

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this Circular apply mutatis mutandis throughout this Circular.

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

If you have disposed of all your Shares in Brainworks, then this Circular should be forwarded to the purchaser to whom, or the Broker, agent, CSDP or banker through whom you disposed of your Shares.

Brainworks does not accept any responsibility and will not be held liable for any failure on the part of any CSDP or Broker of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be concluded thereat.

BRAINWORKS

Brainworks Limited

(Incorporated in the Republic of Mauritius,

Registration number 115883 C1/GBL)

Share code: BWZ ISIN: MU0548S00000

("the Company" or "Brainworks")

CIRCULAR TO BRAINWORKS SHAREHOLDERS

Relating to:

- 1 the specific authority to issue a maximum of 12 500 000 Shares to the Related Parties at R6.50 per Share; and
- 2 the proposed Change of Name of the Company to Arden Capital Limited,

and enclosing a:

- fairness opinion by the Independent Expert regarding the Specific Issue of Shares to Related Parties;
- notice convening the General Meeting;
- Form of Proxy for use by Certificated Shareholders and Dematerialised Shareholders with Own-name Registration only.

Transaction Sponsor



Independent Expert



Independent Reporting Accountants



Date of issue: 27 September 2019

This Circular is only available in English. Copies of this Circular, in its printed format, may be obtained from the Company and Transaction Sponsor at the addresses set out in the "Corporate Information and Advisors" section of this Circular during normal business hours from the date of issue hereof up to and including the date of the General Meeting. An electronic copy of this Circular will be available on the Company's website (<http://www.brainworkscapital.com/investor-relations/shareholder-circulars>) from the issue date of this Circular.

CORPORATE INFORMATION AND ADVISORS

Directors of Brainworks

Independent Non-Executive:

C Mtasa (Lead Independent Director)

AM Mothupi

GSJ Bennett

Z Madarun

M Ramphul

Non-Executive:

SFW Village (Chairman)

RG Muirimi

S Nyarota

Executive:

P Saungweme (*Interim Chief Executive Officer and Chief Finance Officer*)

Company secretary

Adansonia Management Services Limited

(Registration number: C128022)

Suite 1 Perrieri Office Suites

C2-302 Level 3 Office Block C

La Croisette

Grand Baie, 30517

Republic of Mauritius

Transaction Sponsor

Questco Corporate Advisory Proprietary Limited

(Registration number: 2011/106751/07)

First Floor, Yellowwood House

Ballywoods Office Park

33 Ballyclare Drive

Bryanston, 2021

Johannesburg, South Africa

Independent Reporting Accountants

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

(Registration number: Z10020)

Building No 4, Arundel Office Park,

Norfolk Road, Mount Pleasant,

Harare, Zimbabwe

Date and place of incorporation of Brainworks

Incorporated in the Republic of Mauritius on
22 April 2013

Registered office of Brainworks

c/o Adansonia Management Services Limited

(Registration number: C128022)

Suite 1 Perrieri Office Suites

C2-302 Level 3 Office Block C

La Croisette

Grand Baie, 30517

Republic of Mauritius

Telephone: +263 4 782 849 / 855

Email: investorrelations@brainworkscapital.com

South African address for receipt of notices:

PricewaterhouseCoopers Inc.

(Registration number: 1998/012055/21)

4 Lisbon Lane

Waterfall City

Jukskei View, 2090

South Africa

(Private Bag X36, Sunninghill, 2157)

Transfer Secretaries

Computershare Investor Services Proprietary Limited

(Registration number: 2004/003647/07)

Rosebank Tower

15 Biermann Avenue

Rosebank, 2196

Johannesburg, South Africa

(PO Box 61051, Marshalltown, 2107)

Independent Expert

KPMG Advisory (Private) Limited

(Registration number: 205/1973)

Mutual Gardens

100 The Chase (West)

Emerald Hill

Harare, Zimbabwe

TABLE OF CONTENTS

CORPORATE INFORMATION AND ADVISORS	i
SALIENT DATES AND TIMES	2
ACTION REQUIRED	3
DEFINITIONS AND INTERPRETATIONS	4
1. INTRODUCTION	9
2. NATURE OF THE BUSINESS	10
3. THE SPECIFIC ISSUE	10
4. THE CHANGE OF NAME	14
5. SHARE CAPITAL	15
6. MAJOR SHAREHOLDERS	15
7. DIRECTORS INFORMATION	15
8. MATERIAL CONTRACTS	16
9. MATERIAL CHANGES	17
10. LITIGATION STATEMENT	17
11. SHARE TRADING HISTORY	18
12. DIRECTORS' RESPONSIBILITY STATEMENT	18
13. DIRECTORS' OPINION IN RESPECT OF THE SPECIFIC ISSUE	18
14. EXPERTS' CONSENTS	19
15. ESTIMATED EXPENSES	19
16. DOCUMENTS INCORPORATED BY REFERENCE	20
17. DOCUMENTS AVAILABLE FOR INSPECTION	20
18. GENERAL MEETING	20
ANNEXURE 1: PRO-FORMA FINANCIAL INFORMATION	21
ANNEXURE 2: INDEPENDENT REPORTING ACCOUNTANTS ASSURANCE REPORT ON THE PRO-FORMA FINANCIAL INFORMATION	34
ANNEXURE 3: INDEPENDENT EXPERT'S OPINION	36
ANNEXURE 4: SHARE TRADING HISTORY	41
ANNEXURE 5: SCHEDULE OF LENDERS AND PROPORTIONATE AMOUNTS	42
NOTICE OF GENERAL MEETING	43
FORM OF PROXY	47

SALIENT DATES AND TIMES

Salient dates and times are set out below.

2019	
Record date for Shareholders to receive the Circular, incorporating the notice of General Meeting	Friday, 20 September
Posting of Circular to Shareholders and announced on SENS	Friday, 27 September
Last day to trade in order to be eligible to participate in and vote at the General Meeting	Tuesday, 22 October
Record date to determine eligible shareholders who may attend, speak and vote at the General Meeting	Friday, 25 October
Last day to lodge Forms of Proxy for the General Meeting by 10:00 on	Wednesday, 30 October
General Meeting to be held at 10:00 on	Friday, 01 November
Results of the General Meeting released on SENS on or about	Friday, 01 November
Change of Name special resolution lodged with the Companies Office registration	Monday, 04 November
Expected date of receipt of Change of Name Certificate from the Companies Office	Friday, 22 November
Expected release on SENS of the finalisation announcement in respect of the Change of Name by 11:00	Tuesday, 26 November
Expected publication in the press of the finalisation announcement in respect of the Change of Name	Wednesday, 27 November
Expected last day to trade prior to the Change of Name becoming effective	Tuesday, 03 December
Expected termination date for trading under the name of "Brainworks Limited" and commencement of trading under the New Name "Arden Capital Limited", under share code "ACZ", short name "ARDENCAP". The new ISIN is expected to be obtained on or about Monday, 25 November 2019	Wednesday, 04 December
Expected record date for the Change of Name	Friday, 06 December
Expected date that the accounts of Dematerialised Shareholders with their CSDPs or Brokers will be updated with the New Name	Monday, 09 December
Expected date that Share certificates displaying the New Name will be issued to Certificated Shareholders, posted by registered post, at their risk	Monday, 09 December

Notes:

1. All times indicated above are GMT+4.
2. The above dates and times are subject to amendment by the Company. Any such amendment will be released on SENS.
3. Forms of Proxy may also be handed to the Chairman at the commencement of the General Meeting.
4. Shareholders may not dematerialise or rematerialise their Shares after the last day to trade.

ACTION REQUIRED

A notice convening the General Meeting is attached to and forms part of this Circular.

1. **Certificated Shareholders and Dematerialised Shareholders with Own-name Registration**

Certificated Shareholders and Dematerialised Shareholders with Own-name Registration, who are unable to attend the General Meeting but who wish to be represented thereat, are requested to complete and return the attached Form of Proxy in accordance with the instructions contained therein. It is requested that the duly completed Forms of Proxy in respect of the General Meeting be received by the Transfer Secretaries by no later than 10:00 on Wednesday, 30 October 2019 or they may be handed to the chairman of the General Meeting at the commencement of the General Meeting.

Certificated Shareholders

If you hold a certificate for your Shares, you are a Certificated Shareholder. If you have lost your Share certificate, but you know that your Shares are held in the form of a certificate, you are also a Certificated Shareholder.

2. **Dematerialised Shareholders (without Own-name Registration)**

Dematerialised Shareholders who wish to attend the General Meeting must instruct their CSDP or Broker timeously in order that such CSDP or Broker may issue them with the necessary letter of representation or equivalent authority to attend.

Dematerialised Shareholders who do not wish to attend the General Meeting, must provide their CSDP or Broker with their instruction for voting as a Shareholder at the General Meeting in the manner stipulated in the agreement between the Shareholder concerned and the CSDP or Broker governing the relationship between such Shareholder and his CSDP or Broker. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.

DEFINITIONS AND INTERPRETATIONS

In this Circular, 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:

“Argentum”	Argentum Limited (registration number 126676 C1/GBL), a public company duly registered and incorporated under the laws of the Republic of Mauritius and an associate of SFW Village, a non-executive director of the Company and therefore a related party to the Company in terms of the Listings Requirements;
“Argentum 2017 Loan Agreement”	the loan agreement entered into between the Company and Argentum, dated 06 December 2017, in terms of which Argentum has granted a loan to Brainworks for an aggregate amount of USD 107 200, which is repayable together with interest thereon as further detailed in paragraph 3.1.1;
“Argentum 2018 Loan Agreement”	the loan agreement entered into between the Company and Argentum, dated 06 August 2018, in terms of which Argentum granted a loan to Brainworks for an aggregate amount of USD 140 000, which is repayable together with interest thereon as further detailed in paragraph 3.1.1;
“Argentum 2017 Debt Settlement Agreement”	the debt settlement agreement entered into between the Company and Argentum, dated 2 September 2019, in terms of which the Company will settle the loan owing to Argentum, which is expected to have a balance of USD130 813.98, including accrued and unpaid interest thereon, on the anticipated settlement date of 1 November 2019, through the issue of 303 241 Shares at ZAR6.50 per Share, based on a fixed USD/ZAR Averaged Rate, as further detailed in paragraph 3.1.1;
“Argentum 2018 Debt Settlement Agreement”	the debt settlement agreement entered into between the Company, Argentum, dated 2 September 2019, in terms of which the Company will settle the loan owing to Argentum, which is expected to have a balance of USD166 810.68, including accrued and unpaid interest thereon, on the anticipated settlement date of 1 November 2019, through the issue of 386 685 Shares at ZAR6.50 per Share, based on a fixed USD/ZAR Averaged Rate, as further detailed in paragraph 3.1.1;
“Blue Air Capital”	Blue Air Capital Limited (registration number 120224 C1/GBL), a public company duly registered and incorporated under the laws of the Republic of Mauritius and a major Shareholder of Brainworks as detailed in paragraph 6 and therefore a related party to the Company in terms of the Listings Requirements;
“Board” or “Directors”	the board of directors of Brainworks at the Last Practicable Date whose details are set out in the “Corporate Information and Advisors” section;
“Blue Air Capital and Red Rock Capital Loan”	loans with an aggregate amount of USD 561 179.00 advanced to Brainworks by Blue Air Capital and Red Rock Capital in their Proportionate Amounts as set out in Annexure 5 , which is repayable together with interest thereon as further detailed in paragraph 3.1.2;
“Blue Air Capital and Red Rock Capital Loan Agreement”	the loan agreement entered into between the Company, Blue Air Capital and Red Rock Capital, dated 19 March 2019, as amended from time to time, in terms of which Blue Air Capital and Red Rock Capital have granted the Blue Air Capital and Red Rock Capital Loan;
“Brainworks” or “the Company”	Brainworks Limited (registration number 115883C1/GBL), a public company duly registered and incorporated under the laws of the Republic of Mauritius with a Category 1 Global Business license which operates as an investment holding company, and which is listed on the Main Board on the JSE;
“Brainworks Capital Management”	Brainworks Capital Management (Private) Limited (registration number 523/2011), a private company duly registered and incorporated under the laws of the Republic of Zimbabwe, and a wholly-owned subsidiary of the Company;
“BI Childs”	Brett Ivor Childs, with passport number 548090992, an adult male with full legal capacity, and a past director of the Company and therefore a related party to the Company in terms of the Listings Requirements;

