ended 29 February 2016, 28 February 2015 and 28 February 2014 are available on the Company's website [www.esor.com](http://www.esor.com) and is available for inspection at the registered office of Esor and the registered office of the Corporate Advisor to the Mandatory Offer up to and including the Closing Date.

### Consolidated statements of profit or loss for the year ended 29 February 2016

	Group			Company		
	29 Feb 2016 R'000	28 Feb 2015 R'000	28 Feb 2014 R'000	29 Feb 2016 R'000	28 Feb 2015 R'000	28 Feb 2014 R'000
Revenue	1 435 901	1 448 363	1 592 835	–	–	–
Cost of sales	(1 353 798)	(1 385 681)	(1 611 624)	–	–	–
Gross profit/(loss)	82 103	62 682	(18 789)	–	–	–
Other income	52 589	10 170	10 564	7 900	4 097	218
Operating expenses	(52 899)	(95 963)	(127 117)	(7 888)	(5 175)	(10 710)
<b>Profit/(loss) before interest, tax, amortisation, impairments and depreciation</b>	<b>81 793</b>	<b>(23 111)</b>	<b>(135 342)</b>	<b>12</b>	<b>(1078)</b>	<b>(10 492)</b>
Amortisation, impairments and depreciation	(78 016)	(78 650)	(146 419)	–	3 584	–
<b>Profit/(loss) before interest and taxation</b>	<b>3 777</b>	<b>(101 761)</b>	<b>(281 761)</b>	<b>12</b>	<b>2 506</b>	<b>(10 492)</b>
Finance income	12 577	19 538	4 980	–	814	17 158
Finance costs	(9 851)	(22 983)	(42 420)	–	–	17 158
<b>Profit/(loss) before income tax</b>	<b>6 503</b>	<b>(105 206)</b>	<b>(319 201)</b>	<b>12</b>	<b>3320</b>	<b>(10 492)</b>
Taxation income	(2 820)	5 314	102 862	860	65	–
Profit/(loss)	3 683	(99 892)	(216 339)	872	3 385	(10 492)
<b>Other comprehensive income: Items that are or may be reclassified to profit or loss</b>						
Foreign currency translation differences for foreign operations	933	(9 770)	25 568	–	–	–
Related taxes	(210)	2 198	(5 753)	–	–	–
Other comprehensive income, net of tax	723	(7 572)	19 815	–	–	–
<b>Profit/(loss) attributable to:</b>						
Owners of the Company	3 683	(99 892)	(166 161)	872	3 385	(10 492)

	Group			Company		
	29 Feb 2016 R'000	28 Feb 2015 R'000	28 Feb 2014 R'000	29 Feb 2016 R'000	28 Feb 2015 R'000	28 Feb 2014 R'000
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	4 406	(107 464)	872	3 385	3 385	(10 492)
<b>Earnings per share</b>						
Basic earnings/(loss) per share (cents)	1,0	(26,4)	(43,5)	0,2	0,9	(2,7)
Diluted earnings/(loss) per share (cents)	1,0	(26,4)	(43,5)	0,2	0,9	(2,7)
<b>Earnings per share from continuing operation</b>						
Basic (loss)/earnings per share (cents)	–	(26,4)	(56,6)	–	0,1	(2,7)
Diluted (loss)/earnings per share (cents)	–	(26,4)	(56,6)	–	0,1	(2,7)
<b>Earnings per share from discontinued operations</b>						
Basic earnings per share (cents)	–	–	13,1	–	–	–
Diluted earnings per share (cents)	–	–	13,1	–	–	–

**ANNEXURE 2: EXTRACTS FROM THE HISTORICAL AUDITED FINANCIAL INFORMATION OF ESOR FOR THE YEARS ENDED 29 FEBRUARY 2016, 28 FEBRUARY 2015 AND 28 FEBRUARY 2014** (continued)