“BI Childs Loan Agreement”	the loan agreement entered into between the Company and BI Childs, dated 05 December 2017, in terms of which BI Childs granted a loan to Brainworks for an aggregate amount of USD 107 200.00, which is repayable together with interest thereon as further detailed in paragraph 3.1.1;
“BI Childs Debt Settlement Agreement”	the debt settlement agreement entered into between the Company and BI Childs, dated 2 September 2019, in terms of which the Company will settle the loan owing to BI Childs, which is expected to have a balance of USD 132 378.75, including accrued and unpaid interest thereon, on the anticipated settlement date of 1 November 2019, through the issue of 306 868 Shares at ZAR6.50 per Share and at a fixed USD/ZAR Averaged Rate, as further detailed in paragraph 3.1.1;
“Business Day”	any day other than a Saturday, Sunday or a public holiday in South Africa or Mauritius;
“Certificated Shareholder”	a holder of Certificated Shares;
“Certificated Shares”	Shares which are not Dematerialised, title to which is represented by physical documents of title;
“Change of Name”	the proposed change of name of the Company to Arden Capital Limited as further set out in paragraph 4;
“Circular”	this document, dated Friday, 27 September 2019, incorporating a notice of General Meeting and a Form of Proxy;
“Companies Office”	the Government of Mauritius Corporate and Business Registration operating in terms of the Republic of Mauritius Companies Act, No. 15 of 2001, as amended from time to time;
“Consortium Agreement”	the loan agreement entered into between the Company and the Consortium Lenders, dated 19 March 2019, as amended from time to time, in terms of which the Consortium Lenders have granted a loan to Brainworks for an aggregate amount of USD 930 609.17, which is repayable together with interest thereon as further detailed in paragraph 3.1.2;
“Consortium Lenders”	the consortium of shareholders of the Company that collectively provided the Consortium Loan, the names of which are set out in Annexure 5 ;
“Consortium Loan”	loan with an aggregate amount of USD 930 609.17 granted to Brainworks by the Consortium Lenders in their Proportionate Amounts as set out in Annexure 5 ;
“Consortium Manager”	Comarton Consultants (Private) Limited (registration number 4207/95), a private company duly registered and incorporated under the laws of the Republic of Zimbabwe and the manager appointed by the Consortium Lenders to regulate and administer certain obligations on their behalf jointly and severally in terms of the Consortium Agreement;
“Constitution”	the constitutional document of Brainworks, as adopted by Shareholders on 1 June 2017;
“Conversion”	the repayment of each 2019 Lender’s Proportionate Amount of the Loan through the issuance of Shares following the issuance of a Conversion Notice;
“Conversion Condition”	the approval by the requisite number of Shareholders of the Conversion at the General Meeting;
“Conversion Date”	the date specified in a Conversion Notice which shall be no earlier than 5 Business Days after the date of satisfaction of the Conversion Conditions and no later than the Ultimate Repayment Date;
“Conversion Notice”	the notice issued by Blue Air Capital and Red Rock Capital (in respect of the Blue Air Capital and Red Rock Capital Loan) or the Company (in respect of the Consortium Loan) specifying that they wish to convert the 2019 Loans into Shares, as further detailed in paragraph 3.1.2;

“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, 2012 (Act 19 of 2012), as amended, appointed by an individual Shareholder for the purposes of, and in regard to the dematerialisation of documents of title for purposes of incorporation into Strate;
“Custody Agreement”	the custody mandate agreement between a Dematerialised Shareholder and a CSDP or Broker governing their relationship in respect of Dematerialised Shares held by the CSDP or Broker;
“Debt Settlement Agreements”	collectively, the Argentum 2017 Debt Settlement Agreement, Argentum 2018 Debt Settlement Agreement, BI Childs Debt Settlement Agreement and the Red Rock Capital Debt Settlement Agreement;
“Debt Settlement Closing Date”	shall mean that date which is five (5) business days after the date on which each of the conditions precedent set out in the respective Debt Settlement Agreement and detailed in paragraph 3.1.1 of this Circular are satisfied;
“Dematerialised Shareholder”	a holder of Dematerialised Shares;
“Dematerialised Shares”	Shares which have been incorporated into Strate and which are no longer evidenced by physical documents of title, but the evidence of ownership of which is determined electronically and recorded in the sub-register maintained by a CSDP;
“EPS”	earnings per share;
“EP Loan”	the promissory note P2018/003 made by the Company in an amount of USD 4 million in favour of Everprosperous Worldwide Limited dated 22 October 2018;
“Form of Proxy”	the proxy form annexed to this Circular which entitles the Shareholders to appoint a proxy to vote on their behalf on the resolutions contained in the notice of the General Meeting;
“General Meeting”	the General Meeting of Shareholders to be held at 10:00 (GMT+4) on Friday, 01 November 2019 at the registered office of Brainworks in Mauritius, which meeting is convened in terms of the notice of General Meeting incorporated herein;
“GetBucks”	GetBucks Microfinance Bank Limited (previously GetBucks Financial Services Limited) (registration number 322/2012), a public company registered in Zimbabwe and listed on the ZSE (under ISIN ZW0009012270) and licensed by the Reserve Bank of Zimbabwe, which operates as a deposit taking and money lending microfinance institution, previously an associate of the Company;
“GetSure”	GetSure Life Assurance (Private) Limited (registration number 525/2011), a private company registered in Zimbabwe, which operates as a life assurance company, and a previously wholly owned subsidiary of the Company;
“Group”	Brainworks and its subsidiaries, from time to time;
“HEPS”	headline earnings per share;
“IFRS”	International Financial Reporting Standards;
“Independent Expert”	KPMG Advisory (Private) Limited (registration number: 205/1973), a private company incorporated under the laws of Zimbabwe which operates as an auditing and advisory company, full details of which are set out in the “Corporate Information and Advisors” section of this Circular;
“Independent Reporting Accountants”	PricewaterhouseCoopers Chartered Accountants (Zimbabwe). (registration number Z10020), a partnership duly registered under the laws of Zimbabwe, which operates as an auditing and advisory partnership;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated under the laws of South Africa and licensed as an exchange under the Financial Markets Act, 2012 (Act 19 of 2012), as amended;
“Last Practicable Date”	Thursday, 05 September 2019, being the last practicable date prior to the finalisation of this Circular;
“Lenders” or “Related Parties”	collectively, the 2017 Lenders, 2018 Lender and the 2019 Lenders;

“Listings Requirements”	the listings requirements of the JSE, as amended from time to time;
“Loan Agreements”	collectively the 2017 Loan Agreements, 2018 Loan Agreement and the 2019 Loan Agreements;
“Loans”	the unsecured loans to Brainworks from the Lenders in terms of the Loan Agreements and as further set out in paragraphs 3.1.1 and 3.1.2;
“Loan Drawdown”	the loan drawdown by the Company under the 2019 Loan Agreements, being an amount of USD1 491 788 on 25 March 2019, the proceeds of which was used to partly settle short-term debt which carried interest at a rate of 18% per annum;
“Major Subsidiary”	major subsidiaries of Brainworks as defined in the Listings Requirements, meaning a subsidiary that represents 25% or more of the total assets or revenue of the consolidated Group;
“Nhaka”	Nhaka Life Assurance Company (Private) Limited (registration number 6662/2016), a private company registered in Zimbabwe, which operates as a life assurance company;
“NAV”	net asset value;
“New Name”	the proposed new name of the Company, being Arden Capital Limited (registration number 115883C1/GBL);
“Ordinary Shares” or “Shares”	Brainworks ordinary no par value shares;
“Own-name Registration”	Dematerialised Shareholders who have registered their Shares in their own name with a CSDP;
“Post Balance Sheet Events”	collectively, the Loan Drawdown and the Rights Offer, including the use of the proceeds of the Loan Drawdown and the Rights Offer, being the settlement of existing interest-bearing debt by the Company;
“Proportionate Amount(s)”	the proportionate amounts advanced by each of the 2019 Lenders, as detailed in Annexure 5 ;
“Questco” or “Transaction Sponsor”	Questco Corporate Advisory Proprietary Limited (registration number 2011/106751/07), a private company registered in South Africa, full details of which are set out in the “Corporate Information and Advisors” section of this Circular;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Red Rock Capital”	Red Rock Capital (registration number 114131 C1/GBL), a public company duly registered and incorporated under the laws of the Republic of Mauritius and a major Shareholder of Brainworks as detailed in paragraph 6 and a related party in terms of the Listings Requirements;
“Red Rock Capital 2017 Loan Agreement”	the loan agreement dated 13 December 2017, acquired through an assignment to Red Rock Capital, in terms of which Brainworks owes Red Rock Capital an aggregate amount of USD 2 465 600.00, which is repayable together with interest thereon on demand as further detailed in paragraph 3.1.1;
“Red Rock Capital Debt Settlement Agreement”	the debt settlement agreement entered into between the Company, Red Rock Capital, dated 2 September 2019, in terms of which the Company will settle the loan owing to Red Rock Capital, which is expected to have a balance of USD3 014 867.11, including accrued and unpaid interest thereon, on the anticipated settlement date of 1 November 2019, through the issue of 6 988 787 Shares at ZAR6.50 per Share and at the USD/ZAR Averaged Rate, as further detailed in paragraph 3.1.1;
“Rights Offer”	the renounceable rights offer by Brainworks to its Shareholders in terms of which Shareholders obtain the entitlement to subscribe for 13 199 997 rights offer shares at a rights offer issue price of ZAR6.50 per rights offer share, in terms of which Brainworks intends to raise a maximum of ZAR 85 799 980.50;
“RTGS Dollar” or “RTGS\$”	the then official currency of Zimbabwe as introduced by Statutory Instrument 33 of 2019 in February 2019;
“SENS”	the Stock Exchange News Service of the JSE;

“Shareholders”	holders of Ordinary Shares;
“Share Settlement”	the aggregate issue of 7 985 581 Shares to the 2017 and 2018 Lenders in terms of the Debt Settlement Agreements;
“South Africa”	the Republic of South Africa;
“SOI”	statement of comprehensive income;
“SOP”	statement of financial position;
“Specific Issue”	the proposed specific issue of a maximum of 12 500 000 Shares at a price of R6.50 per Share to (i) the 2017 and 2018 Lenders; and (ii) the 2019 Lenders in the Proportionate Amounts, in each case as detailed in this Circular;
“Strate”	the settlement and clearing system used by the JSE, managed by Strate Proprietary Limited (registration number 1998/022242/07), a private company duly registered and incorporated under the laws of South Africa;
“TNAV”	tangible net asset value;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly registered and incorporated under the laws of South Africa;
“Ultimate Repayment Date”	the latest possible repayment date of the 2019 Loans, being 30 November 2019;
“USD” or “\$”	United States of America Dollar;
“ZAR” or “R”	South African Rand;
“ZAR / USD Average Rate”	the ZAR/USD average exchange rate as quoted by The Standard Bank of South Africa Limited for the period between 2 September 2019 to 4 September 2019 (both dates inclusive), being a rate of 15.0677;
“ZAR / USD Rate”	the average between the buying and selling rates of ZAR/USD as quoted by The Standard Bank of South Africa Limited or, if such quote is not available from that bank, any other licensed commercial bank in South Africa acceptable to the 2019 Lenders at the Conversion Date, being a rate of 14.75 as at the Last Practicable Date;
“2017 Lenders”	Argentum, BI Childs and Red Rock Capital, as it relates to the 2017 Loans;
“2018 Lender”	Argentum, as it relates to the 2018 Loans;
“2017 and 2018 Lenders”	collectively the 2017 Lenders and the 2018 Lender;
“2019 Lenders”	Blue Air Capital, Red Rock Capital and the Consortium Lenders, as it relates to the 2019 Loans;
“2017 Loans”	the loans granted to Brainworks in terms of the 2017 Loan Agreements;
“2018 Loan”	the loans granted to Brainworks in terms of the 2018 Loan Agreement;
“2019 Loans”	the loans granted to Brainworks in terms of the 2019 Loan Agreements;
“2017 and 2018 Loans”	collectively the 2017 Loans and the 2018 Loan;
“2017 Loan Agreements”	collectively, the Argentum 2017 Loan Agreement, BI Childs Loan Agreement and the Red Rock Capital 2017 Loan Agreement;
“2018 Loan Agreement”	the Argentum 2018 Loan Agreement; and
“2019 Loan Agreements”	collectively, the Blue Air Capital and Red Rock Capital Loan Agreement and the Consortium Agreement.