**Statements of financial position** for the year ended 29 February 2016

	Group			Company		
	29 Feb 2016 R'000	28 Feb 2015 R'000	28 Feb 2014 R'000	29 Feb 2016 R'000	28 Feb 2015 R'000	28 Feb 2014 R'000
<b>Assets</b>						
<b>Non-current assets</b>	<b>404 539</b>	475 950	613 660	<b>683 582</b>	682 722	679 073
Property, plant and equipment	178 381	230 932	320 135	–	–	–
Intangible assets	–	–	–	–	–	–
Goodwill	112 091	155 323	185 062	–	–	–
Financial assets held at fair value through profit or loss	51 228	29 488	64 923	–	–	–
Deferred tax assets	10 186	10 566	11 457	925	65	–
Investments in subsidiaries	–	–	–	682 657	682 657	679 073
Investment and loan to joint venture	51 892	48 880	–	–	–	–
Loans and long-term receivables	761	761	32 083	–	–	–
<b>Current assets</b>	<b>696 386</b>	753 117	935 151	<b>31 645</b>	31 331	30 923
Loans and receivables	35 428	35 014	–	–	–	–
Inventories	108 075	149 374	221 345	–	–	–
Non-current asset held-for-sale	9 500	20 046	–	–	–	–
Unsecured loans	–	–	–	31 642	31 329	30 895
Taxation	15 552	8 014	13 455	–	–	–
Trade and other receivables	485 409	504 330	659 928	–	–	–
Cash and cash equivalents	42 422	36 339	40 423	3	2	28
<b>Total assets</b>	<b>1 100 925</b>	1 229 067	1 548 811	<b>715 227</b>	714 053	709 996

	Group			Company		
	29 Feb 2016 R'000	28 Feb 2015 R'000	28 Feb 2014 R'000	29 Feb 2016 R'000	28 Feb 2015 R'000	28 Feb 2014 R'000
<b>Equity and liabilities</b>						
<b>Share capital and reserves</b>	<b>669 102</b>	667 340	777 219	<b>713 590</b>	712 718	709 333
Share capital and premium	<b>581 014</b>	583 730	586 145	<b>607 445</b>	607 445	607 445
Equity compensation reserve	<b>72</b>	–	19 213	<b>–</b>	–	19 213
Foreign currency translation reserve	<b>27 756</b>	27 033	23 665	<b>–</b>	–	–
Retained earnings	<b>60 260</b>	56 577	148 196	<b>106 145</b>	105 273	82 675
<b>Non-current liabilities</b>	<b>72 968</b>	121 586	207 802	<b>–</b>	–	–
Secured borrowings	<b>45 726</b>	101 837	163 043	<b>–</b>	–	–
Preference shares	<b>–</b>	–	23 424	<b>–</b>	–	–
Post-retirement benefits	<b>–</b>	–	–	<b>–</b>	–	–
Deferred tax liabilities	<b>27 242</b>	19 749	21 335	<b>–</b>	–	–
<b>Current liabilities</b>	<b>358 855</b>	440 141	563 790	<b>1 637</b>	1 335	663
Current portion of secured borrowings	<b>55 093</b>	82 920	74 350	<b>–</b>	–	–
Current portion of preference shares	<b>10 605</b>	21 000	–	<b>–</b>	–	–
Bank overdraft	<b>–</b>	–	–	<b>–</b>	–	–
Financial liability at fair value through profit or loss	<b>5 843</b>	–	–	<b>–</b>	–	–
Taxation	<b>714</b>	2 644	19 131	<b>–</b>	–	–
Provisions	<b>17 040</b>	11 458	13 713	<b>–</b>	–	–
Trade and other payables	<b>269 560</b>	322 119	437 013	<b>1 637</b>	1 335	663
<b>Total equity and liabilities</b>	<b>1 100 925</b>	1 229 067	1 548 811	<b>715 227</b>	714 053	709 996

**ANNEXURE 2: EXTRACTS FROM THE HISTORICAL AUDITED FINANCIAL INFORMATION OF ESOR FOR THE YEARS ENDED 29 FEBRUARY 2016, 28 FEBRUARY 2015 AND 28 FEBRUARY 2014** (continued)

**Statement of changes in equity** for the year ended 29 February 2016

	Share capital R'000	Share premium R'000	Equity compensation reserve R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Total equity R'000
<b>Group</b>						
<b>Balance at 28 February 2014</b>	382	585 763	19 213	23 665	148 196	777 219
Loss for the year	-	-	-	-	(99 892)	(99 892)
Other comprehensive income	-	-	-	(7 572)	-	(7 572)
<b>Total comprehensive income for the year</b>	-	-	-	(7 572)	(99 892)	(107 464)
Transactions with owners, recorded directly in equity						
<b>Contributions by and distributions to owners</b>						
Transfer to retained earnings	-	-	(19 213)	10 940	8 273	-
Shares acquired	(8)	(2 407)	-	-	-	(2 415)
<b>Total transactions with owners</b>	(8)	(2 407)	(19 213)	10 940	8 273	(2 415)
<b>Balance at 28 February 2015</b>	374	583 356	-	27 033	56 577	667 340
Profit for the year	-	-	-	-	<b>3 683</b>	<b>3 683</b>
Other comprehensive income	-	-	-	<b>723</b>	-	<b>723</b>
<b>Total comprehensive income for the year</b>	-	-	-	<b>723</b>	<b>3 683</b>	<b>4 406</b>
Transactions with owners, recorded directly in equity						
<b>Contributions by and distributions to owners</b>						
Share-based payment	-	-	<b>72</b>	-	-	<b>72</b>
Shares acquired	(9)	(2 707)	-	-	-	(2 716)
<b>Total transactions with owners</b>	(9)	(2707)	<b>72</b>	-	-	(2 645)
<b>Balance at 29 February 2016</b>	<b>365</b>	<b>580 649</b>	<b>72</b>	<b>27 756</b>	<b>60 260</b>	<b>669 102</b>



	Share capital R'000	Share premium R'000	Equity compensation reserve R'000	Retained earnings R'000	Total equity R'000
<b>Company</b>					
<b>Balance at 28 February 2014</b>	395	607 050	19 213	82 675	709 333
Profit for the year	-	-	-	3 385	3 385
<b>Total comprehensive income for the year</b>	-	-	-	3 385	3 385
Total transactions with owners, recorded directly in equity					
<b>Contributions by and distributions to owners</b>					
Transfer to retained earnings	-	-	(19 213)	19 213	-
<b>Total transactions with owners</b>	-	-	-	-	-
<b>Balance at 28 February 2015</b>	395	607 050	-	105 273	712 718
Profit for the year	-	-	-	<b>872</b>	<b>872</b>
<b>Total comprehensive income for the year</b>	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	-
<b>Balance at 29 February 2016</b>	<b>395</b>	<b>607 050</b>	-	<b>106 145</b>	<b>713 590</b>

**ANNEXURE 2: EXTRACTS FROM THE HISTORICAL AUDITED FINANCIAL INFORMATION OF ESOR FOR THE YEARS ENDED 29 FEBRUARY 2016, 28 FEBRUARY 2015 AND 28 FEBRUARY 2014** (continued)