BRAINWORKS

Brainworks Limited

(Incorporated in the Republic of Mauritius)

(Registration number 115883 C1/GBL)

Share code: BWZ

ISIN: MU0548S00000

CIRCULAR TO BRAINWORKS SHAREHOLDERS

1. INTRODUCTION

1.1 The Specific Issue

2017 and 2018 Loans

Shareholders are advised that Brainworks concluded the 2017 Loan Agreements in December 2017 with the 2017 Lenders in terms of which a total amount of USD 2 680 000 was advanced by the 2017 Lenders to the Company.

Brainworks also entered into the 2018 Loan Agreement in August 2018 with the 2018 Lender in terms of which a total amount of USD 140 000 was advanced by the 2018 Lender to the Company.

The 2017 and 2018 Loan Agreements provided Brainworks with additional funding to retire existing expensive debt.

The Company and the 2017 and 2018 Lenders have concluded the Debt Settlement Agreements, in terms of which the Company has agreed to settle the 2017 Loans and the 2018 Loans, and accrued interest thereon through the issue of 7 985 581 Shares together with the payment in cash of any accrued and unpaid interest arising between the date of the General Meeting and the date on which the Shares are allotted and issued to the 2017 and 2018 Lenders.

2019 Loans

Brainworks further entered into the 2019 Loan Agreements in March 2019 with the 2019 Lenders in terms of which a total amount of USD 1 491 788.17 was advanced by the 2019 Lenders to the Company. The 2019 Loan Agreements similarly provided Brainworks with funding for retiring existing expensive debt.

The Blue Air Capital and Red Rock Capital Loan Agreement provides Blue Air Capital and Red Rock Capital with an option to convert the Blue Air Capital and Red Rock Capital Loan and accrued interest thereon into Shares in full and final settlement thereof, as further detailed in paragraph 3.1.2 of this Circular.

In addition, the Consortium Loan Agreement provides Brainworks with the option to convert the Consortium Loan and accrued interest into Shares in full and final settlement thereof, as further detailed in paragraph 3.1.2 of this Circular.

Accordingly, Brainworks may be required to issue a maximum of 12 500 000 Shares to the Lenders in order to settle the Loans, as further detailed in paragraph 3 of this Circular.

1.2 The Change of Name

The Directors propose that the name of the Company be changed to Arden Capital Limited and Shareholders are required to approve this Change of Name in terms of a special resolution.

1.3 Purpose of this Circular

- 1.3.1 In terms of paragraph 10.6(c)(i) of the Listings Requirements, the Loan Agreements themselves are not regarded as related party transactions as they were entered into on commercial terms and on an unsecured basis. The Conversion of the 2019 Loans and the Share Settlement of the 2017 and 2018 Loans constitutes a specific issue of shares to Related Parties, and therefore is subject to the approval of Shareholders.

1.3.2 The purpose of this Circular is therefore to provide Shareholders with the relevant information relating to the Specific Issue, as well as the Change of Name, to enable them to make an informed decision and to give notice of the General Meeting in order for Shareholders to consider and, if deemed fit, to pass the resolutions necessary to approve the Specific Issue and the Change of Name. A notice convening the General Meeting is attached to, and forms part of, this Circular.

2. NATURE OF THE BUSINESS

2.1 Brainworks, which is listed on the Main Board of the JSE, is a Mauritian registered investment holding company, with its investment base focused on the Zimbabwean hospitality, real estate, and energy logistics sectors.

2.2 Prospects

2.2.1 The Zimbabwean economy has continuously shown resilience in light of negative perceptions and in the short to medium term, the economy is expected to continue facing the usual hurdles of foreign currency supply constraints, low industry capacity utilization and subdued international investor confidence among a number of challenges. To address these constraints, it is expected that the government of Zimbabwe will continue with the current diplomatic offensive to address the low investor confidence and implementing the necessary fiscal and monetary reforms to establish a strong foundation for economic recovery in the years ahead. Notwithstanding the current challenges, the Board believes that there are strong prospects for local industrial and economic growth going forward.

2.2.2 Despite economic challenges operations are seeing growth in its core areas:

2.2.2.1 the hospitality segment's revenue increased by 32% to \$68.5 million in 2018 financial year compared to \$51.8 million recorded in 2017 financial year. Occupancy growth was supported by strong performance from all the source markets, with local, international and regional rooms sold increasing by 16%, 26% and 22% respectively; and

2.2.2.2 the real estate segment recorded a notable increase in revenue from \$2.2 million in 2017 financial year to \$7.1 million in 2018 financial year. The growth is principally attributable to revenues recorded from property sales following the completion of the Group's' maiden property development project in Harare, Zimbabwe.

2.2.3 Brainworks continues to focus on its core areas, being hospitality and real estate and will strive to contain overhead expenses and reduce debt through continuing efforts to raise equity capital.

2.2.4 Having regard to the above, the Board therefore believes that Brainworks' prospects are favourable.

3. THE SPECIFIC ISSUE

3.1 Rationale and particulars for the Specific Issue

The Board believes that the settlement of the Loans through the issue of Shares will be beneficial to the Company and its Shareholders, as it allows the Group to reduce its debt levels significantly, thereby decreasing the financial risk profile of the Company. Further rationale for the Conversion and Share Settlement is set out in paragraph 13 containing the Board's recommendations.

3.1.1 The 2017 Agreements, 2018 Agreement and Debt Settlement Agreements

The 2017 Agreements

3.1.1.1 Argentum and BI Childs granted unsecured loans to the Company and Red Rock Capital acquired a loan against the Company aggregating to USD 2 680 000, which is repayable together with interest at the rate of 15% per annum, quarterly in arrears, accrued day to day from the drawdown date to the date of repayment in full by the Company.

3.1.1.2 The 2017 Agreements provided that if the Company fails to make any payment due in terms of the 2017 Agreements on the due date for payment in accordance with the requirements of the 2017 Agreements, penalty interest on the unpaid amount shall accrue daily from the date of non-payment to the date of actual payment at 5%.

3.1.1.3 Brainworks used all the proceeds of the 2017 Loans for the purpose of partial repayment of the EP Loan.

3.1.1.4 The 2017 Loan Agreements contain warranties as are normal for agreements of this nature.

The 2018 Agreement

3.1.1.5 Argentum granted an unsecured loan to the Company amounting to USD 140 000. The loan, which is repayable together with interest at the rate of 15% per annum, quarterly in arrears, accrued day to day from the drawdown date to the date of repayment in full by the Company.

3.1.1.6 The 2018 Loan Agreement contains warranties as are normal for agreements of this nature.

The Debt Settlement Agreements

3.1.1.7 The 2017 and 2018 Lenders have agreed to accept 7 985 581 Ordinary Shares of the Company in full and final settlement of the 2017 and 2018 Loans and any interest accrued thereon. This equates to, based on the USD/ZAR Average Rate, a price of R6.50 per Share.

3.1.1.8 The Company irrevocably also agrees to pay the 2017 and 2018 Lenders the amount of accrued and unpaid interest arising between:

3.1.1.8.1 the date of the General Meeting up to the Debt Settlement Closing Date; or

3.1.1.8.2 if for any reason the holding of the General Meeting is delayed or postponed and/or the requisite shareholder approvals are not obtained on or by the General Meeting date, the General Meeting date up to and including the Debt Settlement Closing Date,

Such interest shall be calculated based on the 2017 and 2018 Loan Agreements rate of 15% per annum and shall be payable in cash to each relevant Lender on the Debt Settlement Closing Date.

Conditions Precedent to the Debt Settlement Agreements

3.1.1.9 The Debt Settlement Agreements shall be subject to the satisfaction of certain conditions precedent, including among others:

3.1.1.9.1 the unanimous recommendation of the Board to the Shareholders to vote in favour of all of the resolutions to be proposed at the General Meeting contained in this Circular; and

3.1.1.9.2 approval of the Specific Issue by the requisite majority of shareholders, as set out in paragraph 3.5.

3.1.1.10 The settlement of each of the 2017 and 2018 Loans in Shares are inter-conditional.

3.1.1.11 If the Debt Settlement Closing Date does not occur by 30 November 2019 (or a later date agreed in writing by the 2017 and 2018 Lenders), the Debt Settlement Agreements shall be of no further force and effect and shall terminate.

3.1.2 The 2019 Agreements

The Blue Air Capital and Red Rock Capital Loan Agreement

3.1.2.1 Blue Air Capital and Red Rock Capital granted an unsecured loan to the Company of an aggregate amount of USD 561 179.00, which are repayable, together with interest at the rate of 10% per annum from the drawdown date to the date of repayment in full by the Company.

3.1.2.2 Blue Air Capital and Red Rock Capital shall be severally entitled to interest accruing on their Proportionate Amounts of the Blue Air Capital and Red Rock Capital Loan. If the Company fails to make any payment due in terms of the Blue Air Capital and Red Rock Capital Loan Agreement on the due date for payment, additional penalty interest on the unpaid amount shall accrue daily from the date of non-payment to the date of actual payment at 5% above the 10% per annum as set out above.

3.1.2.3 The Proportionate Amounts as set out in **Annexure 5**, is repayable by the Company to Blue Air Capital and/or Red Rock Capital on the earlier of:

- demand by either of the lenders at any time;
- the lenders having issued a Conversion Notice prior to the Ultimate Repayment Date; and
- the Ultimate Repayment Date.

3.1.2.4 In terms of the Blue Air Capital and Red Rock Capital Loan Agreement, Brainworks utilised the proceeds of the Blue Air Capital and Red Rock Capital Loan for the purpose of partial repayment of the EP Loan.

3.1.2.5 The Blue Air Capital and Red Rock Capital Loan Agreement contains warranties as are normal for agreements of this nature.

The Consortium Agreement

3.1.2.6 The Consortium Lenders granted an unsecured loan to the Company of an aggregate amount of USD 930 609.17, which is repayable together with interest at the rate of 10% per annum from the drawdown date to the date of repayment in full by the Company.

3.1.2.7 The Consortium Lenders shall be severally entitled to interest accruing on their Proportionate Amounts of the Consortium Loan. If the Company fails to make any payment due in terms of the Consortium Agreement on the due date for payment, penalty interest on the unpaid amount shall accrue daily from the date of non-payment to the date of actual payment at 5% above the 10% per annum as set out above.

3.1.2.8 The Proportionate Amounts are repayable by the Company to the Consortium Lenders through the issue of Shares in the event that the Company issues a Conversion Notice prior to the Ultimate Repayment Date.

3.1.2.9 The Consortium Lenders and the Company have agreed that the Company will not issue a Conversion Notice if the issue of the Shares to the Consortium Lenders would or are reasonably likely to result in Red Rock Capital and Blue Air Capital collectively holding less than 50.01% of the fully diluted share capital of the Company.

3.1.2.10 In terms of the Consortium Agreement, the Consortium Loan proceeds were used by Brainworks for ongoing working capital purposes and to retire secured debt.

The Conversion

The Blue Air Capital and Red Rock Capital Conversion

3.1.2.11 Blue Air Capital and Red Rock Capital may issue a Conversion Notice at any time, provided that a Conversion Notice must be issued no later than 5 days prior to the Ultimate Repayment Date.

3.1.2.12 Once a Conversion Notice has been issued the Company shall, on the Conversion Date, issue to Blue Air Capital and Red Rock Capital such number of Shares determined by multiplying their USD Proportionate Amount and accrued interest up to the Conversion Date by the ZAR/USD Rate divided by the conversion price of R6.50 per Share.