**Statement of cash flow** for the year ended 29 February 2016

	Group			Company		
	29 Feb 2016 R'000	28 Feb 2015 R'000	28 Feb 2014 R'000	29 Feb 2016 R'000	28 Feb 2015 R'000	28 Feb 2014 R'000
<b>Cash flows from operating activities</b>	<b>76 254</b>	97 943	(279 069)	<b>314</b>	408	(155 361)
Cash receipts from customers	<b>1 454 822</b>	1 643 961	1 487 579	<b>7 900</b>	4 097	–
Cash paid to suppliers and employees	<b>(1 376 669)</b>	(1 532 274)	(1 575 788)	<b>(7 586)</b>	(4 503)	(5 153)
Cash generated by/(utilised in) operations	<b>78 153</b>	111 687	(88 209)	<b>314</b>	406	(5 153)
Finance income	<b>12 577</b>	19 538	25 957	–	814	17 158
Finance costs	<b>(9 851)</b>	(22 983)	(71 213)	–	–	(17 158)
Dividends paid	–	–	(145 149)	–	–	(150 208)
Taxation paid	<b>(4 625)</b>	(10 299)	(455)	–	–	–
<b>Cash flows from investing activities</b>	<b>28 632</b>	(27 393)	422 816	–	–	–
Additions to property, plant and equipment	<b>(6 663)</b>	(20 468)	(52 564)	–	–	–
Proceeds on disposal of property, plant and equipment	<b>35 295</b>	41 954	79 312	–	–	–
Acquisition of business, net of cash	–	–	(40 558)	–	–	–
Acquisition of joint venture	–	*	–	–	–	–
Loan advanced to joint venture	–	(48 880)	–	–	–	–
Disposal of discontinued operations, net of cash	–	–	–	–	–	–
Investments acquired	–	–	(761)	–	–	–
<b>Cash flows from financing activities</b>	<b>(98 803)</b>	(55 051)	(156 495)	<b>313</b>	(434)	155 382
(Decrease)/increase in unsecured loans	–	–	–	<b>(313)</b>	(434)	357 882
Decrease in secured borrowings	<b>(83 938)</b>	(52 636)	(171 340)	–	–	(202 500)
Preference shares redeemed	<b>(12 149)</b>	–	–	–	–	–
Shares acquired	<b>(2 716)</b>	(2 415)	–	–	–	–
Proceeds from share issue, net of issue expenses	–	–	14 845	–	–	–

	Group			Company		
	<b>29 Feb 2016 R'000</b>	28 Feb 2015 R'000	28 Feb 2014 R'000	<b>29 Feb 2016 R'000</b>	28 Feb 2015 R'000	28 Feb 2014 R'000
Net increase/(decrease) in cash and cash equivalents	<b>6 083</b>	15 499	(12 748)	<b>1</b>	(26)	21
Net cash and cash equivalents at beginning of year	<b>36 339</b>	20 840	33 588	<b>2</b>	28	7
<b>Cash and cash equivalents at end of year</b>	<b>42 422</b>	36 339	20 840	<b>3</b>	2	28

\* Less than R1 000.

# FORM OF ACCEPTANCE, SURRENDER AND TRANSFER

## ESOR LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1994/000732/06)

JSE code: ESR

ISIN: ZAE000184669

The definitions and interpretations commencing on page 5 of the Circular to Esor Shareholders to which this form is attached ("Circular") apply throughout this Form of Acceptance, Surrender and Transfer ("form"), unless the context clearly indicates otherwise.

## FOR USE BY ESOR SHAREHOLDERS HOLDING THEIR OWN SHARE CERTIFICATES

This form is only applicable to Esor Shareholders holding their own share certificates who wish to accept the Mandatory Offer as set out in the Circular. This form is **NOT** to be used by Esor Shareholders whose shares are held by their CSDP or Broker as nominees in Dematerialised form, who are required to instruct their CSDP or Broker if they wish to accept the Mandatory Offer in accordance with the terms of their agreement with the CSDP or Broker.

Each Esor Shareholder, upon completion of this form confirms that if subjected to the laws of any jurisdiction outside South Africa, he has observed the laws of such relevant jurisdiction, obtained any requisite government or other consents, complied with all formalities needed to be observed, paid all issue, transfer and other taxes or duties due in such jurisdiction in connection with such acceptances and has not taken any action that would or may result in the Offeror being in breach of the legal or regulatory requirements of any jurisdiction in connection with the Offer or such Esor Shareholder's acceptance thereof.