3.1.2.13 The Blue Air Capital and Red Rock Capital's Proportionate Amounts together with all accrued interest shall be deemed to have been repaid in full following the issuance of Shares to them. Such Shares shall be issued and allotted by the Company free of all liens and Blue Air Capital and Red Rock Capital's respective CSDP account shall be properly credited in respect of such Shares.

3.1.2.14 Blue Air Capital and Red Rock Capital may revoke a Conversion Notice issued by it at any time prior to the satisfaction of the Conversion Condition.

The Consortium Lenders Conversion

3.1.2.15 The Company may issue a Conversion Notice at any time, provided that no Conversion Notice may be issued after the Ultimate Repayment Date.

3.1.2.16 Once a Conversion Notice has been issued the Company shall, on the Conversion Date, issue to the Consortium Lenders such number of Shares determined by multiplying each Consortium Lender's USD Proportionate Amount and accrued interest up to the Conversion Date by the ZAR/USD Rate divided by the conversion price of R6.50 per Share.

3.1.2.17 Each Consortium Lender's Proportionate Amount together with all accrued interest shall be deemed to have been repaid in full following the issuance of Shares to that Consortium Lender. Such Shares shall be issued and allotted by the Company free of all liens and the certificates for such Shares shall promptly thereafter be dispatched to the Consortium Lender.

3.2 **Issue price for the Specific Issue**

The Shares to be issued in settlement of the 2019 Loans will be issued at a price of R6.50 per Share, which is equal to a 18% discount to the 30-day VWAP of the Shares as at the Last Practicable Date. The ZAR loan quantum to be settled for the 2019 Loans will be impacted by the ZAR/USD Rate on the Conversion Date.

The Shares to be issued in settlement of the 2017 and 2018 Loans were similarly calculated at a price of R6.50, but based on the agreed ZAR/USD Average Rate.

The maximum discount at which Shares may be issued is not limited.

3.3 **Maximum number of Shares to be issued**

The maximum number of Shares to be issued in terms of the authority requested for the Specific Issue is 12 500 000 Shares.

The actual number of Shares to be issued in settlement of the 2019 Loans will be based on the ZAR/USD Rate. Based on the exchange rate at the Last Practicable Date, the total number of Shares to be issued pursuant to the Specific Issue would be 11 530 368.

3.4 **Specific Issue to Non-Public Shareholders**

Pursuant to the Specific Issue, the Company will issue Shares to non-public shareholders, as defined in the Listing Requirements, being Argentum, Red Rock Capital, Blue Air Capital and the aggregate of the Consortium Lenders set out in **Annexure 5**.

3.5 **Approvals required**

In terms of the Listings Requirements, a 75% majority, excluding the Related Parties and their associates, of the votes cast by the Shareholders present in person or represented by proxy at the General Meeting is required to approve the Specific Issue. The Related Parties and their associates, will however be taken into account in determining whether a quorum is present or represented.

3.6 **Pro-forma Financial Information**

The pro-forma financial information has been prepared to illustrate the impact of the Post Balance Sheet Events and the Specific Issue on the published audited consolidated results of Brainworks for the year ended 31 December 2018 had the Post Balance Sheet Events and the Specific Issue occurred on 31 December 2018 for purposes of the statement of financial position and on 1 January 2018 for purposes of the statement of comprehensive income. The unadjusted financial information on which the pro-forma financial information is based, does not comply with International Accounting Standard ("IAS") 21 - The Effects of Changes in Foreign Exchange Rates, which resulted in an adverse audit opinion on the financial statements for the year ended 31 December 2018.

The pro-forma financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the consolidated results of Brainworks for the year ended 31 December 2018. The pro-forma financial information is presented in accordance with the Listings Requirements and the Guide on Pro-forma Financial Information issued by the South African Institute of Chartered Accountants.

The Directors are responsible for the compilation, contents and preparation of the pro-forma financial information. Their responsibility includes determining that this pro-forma financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Brainworks and that the pro-forma adjustments are appropriate for purposes of the pro-forma financial information disclosed pursuant to the Listings Requirements.

The pro-forma financial information is provided for illustrative purposes only and, because of its pro-forma nature may not fairly present the Group's financial position, changes in equity, results of operations or cash flow nor, the effect and impact of the Post Balance Sheet Events and the Specific Issue going forward.

The full financial effects are included in **Annexure 1** and should be read in conjunction with the Independent Reporting Accountants' report thereon as set out in **Annexure 2**.

The financial effects have been summarised below.

USD Cents	Before (1)	Loan Drawdowns		Rights Offer		Pro-forma After Various Scenarios (4)			
		Pro-forma After (2)	% Change	Pro-forma After (3)	% Change	Scenario 1	% Changes	Scenario 2	% Change
Basic EPS	6.183	6.315	2.1%	5.835	(7.6%)	5.490	(5.9%)	5.464	(6.4%)
Diluted EPS	6.183	5.641	(8.8%)	5.299	(6.1%)	5.490	3.6%	5.464	(3.1%)
Basic HEPS	(3.138)	(3.006)	(4.2%)	(2.167)	(27.9%)	(1.632)	(24.7%)	(1.593)	(26.5%)
Diluted HEPS	(3.138)	(2.507)	(20.1%)	(1.823)	(27.3%)	(1.632)	(10.5%)	(1.593)	(12.6%)
Basic NAV per Share	71.2	71.2	0%	67.6	(5.1%)	64.7	(4.3%)	64.2	(5.0%)
Fully diluted NAV per Share	71.2	63.0	(11.5%)	60.8	(3.5%)	64.7	6.4%	64.2	(5.6%)
Basic TNAV per Share	59.8	59.8	0%	57.7	(3.5%)	55.8	(3.3%)	55.4	(4.0%)
Fully diluted TNAV per Share	59.8	53.0	(11.4%)	51.9	(2.1%)	55.8	7.5%	55.4	6.7%
Weighted average number of Shares in issue ('000)	80 074	80 074	0%	93 274	16.5%	104 805	12.4%	105 774	13.4%
Diluted weighted average number of Shares in issue ('000)	80 074	91 605	14.4%	104 805	14.4%	104 805	0%	105 774	0.9%
Number of Shares in issue ('000)	88 531	88 531	0%	101 731	14.9%	113 262	11.3%	114 231	12.3%

Notes

1. The "Before" column is based on the unadjusted published audited consolidated results of the Group for the financial year ended 31 December 2018.
2. The "Pro-forma After (2)" column illustrates the pro forma financial effects of the Loan Drawdown.
3. The "Pro-forma After (3)" column illustrates pro forma financial effects of the Rights Offer and repayment of existing borrowings from the Rights Offer proceeds.
4. The "Pro-forma After Various Scenarios" column illustrates the impact of the Specific Issue for two scenarios being:
 - i. an issue of 11 530 368 Shares pursuant to the Specific Issue, being the number of Shares to be issued based on the exchange rate at the Last Practicable Date; and
 - ii. an issue of the maximum of 12 500 000 Shares pursuant to the Specific Issue, assuming a weakening of the ZAR against the USD.

Detailed notes explaining the adjustment are contained in **Annexure 1**.

4. THE CHANGE OF NAME

- 4.1 The Board has, over the past two years, revised the strategic direction of the Company to one focussed on its core operations in the hospitality and real-estate sector. The Board, therefore, believes that a change in the name of the Company corresponds with the revised strategic focus of the Company.
- 4.2 Accordingly, the Board proposes that the name of the Company be changed from "Brainworks Limited" to "Arden Capital Limited", which name has been reserved by the relevant authorities in Mauritius. In terms of the Company's Constitution, a special resolution must be approved by Shareholders in order to implement the Change of Name.

4.3 Subject to Shareholders' approval, the JSE has approved the Change of Name, with the Company's listing to be amended to reflect a new share code of "ACZ", a short name of "ARDENCAP". The Company's ISIN will be changed once the Shareholders have approved the Change of Name and the relevant special resolution has been registered by the Companies Office. Shareholders will be advised of the new ISIN via a SENS announcement in due course.

4.4 For a period of one year from the implementation of the Change of Name, in accordance with the Listings Requirements, the Company is required to reflect the former name "Brainworks Limited" on all documents of title and circulars issued by the Company.

4.5 Should the Change of Name be implemented:

- Dematerialised Shareholders' accounts at their CSDPs or Brokers will be updated to reflect the New Name of the Company; and
- new Share certificates will be posted, by registered post, to any Certificated Shareholders at their risk.

5. SHARE CAPITAL

5.1 The authorised Shares of the Company before and after the Specific Issue is unlimited.

5.2 The issued Shares of the Company, prior to the Specific Issue, but assuming that 13 199 997 Shares are issued under the Rights Offer, is as follows:

	Number of Shares	USD
Shares of no par value	101 731 192 ¹	68 809 050

5.3 The expected issued share capital of the Company subsequent to the Specific Issue and the Rights Offer is set out below and assumes that a maximum 12 500 000 shares are issued at a minimum price of R6.50:

	Number of Shares	USD
Shares of no par value	114 231 192	73 743 150 ²

1. Excludes 7 775 000 Treasury Shares.

2. Specific Issue capital raised is converted by the ZAR/USD Rate as at the Last Practicable Date

5.4 The Company has 7 775 000 Treasury Shares in issue at the Last Practicable Date.

5.5 Other than the Shares, no other classes of securities are listed on any stock exchange.

6. MAJOR SHAREHOLDERS

6.1 Prior to the implementation of the Specific Issue, and the Rights Offer and at the Last Practicable Date, the following Shareholders beneficially held, directly or indirectly, 5% or more of the issued Share capital of the Company.

Name of Shareholder	Number of shares	Percentage held
Blue Air Capital	28 992 052	30.10%
Red Rock Capital	21 300 000	22.12%
Fintrust Pension Fund	10 657 242	11.07%
Promotion and Development Limited	10 000 000	10.38%
Total	70 949 294	73.67%

7. DIRECTORS INFORMATION

7.1 Directors' interests in securities

As at the Last Practicable Date, the Directors, including directors that have resigned in the previous 18 months, and their associates, beneficially held directly and indirectly, the following interests in the Company.

	Direct beneficial interest	Indirect beneficial interest	Total	Percentage held (%) ¹
Executive Director				
BI Childs ²	205 000	-	205 000	0.21
Non-Executive Directors				
RG Muirimi	1 000 000	-	1 000 000	1.04
S Village	-	300 000	300 000	0.31
RN Charrington	-	200 000	200 000	0.21
GSI Bennett	-	200 000	200 000	0.21
AM Mothupi	25 000	-	25 000	0.00
Total held by current Directors	1 230 000	700 000	1 930 000	2.01

1. Based on 96 306 195 Shares in issue (including treasury shares).
2. Mr BI Childs resigned as Chief Executive Officer with effect from Wednesday, 05 June 2019.

7.2 Directors and past directors' interests in transactions

7.2.1 BI Childs and S Village will have a material beneficial interest in the Specific Issue.

7.2.2 Other than as set out above, and due to their shareholdings set out in paragraph 7.1 above, no Director or associate of any Director has had any material beneficial interest in any transaction implemented during the current or preceding financial year, or in any transaction concluded that remains outstanding or underperformed at the Last Practicable Date.

7.3 Directors remuneration

7.3.1 There will be no variation in the Directors' remuneration as a consequence of the Specific Issue and Change of Name by the Company.

7.4 There will be no variation in the composition of the Board or the directors of Major Subsidiaries as a consequence of the Specific Issue and Change of Name by the Company.

7.5 Other than the agreement entered into with BI Childs in respect of remuneration payable during his consultation period following his resignation as an executive director, the Group has not entered into any contracts relating to the Directors' and managerial remuneration, secretarial and technical fees or restraint payments of any nature.

8. MATERIAL CONTRACTS

8.1 Material contracts entered into during the 2 years preceding the Last Practicable Date are set out below:

8.1.1 Brainworks Capital Management and GetSure, both wholly owned subsidiaries of the Company, in terms of which both parties agreed to dispose of GetBucks shares to certain related parties, as set out in a circular to shareholders dated 29 March 2018, which is incorporated by reference into this Circular in terms of paragraph 16 below; and

8.1.2 Brainworks Capital Management and Nhaka, in terms of which Brainworks Capital Management disposed of its 100% equity investment in GetSure as set out in the SENS announcement dated 10 May 2018, which is incorporated by reference into this Circular in terms of paragraph 16 below.

8.2 Other than the Loan Agreements summarised in paragraph 3.1.1 and 3.1.2 and the material contracts as set out above in paragraph 8.1.1 and 8.1.2, Brainworks and its Major Subsidiaries have not entered into any contract that is material to the Company, otherwise than in the ordinary course of business, or which is considered a restrictive funding arrangement, in the two years preceding the Last Practicable Date, or at any time which contains an obligation or settlement that is material to the Company at the Last Practicable Date.

9. MATERIAL CHANGES

There has been no material change in the financial or trading position of the Company between the end of the last financial period for which financial statements has been distributed, being the year ended, 31 December 2018 and the Last Practicable Date.

10. LITIGATION STATEMENT

10.1 In 2010 a claim was brought by CORISCO Design Team (“Codet”) against a subsidiary of African Sun Limited, Zimsun Leisure (Private) Limited. Codet (a group of consultants) claimed the sum of USD 16,175,740 together with interest and collection commission for services rendered in a number of proposed projects that were to be carried out in the Republic of Equatorial Guinea. In July 2018 the High Court in Harare dismissed CODET’s claim. Shortly thereafter, CODET lodged an appeal against the High Court’s decision with the Supreme Court of Zimbabwe. The appeal process is ongoing.

10.2 On or about 15 September 2015 African Sun Limited (“ASL”), a subsidiary of Brainworks, entered into a management contract with Legacy Hospitality Management Services (Pty) Limited (“Legacy”) in terms of which Legacy acquired the right to manage some of ASL’s hotels and resorts. The agreements were amended on the 1st of October 2015. The Reserve Bank of Zimbabwe (“RBZ”) granted exchange control approval for the management contract for a period of 1 (one) year effective from the 8th of January 2016 and expiring on the 7th of January 2017. On the expiration of the RBZ’s exchange control approval ASL applied to the RBZ, through their authorised dealer, for renewal of the exchange control approval. In a letter dated 13 March 2018 the RBZ denied ASL’s application and advised the parties that the RBZ would not grant further approval for the management contract unless the parties revised the existing fee structure.

The parties failed to negotiate a revised fee structure. Consequently, on the 13th of September 2018 ASL wrote to Legacy advising them that the RBZ’s failure to renew exchange control approval for the management contract amounted to supervening impossibility which impossibility made the management contract void. Legacy disputed ASL’s averments and the matter was referred to arbitration for a ruling on whether there was indeed supervening impossibility.

Arbitration proceeds commenced on the 27th of January 2019 and ended on the 28th of March 2019. The arbitration award handed down on the 24th of April 2019 was in favour of ASL. Shortly thereafter, Legacy made an urgent application to the High Court of Zimbabwe to have the arbitral award set aside. The High Court denied the application on the basis that the matter was not urgent. Legacy appealed the decision of the High Court which is still pending in the Supreme Court.

ASL’s Management has continued implementation of the original arbitral award.

10.3 On or about 29 November 2016 Dawn Properties Limited (“DPL”), a subsidiary of Brainworks, purchased a portion of Harare Gardens, measuring 2,050 square metres, from the City of Harare (“CoH”). To date the CoH has not transferred the property to DPL. In 2018 DPL wrote to the CoH requesting that the CoH honour its obligation to transfer the property to DPL. Subsequently, the Ministry of Lands (“MoL”) formally advised the City of Harare that they were not amenable to City of Harare (“CoH”) selling a portion of the Harare Gardens to DPL. The MoL advised the CoH to consider carving out another adjacent piece of land and agree to swap that out for the land previously sold to DPL. The DPL Board has accepted this proposal and is currently formalising the proposal.

10.4 During the period covering December 2017 to February 2018 the Zimbabwe Revenue Authority (“ZIMRA”) conducted an audit of the tax affairs of Brainworks Capital Management, a subsidiary of Brainworks. Pursuant to the audit ZIMRA assessed Brainworks Capital Management for allegedly outstanding taxes, and penalties, for Pay-As-You-Earn (“PAYE”), Value Added Tax (“VAT”), income and withholding tax totalling USD20.93 million. In June 2018, based on advice from its tax consultants and legal counsel, Brainworks Capital filed an appeal against the dismissal of its objections by ZIMRA with the relevant courts in Zimbabwe. The appeals are on-going with the parties yet to secure a trial date.

10.5 Apart from the matters outlined above, there are no legal or arbitration proceedings, pending or threatened, of which Brainworks is aware, that may have or have had, in the 12 months preceding the date of this Circular, a material effect on the financial position of the Group.

11. SHARE TRADING HISTORY

Annexure 4 to this Circular contains the aggregate volume and value of Brainworks Shares traded on the JSE, as well as the highest and lowest traded prices:

- for each trading day during the 30-day period ended on the Last Practicable Date; and
- for each month since the Company's listing on 13 October 2017.

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

13. DIRECTORS' OPINION IN RESPECT OF THE SPECIFIC ISSUE

13.1 As the Specific Issue will be to Related Parties, the Company is required to obtain a fairness opinion from an Independent Expert on whether the terms thereof are fair to Shareholders (excluding the Related Parties and their associates). The Independent Expert's fairness opinion is set out in **Annexure 3** and the conclusion contained therein is that the Specific Issue is deemed to be unfair insofar as Shareholders are concerned.

13.2 Notwithstanding the fairness opinion provided, the Directors are unanimous in recommending that shareholders vote in favour of the Specific Issue at the General Meeting on the basis that this is in the Company's and ultimately Shareholders' best interests, as the settlement of the Loans through the issue of Shares fits into the Company's strategy to extinguish all expensive debt before the end of the current financial year. Furthermore, the Directors have fully taken into account the following considerations in arriving at their unanimous recommendation:

13.2.1 The constrained capacity of the Company to raise liquidity to settle the Loans

All the Company's operating subsidiaries are in Zimbabwe, a nation that is currently experiencing significant foreign currency challenges, impacting on the underlying investments to declare and remit dividends ultimately to the holding Company, which is domiciled in Mauritius. Notably, in June 2019, the Zimbabwean Government promulgated Statutory Instrument ("SI") 142 of 2019. This SI has far-reaching effects and significantly alters the currency landscape in Zimbabwe. The SI has been followed by an Exchange Control Directive RU102/2019 from the Reserve Bank of Zimbabwe which puts an end to all foreign currency settlements and payments (save for very limited exceptions) in Zimbabwe.

The effect of declaring the Zimbabwe dollar as the sole legal tender in Zimbabwe means that all other forms of money used hitherto are no longer considered as money by law. From the Company's perspective, it means that access to hard currency to settle hard currency-denominated debt is limited, and the Board is concerned that the Company may face increasing difficulty in servicing current debt obligations outside Zimbabwe. Settlement of these debts by way of equity mitigates this position.

13.2.2 Subdued investor interest in taking up equity investments into the Company

The Board would like to highlight the fact that since 2017, the Company has been unable to raise capital outside of Zimbabwe at a price higher than ZAR 6.50 per share, mainly due to concerns about the country risk profile and the level of debt which the Company had in its balance sheet at the time. The Board has been able to convince its Lenders to firstly accept settlement through Shares instead of cash as initially envisaged, and secondly to settle the debt at this price. The Board is of the considered view that it is in the interests of the Company and ultimately its Shareholders because:

- this is the price that the Company has been able to attract additional equity investment in the last 2 years and the market has not been forthcoming in accepting a higher price;
- the Company's shares are extremely illiquid and the price of ZAR6.50 per share takes this key investor consideration;
- Lenders are increasing their risk by converting a fixed value asset into a floating value asset; and
- Lenders are forgoing a fixed guaranteed return of 15% for a variable return.

13.2.3 Positive impact on earnings and cash generation

Post the Rights Offer, and if Shareholders approve the contemplated settlement of the related party debt through Shares, the Company could be in a position where it would have settled all its debt. This milestone would materially reduce its working capital constraints at the holding company level, simultaneously improving the Group earnings through material interest cost savings.

As demonstrated by **Annexure 1 - Pro-forma financial information**, settlement of the debt through the envisaged mechanism would yield annual interest cost savings of about US\$0.57m per annum. This would be in addition up to US\$0.52m anticipated to arise from cash settlement of other expensive debt from proceeds of the Rights Offer. Directors consider these savings material from cash flow and earnings perspective.

With further planned initiatives to improve cash flows underway, the Company's capacity to accommodate Shareholder dividends in the medium term will be enhanced.

13.2.4 Impact debt clearance strategy on future prospects of the Group

The envisaged settlement of the debt through Shares fits into with the Company's debt clearance strategy which the Board embarked on in 2017. Should the Rights Offer and the Conversions proposed herein, be successful, all Company debt will be settled by year-end. This coming from a historic all-time high debt level of US\$38.3m as at 31 December 2017. The Company is now on the verge of completing the current financial year practically without debt on its balance sheet. That milestone in the Board's view represents a turnaround with long term benefits to the Company and its shareholders. Furthermore, given that the underlying major subsidiaries are performing relatively well and already declaring dividends, the Company's balance sheet would be more attractive in future capital raising initiatives the Company may embark on as it now gears to enter into a growth phase.

13.3 All the Directors entitled to vote at the General Meeting intend to vote in favour of the Specific Issue in respect of their shareholdings and all the Directors unanimously recommend that Shareholders vote in favour of all of the resolutions contained herein.

14. EXPERTS' CONSENTS

The Transaction Sponsor, the Independent Reporting Accountants, the Independent Expert and the Transfer Secretaries 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, and have not, prior to the publication of this Circular, withdrawn their consents.

15. ESTIMATED EXPENSES

15.1 The total estimated costs, excluding South African VAT, where applicable, relating to the Change of Name and the Specific Issue are detailed in the table below:

Nature of expense	Paid/payable to	R
Transaction Sponsor	Questco	250 000
Valuation report on Conversion Option	Questco	110 000
Independent Reporting Accountants	PwC	816 900
Independent Expert	KPMG	360 300
Transfer Secretaries fees	Computershare	5 000
Printing and publication fees	Nextpage Concepts	70 100
Documentation fees	JSE	55 361
JSE Listing fees	JSE	84 887
Contingency	Various	10 000
Total		1 762 548

15.2 Other than set out above, Brainworks has not incurred any preliminary expenses in relation to the Specific Issue and Change of Name during the three years preceding the Last Practicable Date.

16. DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into this Circular:

Document name	Link
Circular to Shareholders dated 28 March 2018	http://www.brainworkscapital.com/sites/default/files/CIRCULAR%20TO%20BRAINWORKS%20SHAREHOLDERS%2028%20MARCH%202018.pdf
SENS announcement dated 10 May 2018	https://irhosted.profiledata.co.za/brainworks/2018_feeds/SensPopUp.aspx?id=310629

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company’s registered office and from the Transaction Sponsor during business hours from date of publication of this Circular up to the date of the General Meeting:

- 17.1 the Constitution of the Company and its Major Subsidiaries;
- 17.2 copies of the Loan Agreements and Debt Settlement Agreements;
- 17.3 all service agreements with Directors;
- 17.4 the letters of consent referred to in paragraph 14;
- 17.5 the audited financial statements for the Group for the financial years ended 31 December 2016 to 31 December 2018; and
- 17.6 the signed Independent Reporting Accountant’s report on the proforma financial information of the Specific Issue, as described in **Annexure 2**;
- 17.7 the signed fairness opinion prepared by the Independent Expert on the Specific Issue, as described in **Annexure 3**; and
- 17.8 a signed copy of this Circular.

18. GENERAL MEETING

A General Meeting of Shareholders will be held at 10:00 (GMT+4) on Friday, 01 November 2019, in order to consider and approve the resolutions set out in the notice of General Meeting included in this Circular.