## NOTES AND INSTRUCTIONS

1. Persons who have acquired Esor Shares after the date of posting the Circular setting out the Mandatory Offer, can obtain copies of the Circular and this form from the registered office of the Company and the offices of the Corporate Adviser and Sponsor.
2. Part A must be completed by all Esor Shareholders holding their own share certificates who wish to accept the Mandatory Offer.
3. Section 1 of Part B must be completed by all Esor Shareholders holding their own share certificates who are Emigrants of the Common Monetary Area and you are referred to paragraph 9 of the Circular in this regard.
4. Section 2 of Part B must be completed by all other Esor Shareholders holding their own share certificates who are non-residents of the Common Monetary Area (and who are not required to complete Section 1 of Part B) and you are referred to paragraph 9 of the Circular in this regard.
5. No receipts will be issued for Documents of Title lodged unless specifically requested. Lodging agents are requested to prepare special transaction receipts, if required.
6. If you are in any doubt as to how to complete this form, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

7. This form must be returned to Esor's Transfer Secretaries together with your Esor share certificates or other Documents of Title, so as to be received prior to 12:00 on the Closing Date of the Mandatory Offer. If your Documents of Title have been lost or destroyed, you should nevertheless return this form, together with a duly executed indemnity provided by Esor's Transfer Secretaries. The Offeror may, in its sole discretion, dispense with the surrender of such Documents of Title upon production of satisfactory evidence that the Documents of Title have been lost or destroyed and upon provision of a suitable indemnity. Unless otherwise agreed by the Offeror, only indemnity forms obtained from Esor's Transfer Secretaries (available on request) will be regarded as suitable.
8. Signatories may be called upon for evidence of their authority or capacity to sign this form.
9. Any alteration to this form must be signed in full and not initialled. Any alteration may not be accepted by the Offeror.
10. 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 Esor's Transfer Secretaries.
11. Where the Esor Shareholder holding its own Esor share certificate is a company or other juristic person, a certified copy of the directors' or members' or other resolution authorising the signing of this form must be submitted together with this form, unless it has already been registered with Esor's Transfer Secretaries.
12. Where Esor Shares are jointly held, this form must be signed by all joint holders; however, the Offeror shall be entitled to, in its absolute discretion, accept signature only of that holder whose name stands first in the register in respect of such Esor Shares.
13. The Offer Consideration due to a non-resident Esor Shareholder who is an Emigrant from the Common Monetary Area will be sent to the authorised dealer in foreign exchange controlling such non-resident shareholder's blocked assets in terms of the South African Exchange Control Regulations and you are referred to paragraph 9 of the Circular in this regard.
14. Esor Shareholders are advised to consult their professional advisers about their personal tax positions regarding the receipt of the Offer Consideration.
15. Esor Shareholders are referred to the Circular for further terms and conditions applicable to the Mandatory Offer and its acceptance, which Circular should be read in its entirety for a full appreciation thereof.
16. In the event of any conflict between this form and the Circular setting out the terms of the Mandatory Offer, the Circular shall prevail.

### **The Transfer Secretaries**

#### **Computershare Investor Services Proprietary Limited**

##### **By hand**

##### **Address prior to 28 November 2016**

Ground Floor  
70 Marshall Street  
Johannesburg  
2001

##### **Address on or after 28 November 2016**

Rosebank Towers  
15 Biermann Avenue  
Rosebank  
2196

##### **By mail**

PO Box 61763  
Marshalltown  
2107

# FORM OF ACCEPTANCE, SURRENDER AND TRANSFER *(continued)*

## ACCEPTANCE

Dear Sirs,

I/We hereby irrevocably accept the Mandatory Offer on the terms and conditions set out in the Circular in respect of \* \_\_\_\_\_ Esor Shares, held by me/us and surrender and enclose the share certificates, certified transfer deeds and/or other Documents of Title, in respect of my/our holding of such Esor Shares.

I/We hereby instruct the Transfer Secretaries to register transfer of such Esor Shares to the Offeror. I/We hereby appoint any one of the directors of the Offeror and the Transfer Secretaries acting on his/her own as my attorney and agent with full power and authority on my behalf (in rem suam) to sign all documents and do all such acts as may be necessary or desirable for the purpose of transferring such Esor Shares to the Offeror pursuant to the Offer.