Shareholders are referred to the “Action Required” section, which contains information as to the action they need to take in regard to the General Meeting.

SIGNED BY P SAUNGWEME IN MAURITIUS ON 27 SEPTEMBER 2019 FOR, AND ON BEHALF OF, ALL OTHER DIRECTORS OF THE COMPANY, IN TERMS OF THE POWER OF ATTORNEY GRANTED TO HIM BY SUCH DIRECTORS



P Saungweme
Chief Executive Officer

ANNEXURE 1: PRO-FORMA FINANCIAL INFORMATION

The *pro-forma* financial information is the responsibility of the Directors of the Company and is provided for illustrative purposes only and, because of their *pro-forma* nature, may not fairly present the Group's financial position, changes in equity, results of operations or cash flow, nor the effect and impact of the Post Balance Sheet Events and the Specific Issue going forward.

The *pro-forma* financial information has been prepared to illustrate the impact of the Post Balance Sheet Events and the Specific Issue on the audited consolidated results of Brainworks for the 12 months ended 31 December 2018, had the Post Balance Sheet Events and the Specific Issue occurred on 31 December 2018 for Statement of Financial Position purposes, and had the Post Balance Sheet Events and the Specific Issue occurred on 1 January 2017 for the purposes of the Statement of Comprehensive Income. The unadjusted financial information on which the *pro-forma* financial information is based, however does not comply with International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates, which resulted in an adverse audit opinion on the financial statements for the year ended 31 December 2018.

The *pro-forma* financial effects have been prepared in accordance with the JSE Listings Requirements, International Financial Reporting Standards ("IFRS"), the accounting policies to be adopted by the Group and the SAICA guide on *pro-forma* financial information.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$'000

	Unadjusted audited SOFP	Post Balance Sheet Events						SOPF after the Post Balance Sheet Events
		Loan drawdown – Red Rock and Blue Air	Loan drawdown Consortium	Repayment of existing borrowings	SOPF after loan drawdown and repayment	Rights Offer	Repayment of existing borrowings	
Notes	1	2	3	4	5=1+2+3+4	6	7	8=5+6+7
Non-current assets								
Property and Equipment	88 954	-	-	-	88 954	-	-	88 954
Investment property	23 552	-	-	-	23 552	-	-	23 552
Intangible assets (goodwill)	8 261	-	-	-	8 261	-	-	8 261
Deferred tax asset	1 801	-	-	-	1 801	-	-	1 801
Other non-current assets	2 914	-	-	-	2 914	-	-	2 914
	125 482	-	-	-	125 482	-	-	125 482
Current assets								
Inventory	5 362	-	-	-	5 362	-	-	5 362
Trade and other receivables	8 017	-	-	-	8 017	-	-	8 017
Cash and cash equivalents	16 363	561	931	(1 492)	16 363	5 741	(2 656)	19 448
	29 742	561	931	(1 492)	29 742	5 741	(2 656)	32 828
TOTAL ASSETS	155 224	561	931	(1 492)	155 224	5 741	(2 656)	158 310
Shareholders' equity								
Stated capital	70 864	-	-	-	70 864	5 741	-	76 605
Treasury shares	(7 775)	-	-	-	(7 775)	-	-	(7 775)
Non distributable reserve	(643)	-	-	-	(643)	-	-	(643)
Foreign currency translation reserve	(322)	-	-	-	(322)	-	-	(322)
Retained profit/(loss)	944	-	-	-	944	-	-	944
Equity attributable to ordinary shareholders	63 068	-	-	-	63 068	5 741	-	68 809
Outside shareholders' interests	38 677	-	-	-	38 677	-	-	38 677
Total Equity	101 745	-	-	-	101 745	5 741	-	107 486
Non-current liabilities								
Borrowings	4 174	-	-	-	4 174	-	-	4 174
Deferred tax liabilities	9 737	-	-	-	9 737	-	-	9 737
Deferred lease income	296	-	-	-	296	-	-	296
Trade and other payables	-	-	-	-	-	-	-	-
	14 208	-	-	-	14 208	-	-	14 208
Current liabilities								
Borrowings	12 893	-	-	(1 492)	11 401	-	(2 656)	8 745
Financial liability at fair value through profit or loss	-	561	931	-	1 492	-	-	1 492
Trade and other payables	25 778	-	-	-	25 778	-	-	25 778
Deferred lease income	31	-	-	-	31	-	-	31
Current income tax payable	571	-	-	-	571	-	-	571
	39 272	561	931	(1 492)	39 272	-	(2 656)	36 616
TOTAL LIABILITIES AND EQUITY	155 224	561	931	(1 492)	155 224	5 741	(2 656)	158 310
Number of Shares in issue (000)*	88 531	-	-	-	88 531	13 200	-	101 731
NAV per share (USD cents)	71.2	-	-	-	71.2	-	-	67.6
Diluted NAV per share (USD cents)	71.2	-	-	-	63.0	-	-	60.8
TNAV per share (USD cents)	59.8	-	-	-	59.8	-	-	57.7
Diluted TNAV per share (USD cents)	59.8	-	-	-	53.0	-	-	51.9

*Excluding treasury shares

Effects of the Specific Issue (Scenario 1)						Pro-forma SOFP after Post Balance Sheet Events and the Proposed Transaction	Effects of the Specific Issue (Scenario 2)					Pro-forma SOFP after Post Balance Sheet Events and the Proposed Transaction
Settlement of Loan through shares – Red Rock and Blue Air	Settlement of Loan through shares – Cosortium	Settlement of Loan through shares – 2017 Loans	Settlement of Loan through shares – 2018 Loan	Transaction costs		Settlement of Loan in shares – Red Rock and Blue Air	Settlement of Loan in shares – Cosortium	Settlement of Loan in shares – 2017 Loans	Settlement of Loan in shares – 2018 Loan	Transaction costs		
9	10	11	12	13	14= 8+9+10 +11+12+13	15	16	17	18	19	20=8+ 15+16+17 +18+19	
-	-	-	-	-	88 954	-	-	-	-	-	88 954	
-	-	-	-	-	23 552	-	-	-	-	-	23 552	
-	-	-	-	-	8 261	-	-	-	-	-	8 261	
-	-	-	-	-	1 801	-	-	-	-	-	1 801	
-	-	-	-	-	2 914	-	-	-	-	-	2 914	
-	-	-	-	-	125 482	-	-	-	-	-	125 482	
-	-	-	-	-	5 362	-	-	-	-	-	5 362	
-	-	-	-	-	8 017	-	-	-	-	-	8 017	
-	-	-	-	(119)	19 329	-	-	-	-	(94)	19 354	
-	-	-	-	(119)	32 708	-	-	-	-	(94)	32 734	
-	-	-	-	(119)	158 190	-	-	-	-	(94)	158 216	
589	972	3 278	167	(119)	81 492	589	972	3 278	167	(94)	81 518	
-	-	-	-	-	(7 775)	-	-	-	-	-	(7 775)	
-	-	-	-	-	(643)	-	-	-	-	-	(643)	
-	-	-	-	-	(322)	-	-	-	-	-	(322)	
(28)	(42)	(346)	(16)	-	512	(28)	(42)	(346)	(16)	-	512	
561	931	2 932	151	(119)	73 264	561	931	2 932	151	(94)	73 290	
-	-	-	-	-	38 677	-	-	-	-	-	38 677	
561	931	2 932	151	(119)	111 941	561	931	2 932	151	(94)	111 967	
-	-	-	-	-	4 174	-	-	-	-	-	4 174	
-	-	-	-	-	9 737	-	-	-	-	-	9 737	
-	-	-	-	-	296	-	-	-	-	-	296	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	14 208	-	-	-	-	-	14 208	
-	-	(2 932)	(151)	-	5 662	-	-	(2 932)	(151)	-	5 662	
(561)	(931)	-	-	-	-	(561)	(931)	-	-	-	-	
-	-	-	-	-	25 778	-	-	-	-	-	25 778	
-	-	-	-	-	31	-	-	-	-	-	31	
-	-	-	-	-	571	-	-	-	-	-	571	
(561)	(931)	(2 932)	(151)	-	32 041	(561)	(931)	(2 932)	(151)	-	32 041	
-	-	-	-	(119)	158 190	-	-	-	-	(94)	158 216	
1 338	2 207	7 599	387	-	113 262	1 704	2 811	7 599	387	-	114 231	
-	-	-	-	-	64.7	-	-	-	-	-	64.2	
-	-	-	-	-	64.7	-	-	-	-	-	64.2	
-	-	-	-	-	55.8	-	-	-	-	-	55.4	
-	-	-	-	-	55.8	-	-	-	-	-	55.4	

1. Represents the audited consolidated SOFP of the Group as at 31 December 2018 as extracted from the Group's audited financial results published on 30 April 2019.

Post Balance Sheet Events

2. Represents the *pro-forma* financial effects of the draw down of US\$0.56m from various tranches of the RTGS\$2.31m facilities that had been set up with Red Rock Capital and Blue Air Capital in terms of the 2019 Loan Agreements.

The loan has been accounted for as a financial liability at fair value through profit or loss in terms of IFRS *Financial Instruments*. The amount received has been assessed to be the fair value of the loan because the loan carries interest at a market related rate and is short-term.

3. Represents the *pro-forma* financial effects of the draw down of US\$0.93m from various tranches of the RTGS\$5.2m facility that had been set up with the Consortium Lenders in terms of the 2019 Loan Agreements.

The loan has been accounted for as a financial liability at fair value through profit or loss in terms of IFRS *Financial Instruments*. The amount received has been assessed to the fair value of the loan because the loan carries interest at market related rate and is short-term.

4. Represents the *pro-forma* financial effects of the repayment of existing borrowings from the loan proceeds of US\$1.49m. The 18% per annum interest on the refinanced debt was compounded monthly. The repayment was effected in four tranches on 31 March 2019, 31 May 2019, 25 June 2019 and 1 August 2019.

5. Represents the *pro-forma* SOFP subtotal after the drawdown of the 2019 Loan Agreements referred to in note (2) and (3) above and the effect of repayment of existing borrowings from the loan proceeds referred to in note (4), before taking into account the results of the Rights Offer. This also represents the theoretical bottom end of the range of possible outcomes of the Rights Offer, i.e. assuming no rights are followed.

It should be noted that the outcome of the Rights Offer is uncertain as at the Last Practicable Date, and therefore the impact of the Rights Offer can range from having no impact in the event of no take-up on the Rights Offer (i.e. column 5) to the full dilution in the event of a 100% take up on the Rights Offer (i.e. column 6).

6. Represents the maximum *pro-forma* effects of the Rights Offer as set out in the circular dated 02 September 2019, assuming all rights are followed. In terms of the Rights Offer, up to 13.2 million ordinary shares could be issued at R6.50 per share. Assuming all the rights are taken up, and based on the Last Practicable Date ZAR/US\$ Rate of 1:14.75, US\$5.74m would be raised. Refer to the circular on the Rights Offer, dated 02 September 2019 for more information.

The Rights Offer transactions costs of US\$74 000 have been charged to equity, as a deduction against the gross rights issue proceeds, in terms of International Accounting Standard ("IAS") 32 - '*Financial Instruments Presentation*': Costs are not deductible for income tax purposes.

7. Represents the *pro-forma* effects of the repayment of short term debt of US\$2.66m from the Rights Offer proceeds in line with clause 3.1.1 of the Rights Offer circular, dated 02 September 2019, which states that "The proceeds from the Rights Offer will be used by Brainworks to settle an outstanding loan advanced to Brainworks, which currently bears interest at 18% per annum and is secured by 7 775 000 Brainworks Limited shares held by Brainworks Capital Management, and a power of attorney to register surety mortgage bonds over certain fixed properties owned by the Group ("the Loan"). The Loan matures on 17 October 2019". This is on the assumption that the amount raised from the Rights Offer is adequate to fund the repayment of the outstanding EP Loan of US\$2.66m. The extent to which the outstanding EP loan will be repaid will depend on the amount raised from the Rights Offer, which could be less than the USD2.66m.

8. Represents the *pro-forma* SOFP after Rights Offer, but before the Specific Issue and repayment of existing debt. It should be noted that the outcome of the Rights Offer is uncertain as at the Last Practicable Date, and therefore the impact of the Rights Offer can range from having no impact in the event of no take-up on the Rights Offer (i.e. column 5) to the full dilution in the event of a 100% take up on the Rights Offer (i.e. this column 8).

Scenario 1 of the Specific Issue – effect of settlement of related party loans

This scenario assumes the issue of 11.53 million ordinary shares, based on the Last Practicable Date ZAR/USD Rate. Applying this ZAR/USD Rate results in the issue of a lower than the maximum number of 12.5 million shares requested in terms of the circular.

9. Represents the *pro-forma* effects of the settlement of the US\$0.56m loans received from Red Rock Capital and Blue Air Capital in 2019, which including accrued interest at 10% per annum aggregates to US\$0.59m through the issue of ordinary shares in the Company at the agreed issue price of R6.50 per share.

In terms of the Loan Agreements between the Company and the Lenders, the Loans and accrued interest are repayable on the earlier of demand by any of the Lenders at any time, or repayment by issue of shares at R6.50 per share on the ultimate repayment date of 1 November 2019 (“the Ultimate Repayment Date”).

Whilst it is assumed for purpose of the *pro-forma* SOFP that the Specific Issue is effected on 31 December 2018, the loan balance is calculated assuming that interest is accrued to 1 November 2019 in order to reflect a more appropriate number of shares to be issued to settle the loans. The difference between the loans issued of US\$0.56m (refer to note 2 above) and the amount settled of US\$0.59m, being US\$0.03m, is recognised in retained earnings.

The settlement in shares would result in the issue of 1.34m ordinary shares, calculated based on the loans’ ZAR equivalent of ZAR8.7m, based on the Last Practicable Date ZAR/US\$ Rate of 1:14.75.

10. Represents the *pro-forma* effects of the settlement of the US\$0.93m loans received from the Consortium Lenders in 2019, which including accrued interest at 10% per annum amounts to US\$0.97m, through issue of ordinary shares in the Company at the agreed issue price of R6.50 per share.

In terms of the Loan Agreements between the Company and the Consortium Lenders, the loans and accrued interest are repayable on the earlier of the issue of the shares at R6.50 per share as settlement, or on 1 November 2019 (“the Ultimate Repayment Date”).

Whilst it is assumed for purpose of the *pro-forma* SOFP that the Specific Issue is effected on 31 December 2018, the loan balance is calculated assuming that interest is accrued to 1 November 2019 in order to reflect a more appropriate number of shares to be issued to settle the loans. The difference between the loans issued of US\$0.93m (refer to note 3 above) and the amount settled of US\$0.97m, being US\$0.04m, is recognised in retained earnings.

The settlement in shares would result in the issue of 2.2m ordinary shares, calculated based on the loans’ ZAR equivalent of ZAR14.35m, based on the Last Practicable Date ZAR/US\$ Rate of 1:14.75.

11. Represents the *pro-forma* effects of the settlement of loans issued in terms of the 2017 Loan Agreements, which including accrued interest aggregates to US\$3.28m through issue of shares in the Company at agreed issue price of R6.50 per share.

In terms of the 2017 Debt Settlement agreements, the loans and accrued interest up to the ultimate repayment date would be settled through issue of shares at R6.50 per share, at the agreed ZAR/USD Average Rate, which is 15.0677. These loans and accrued interest thereon were initially all repayable in cash.

Whilst it is assumed for purpose of the *pro-forma* SOFP that the Specific Issue is effected on 31 December 2018, the loan balance is calculated assuming that interest is accrued to 1 November 2019, which is the ultimate loan repayment date in order to reflect a more appropriate number of shares to be issued to settle the loans. The difference between the balance of the loans as at 31 December 2018 of US\$2.93m and the amount settled of US\$3.28m, being US\$0.35m, is recognised in retained earnings.

Using the ZAR/USD Average Rate of 15.0677 which has been agreed by the 2017 and 2018 Lenders and the Company in terms of the Debt Settlement agreements, the settlement in shares would result in the issue of a fixed number of 7.6m ordinary shares in settlement of the loans, calculated based on the loans' ZAR equivalent of ZAR49.4m.

12. Represents the *pro-forma* effects of the settlement of loans issued in terms of the 2018 Loan Agreement with Argentum, which including accrued interest aggregates to US\$0.17m through issue of shares in the Company at agreed issue price of R6.50 per share.

In terms of the 2018 Debt Settlement agreement, the loan and accrued interest up to the ultimate repayment date would be settled through issue of shares at R6.50 per share, at the agreed ZAR/USD Average Rate, which is 15.0677. The loan and accrued interest thereon was initially all repayable in cash.

Whilst it is assumed for purpose of the *pro-forma* SOFP that the Specific Issue is effected on 31 December 2018, the loan balance is calculated assuming that interest is accrued to 1 November 2019, which is the ultimate loan repayment date in order to reflect a more appropriate number of shares to be issued to settle the loans. The difference between the balance of the loan as at 31 December 2018 of US\$0.15m and the amount settled of US\$0.17m, being US\$0.02m, is recognised in retained earnings.

Using the ZAR/US\$ Average Rate of 15.0677 which has been agreed with the lender and the Company in terms of the loan settlement agreements the settlement in shares would result in the issue of a fixed number of 0.39m ordinary shares in settlement of the loan, calculated based on the loans' ZAR equivalent of ZAR2.51m.

13. Represents the *pro-forma* effect of the transaction costs as set out in paragraph 15 of the Circular. Transaction costs of ZAR1.76m are translated based on the Last Practicable Date US\$/ZAR exchange rate of 1:14.75. The costs are however not deductible for income tax purposes.
14. Represents the *pro-forma* SOFP after the Post Balance Sheet Events and the Specific Issue (Scenario 1) transactions. This column 14 has been calculated assuming a 100% take-up of the Rights Offer (i.e. with column (8) as the starting point). It should however be noted that the outcome of the Rights Offer in column (6) and (7) is uncertain as at the Last Practicable Date, and therefore the impact of the Rights Offer can range from having no impact in the event of no take-up on the Rights Offer (i.e. column 5) to the full dilution in the event of a 100% take up on the Rights Offer (i.e. this column 8).

Scenario 2 of the Specific issue – effect of settlement of related party loans

This scenario assumes issue of maximum number of shares requested in terms of the circular, being 12.5 million ordinary shares, should ZAR weaken against the US\$ as described below.

15. The *pro-forma* effects of settling the loans are similar to those in column 9. However, this scenario assumes that the loan settlement results in the issue of 1.7m ordinary shares in settlement of the loans, being the proportionate maximum that can be issued in terms of the maximum shares shareholders are requested to authorise. The increase in the number of shares from 1.34m in terms of column 9 to 1.7m (i.e. this column 15) illustrates the *pro-forma* financial effect of a 27.35% or greater weakening of the ZAR resulting in a ZARUSD Rate of 1:18.79 or higher.
16. The *pro-forma* effects of settling the loans are similar to those in column 10. However, this scenario assumes that the loan settlement results in the issue of 2.8m ordinary shares in settlement of the loans, being the proportionate maximum that can be issued in terms of the maximum shares shareholders are requested to authorise. The increase in the number of shares from 2.2m in terms of column 10 to 2.8m (i.e. this column 16) illustrates the pro forma financial effect of a 27.35% or greater weakening of the ZAR resulting in a ZAR/USD Rate of 1:18.79 or higher.

17. The *pro-forma* effects of settling the loans are the same as those in column 11. The maximum number of shares that would be issued would not vary as the actual number of shares to be issued in settlement of the 2017 loans have been fixed and agreed. Refer to note (11) above.
18. The *pro-forma* effects of settling the loans are the same as those in column 12. The maximum number of shares that would be issued would not vary as the actual number of shares to be issued in settlement of the 2017 loans have been fixed and agreed. Refer to note (12) above.
19. Represents the *pro-forma* effects of the transaction costs as set out in note (9) above, adjusted for a change in exchange rate explained in note (15) above. The costs are capitalised to equity and are not deductible for income tax purposes.
20. Represents the *pro-forma* SOFP after the Post Balance Sheet Events and the Specific Issue (Scenario 2) transactions. This column 20 has been calculated assuming a 100% take-up of the Rights Offer (i.e. with column (8) as the starting point). It should however be noted that the outcome of the Rights Offer in column (6) and (7) is uncertain as at the Last Practicable Date, and therefore the impact of the Rights Offer can range from having no impact in the event of no take-up on the Rights Offer (i.e. column 5) to the full dilution in the event of a 100% take up on the Rights Offer (i.e. this column 8).

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

US\$'000

	Audited published SOCI	Post Balance Sheet Events						SOCI after the Post Balance Sheet Events
		Loan draw-down – Blue Air and Red Rock	Loan draw-down - Consortium	Repayment of existing borrowings	SOPF after loan draw-down and repayment	Rights Offer	Repayment of existing borrowings	
Notes	1	2	3	4	5=1+2 +3+4	6	7	8=5 +6+7
Revenue	79 297	-	-	-	79 297	-	-	79 297
Cost of sales	(25 600)	-	-	-	(25 600)	-	-	(25 600)
Gross profit	53 697	-	-	-	53 697	-	-	53 697
Interest income	115	-	-	-	115	-	-	115
Share of associate income	512	-	-	-	512	-	-	512
Fair value gain on investment property	950	-	-	-	950	-	-	950
Net gain from financial assets at fair value through P&L	980	-	-	-	980	-	-	980
Net gain from financial liabilities at fair value through P&L	-	-	-	-	-	-	-	-
Fair value gain on remeasurement of investment in associate	-	-	-	-	-	-	-	-
Profit on sale of investment in associate	3 006	-	-	-	3 006	-	-	3 006
Impairment of associate	-	-	-	-	-	-	-	-
Sundry income	3 959	-	-	-	3 959	-	-	3 959
Loss on disposal of Subsidiary	(947)	-	-	-	(947)	-	-	(947)
Recycled foreign currency translation reserve	-	-	-	-	-	-	-	-
Operating profit before finance costs	66 352	-	-	-	66 352	-	-	66 352
Operating expenses	(47 899)	-	-	-	(47 899)	-	-	(47 899)
Operating profit before finance costs	18 453	-	-	-	18 453	-	-	18 453
Interest expense	(3 272)	(56)	(93)	292	(3 129)	-	520	(2 610)
Profit/(loss) before tax	15 181	(56)	(93)	292	15 324	-	520	15 844
Income tax expense	(4 767)	14	24	(75)	(4 804)	-	(134)	(4 938)
Profit/(loss) after tax	10 414	(42)	(69)	217	10 520	-	386	10 906
Loss on discontinued operations	-	-	-	-	-	-	-	-
(Loss)/profit for the period	10 414	(42)	(69)	217	10 520	-	386	10 906
Other comprehensive (loss)/income	-	-	-	-	-	-	-	-
Foreign currency translation reserve	(86)	-	-	-	(86)	-	-	(86)
Total comprehensive (loss)/income	10 328	(42)	(69)	217	10 434	-	386	10 820
Profit/(loss) attributable to:								
Owners of parent	4 951	(42)	(69)	217	5 057	-	386	5 443
Non-controlling interests	5 463	-	-	-	5 463	-	-	5 463
	10 414	(42)	(69)	217	10 520	-	386	10 906
Reconciliation of earnings to headline earnings:								
Profit/(loss) attributable to owners of the parent from continuing operations	4 951	(42)	(69)	217	5 057	-	386	5 443
Adjusted for:								
Loss from disposal of subsidiary	947	-	-	-	947	-	-	947
Fair value gain on reclassification of investment in associate to financial assets held at fair value through profit or loss (note 10.1)	(4 082)	-	-	-	(4 082)	-	-	(4 082)
Profit from disposal of investment in associate	(3 006)	-	-	-	(3 006)	-	-	(3 006)
Fair value (loss)/gain on investment property	(950)	-	-	-	(950)	-	-	(950)
Profit from disposal of property and equipment	(891)	-	-	-	(891)	-	-	(891)
Loss from disposal of investment property	5	-	-	-	5	-	-	5
Tax effect of headline earnings adjustments	245	-	-	-	245	-	-	245
Total non-controlling effect of adjustments	267	-	-	-	267	-	-	267
Headline loss	(2 513)	(42)	(69)	217	(2 407)	-	386	(2 021)
Weighted average number of shares in issue	80 074	-	-	-	80 074	13 200	-	93 274
EPS per share (USD cents)	6.183	-	-	-	6.315	-	-	5.835
Diluted EPS per share (USD cents)	6.183	-	-	-	5.641	-	-	5.299
HEPS per share (USD cents)	(3.138)	-	-	-	(3.006)	-	-	(2.167)
Diluted HEPS per share (USD cents)	(3.138)	-	-	-	(2.507)	-	-	(1.823)