*\* Insert the total number of Esor Shares in respect of which the Mandatory Offer is being accepted, which number must not exceed the total number of Esor Shares held by the Esor Shareholder.*

---

Signature of Esor Shareholder

## PART A

**To be completed by all Esor Shareholders holding their own share certificates who wish to accept the Mandatory Offer.**

Surname/name of corporate body

First names (in full, if applicable)

Title (Mr, Mrs, Miss, Ms, etc)

Address to which the Offer Consideration should be sent (if different from registered address) (preferably a PO Box)

Postal code

Telephone number (      )

Telefax (      )

Cellphone number

### Banking details

#### Name of account holder

*(must be the same as the shareholder)*

*(Name of bank, branch, branch code, account number) NB: No third party account*

	Contact person:
	Contact telephone number (      )

The Offer Consideration will be settled via an electronic payment of cash on the first Monday, or first Business Day thereafter if such Monday is not a Business Day, following acceptance of the Mandatory Offer, provided that the acceptance is received by the Transfer Secretaries before 12:00 on the Friday or last Business Day preceding the date of payment. Payment of the Offer Consideration in respect of acceptances received on the Closing Date, will be made 1 (one) Business Day from the Record Date. Settlement is subject to receipt and acceptance of this form and the Documents of Title by the Esor Transfer Secretaries.

In order to comply with FICA requirements, the Esor Transfer Secretaries will be unable to record any changes of address or payment mandates unless a certified true copy of the undermentioned documentation is received from the relevant Esor Shareholder:

- (i) a copy of an identification document (in respect of change of address and payment mandate); and
- (ii) a copy of a bank statement (in respect of bank mandate).

Payment to Esor Shareholders that do not have an existing mandate with the Esor Transfer Secretaries or who do not provide the Esor Transfer Secretaries with the abovementioned document will be made by cheque, posted at the Esor Shareholder's own risk.

# FORM OF ACCEPTANCE, SURRENDER AND TRANSFER *(continued)*

I/We hereby accept the Mandatory Offer upon the terms and conditions as set out in the Mandatory Offer Document dated 10 November 2016, and I/we surrender and enclose, in accordance with such terms and conditions, the share certificates, certified transfer deeds and/or other Documents of Title, details in respect of which are set out in the table below, in respect of my/our holding of Esor Shares:

<b>Name of the registered holder (separate form for each holder)</b>	<b>Certificate number(s) (in numerical sequence)</b>	<b>Number of Esor Shares</b>
		<b>Total</b>

I/We acknowledge that if the information set out above is incorrect or incomplete in any way, it will nevertheless irrevocably be deemed to indicate acceptance of the Mandatory Offer in respect of my/our entire holding of Esor Shares.

I/We acknowledge that this acceptance of the Mandatory Offer must be lodged, together with the relevant Documents of Title, prior to the Closing Date of the Mandatory Offer.



**Part B**

- 1. To be completed only by Esor Shareholders who are Emigrants from the Common Monetary Area (see note 3 and 13 above and paragraph 9 of the Circular).

Name and address of authorised dealer in South Africa

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Blocked Rand account number

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- 2. To be completed by all Esor Shareholders who are non-residents of the Common Monetary Area, other than those required to complete 1 above (see note 4 and paragraph 9 of the Circular).

The Offer Consideration will be paid to the nominated authorised dealer in South Africa and it will be incumbent on the Esor Shareholder concerned to instruct the nominated authorised dealer(s) as to the disposal of the amount concerned.

Name and address of authorised dealer in South Africa

---

---

Non-resident Rand account number

---

Substitute address in South Africa

---

- 3. If no nomination is made in terms of 1 and 2 above, the Offer Consideration will be held in trust in accordance with paragraph 9.5 of the Circular.

\_\_\_\_\_  
Signature of or on behalf of  
Esor Shareholder

\_\_\_\_\_  
Stamp and address of agent  
lodging this form (if any)

\_\_\_\_\_  
Name (who warrants that he/she is duly authorised)

\_\_\_\_\_  
Capacity

\_\_\_\_\_  
Assisted by me (if applicable)

\_\_\_\_\_  
(State full name and capacity of assistance)

\_\_\_\_\_  
Date