Effects of the Specific Issue (Scenario 1)					Pro-forma SOFP after Post Balance Sheet Events and the Proposed Transaction	Effects of the Specific Issue (Scenario 2)					Pro-forma SOFP after Post Balance Sheet Events and the Proposed Transaction
Settlement of Loan through shares - Blue Air and Red Rock	Settlement of Loan through shares - Consortium	Settlement of Loan through shares - 2017 Loans	Settlement of Loan through shares - 2018 Loan	Transaction costs		Settlement of Loan in shares - Blue Air and Red Rock	Settlement of Loan in shares - Consortium	Settlement of Loan in shares - 2017 Loans	Settlement of Loan through shares - 2018 Loan	Transaction costs	
9	10	11	12	13	14= 8+ 9+10+11+ 12+13	15	16	17	18	19	20=8+ 15+16+17 +18+19
-	-	-	-	-	79 297	-	-	-	-	-	79 297
-	-	-	-	-	(25 600)	-	-	-	-	-	(25 600)
-	-	-	-	-	53 697	-	-	-	-	-	53 697
-	-	-	-	-	115	-	-	-	-	-	115
-	-	-	-	-	512	-	-	-	-	-	512
-	-	-	-	-	950	-	-	-	-	-	950
-	-	-	-	-	980	-	-	-	-	-	980
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	3 006	-	-	-	-	-	3 006
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	3 959	-	-	-	-	-	3 959
-	-	-	-	-	(947)	-	-	-	-	-	(947)
-	-	-	-	-	66 352	-	-	-	-	-	66 352
-	-	-	-	(119)	(48 018)	-	-	-	-	(94)	(47 993)
-	-	-	-	(119)	18 334	-	-	-	-	(94)	18 360
56	93	419	11	-	(2 031)	56	93	419	11	-	(2 031)
56	93	419	11	(119)	16 303	56	93	419	11	(94)	16 329
(14)	(24)	(108)	(3)	-	(5 087)	(14)	(24)	(108)	(3)	-	(5 087)
42	69	311	8	(119)	11 216	42	69	311	8	(94)	11 242
-	-	-	-	-	-	-	-	-	-	-	-
42	69	311	8	(119)	11 216	42	69	311	8	(94)	11 242
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(86)	-	-	-	-	-	(86)
42	69	311	8	(119)	11 130	42	69	311	8	(94)	11 156
-	-	-	-	-	-	-	-	-	-	-	-
42	69	311	8	(119)	5 753	42	69	311	8	(94)	5 779
-	-	-	-	-	5 463	-	-	-	-	-	5 463
42	69	311	8	(119)	11 216	42	69	311	8	(94)	11 242
-	-	-	-	-	-	-	-	-	-	-	-
42	69	311	8	(119)	5 753	42	69	311	8	(94)	5 779
-	-	-	-	-	947	-	-	-	-	-	947
-	-	-	-	-	(4 082)	-	-	-	-	-	(4 082)
-	-	-	-	-	3 006	-	-	-	-	-	(3 006)
-	-	-	-	-	(950)	-	-	-	-	-	(950)
-	-	-	-	-	(891)	-	-	-	-	-	(891)
-	-	-	-	-	5	-	-	-	-	-	5
-	-	-	-	-	245	-	-	-	-	-	245
-	-	-	-	-	267	-	-	-	-	-	267
42	69	311	8	(119)	(1 711)	42	69	311	8	(94)	(1 685)
1 338	2 207	7 599	387	-	104 805	1 704	2 811	7 599	387	-	105 774
-	-	-	-	-	5,490	-	-	-	-	-	5,464
-	-	-	-	-	5,490	-	-	-	-	-	5,464
-	-	-	-	-	(1,632)	-	-	-	-	-	(1,593)
-	-	-	-	-	(1,632)	-	-	-	-	-	(1,593)

1. Represents the audited consolidated SOCI of the Group for the year ended 31 December 2018 as extracted from the Group's audited financial results published on 30 April 2019.

Post Balance Sheet Events

2. Represents the *pro-forma* effects of the interest accruing at 10% per annum on actual multiple loan drawdowns aggregating to US\$0.56m from Red Rock Capital Limited and Blue Air Capital Limited, in terms of the 2019 Loan Agreements.

For the purpose of the *pro-forma* SOCI, the full loan of US\$0.56m is assumed to have been drawn on 1 January 2018, resulting in total interest expense on the loans for the year amounting to US\$56k, and an associated tax deduction at an effective income tax rate of 25.75% of US\$14 000.

The interest cost after tax will have an ongoing effect.

3. Represents the *pro-forma* effects of the interest accruing at 10% per annum on actual multiple loan drawdowns aggregating to US\$0.93m from the Consortium Lenders, in terms of the 2019 Loan Agreements.

For the purpose of the *pro-forma* SOCI, the full loan of US\$0.93m has been assumed to have been drawn on 1 January 2018, resulting in total interest expense on the loans for the year amounting to US\$93 000, and an associated tax deduction at an effective income tax rate of 25.75% of US\$24 000.

The interest cost after tax will have an ongoing effect.

4. Represents the *pro-forma* effects of the interest cost savings arising from the actual repayment of short-term debt from the US\$1.49m loan proceeds made after the balance sheet date. Short term debt partly repaid accrued interest at an interest at a rate of 18% per annum compounded monthly.

For the purpose of the *pro-forma* SOCI, the US\$1.49m repayment is assumed to have been effected on 1 January 2018, resulting in annual interest cost savings of US\$292 000, and an associated income tax cost on the saving at an effective income tax rate of 25.75% of US\$75 000.

The interest cost savings would have an ongoing effect.

5. Represents the *pro-forma* SOCI subtotal after the *pro-forma* effects of interest accruing on the actual loan drawdowns referred to in note (2) and (3) above and the *pro-forma* effects of the interest cost savings arising from the actual repayment of short-term debt from the US\$1.49m loan proceeds made after the balance sheet. This column 5 illustrates the outcome before taking into account the results of the Rights Offer.

It should be noted that the outcome of the Rights Offer is uncertain as at the Last Practicable Date, and therefore the impact of the Rights Offer can range from having no impact in the event of no take-up on the Rights Offer (i.e. column 5) to the full dilution in the event of a 100% take up on the Rights Offer (i.e. column 6).

6. Represents the maximum *pro-forma* effects of the Rights Offer. In terms of the Rights Offer, up to 13.2 million shares would be issued at R6.50 per share. Assuming all the rights are taken up, and based on the Last Practicable Date ZAR/USD Rate of 1:14.75, US\$5.74m would be raised.

The Rights Offer transactions costs of US\$74 000 have been charged to equity, as a deduction against the gross Rights Offer proceeds. These transaction costs are also not deductible for income tax purposes.

The increase in the number of shares as a result of the Rights Offer will have a once off effect.

7. Represents the *pro-forma* effects of repayment of part of the short term debt of US\$2.66m accruing interest at 18% per annum compounded monthly.

For the purpose of the *pro-forma* SOCI, the US\$2.66m loan repayment has been assumed to have been made on 1 January 2018, resulting in total interest cost savings on the loan for the year amounting to US\$520 000, and an associated additional income tax expense at an effective income tax rate of 25.75% of US\$134 000.

The interest cost savings would have an ongoing effect.

8. Represents the *pro-forma* SOCI after the repayment of part of the short term debt of US\$2.66m from the Rights Offer proceeds referred to in note (6). It should be noted that the outcome of the Rights Offer is uncertain as at the Last Practicable Date.

Scenario 1 of the Specific Issue – effect of settlement of related party loans

This scenario assumes issue of number of 11.53 million shares, based on the Last Practicable Date ZAR/US\$ Rate. Applying this ZAR/US\$ Rate results in the issue of a lower than the maximum number of 12.5 million shares requested in terms of the circular.

9. Represents the *pro-forma* effects of interest cost savings arising from settlement of loans amounting to US\$0.56m from Red Rock Capital and Blue Air Capital in terms of the 2019 Loan Agreements, through issue of ordinary shares at R6.50 per share. This results in reversal of the interest costs of US\$56 000, and a reversal of the associated income tax benefits at an effective income tax rate of 25.75%.

These loans are those referred to in note (2) above.

The settlement in shares would result in the issue of 1.34m ordinary shares, calculated based on the Loans ZAR equivalent of ZAR8.7m based on the Last Practicable Date ZAR/US\$ Rate of 1:14.75.

The interest cost savings would have an ongoing effect.

10. Represents the *pro-forma* effects of interest cost savings arising from settlement of loans amounting to US\$0.93m from the Consortium Lenders in terms of the 2019 Loan Agreements, through issue of ordinary shares at R6.50 per share. This results in reversal of the interest costs of US\$93 000, and a reversal of the associated income tax benefits at an effective income tax rate of 25.75%.

These loans are those referred to in note (3) above.

The settlement in shares would result in the issue of 2.2m ordinary shares, calculated based on the Loans ZAR equivalent of ZAR14.35m based on the Last Practicable Date ZAR/US\$ Rate of 1:14.75.

The interest cost savings would have an ongoing effect.

11. Represents the *pro-forma* effects of interest cost savings arising from settlement of loans issued in terms of the 2017 Loan Agreements amounting to US\$3.28m through issue of ordinary shares at R6.50 per share. Settlement of these loans is assumed to have been effected on 1 January 2018, resulting in interest cost savings of US\$419 000, and a reversal of associated income tax benefits at an effective income tax rate of 25.75%.

The settlement in shares would result in the issue of a fixed number of 7.6m ordinary shares in settlement of the 2017 Loans based on the settlement agreement between the 2017 Lenders and the Company.

The interest cost saving will have an ongoing effect.

12. Represents the *pro-forma* effects of interest cost savings arising from settlement of loans issued in terms of the Argentum 2018 Debt Settlement Agreement amounting to US\$167 000 through issue of ordinary shares at R6.50 per share. Settlement of these loans is assumed to have been effected on 1 January 2018, resulting in interest cost savings of US\$11 000, and a reversal of associated income tax benefits at an effective income tax rate of 25.75%.

The settlement in shares would result in the issue of a fixed number of 387 000 ordinary shares in settlement of the 2018 Loan based on the settlement agreement between the 2018 Lender and the Company.

The interest cost saving will have an ongoing effect.

13. Represents the *pro-forma* effects of the transaction costs as set out in paragraph 15 of the Circular. Transaction costs of ZAR1.76m are translated based on the Last Practicable Date ZAR/US\$ Rate of 1:14.75. The costs are charged to equity and are not deductible for income tax purposes.

The transaction costs will not have an ongoing effect.

14. Represents the *pro-forma* SOCI after the effect of the Post balance Sheet events and the settlement of the loans (Scenario 1) transactions, assuming the loan settlements were effected on 1 January 2018. Loans in aggregate of US\$5m are settled through issue of 11.53m ordinary shares by the Company. This column 14 has been calculated assuming a 100% take-up of the Rights Offer (i.e. with column (8) as the starting point). It should however be noted that the outcome of the Rights Offer in column (6) and (7) is uncertain as at the Last Practicable Date, and therefore the interest cost savings arising from settlement of the loans can range from having no impact in the event of no take-up on the Rights Offer (i.e. column 5) to the full interest cost savings of US\$520k in the event of a 100% take up on the Rights Offer (i.e. column 8).

Scenario 2 of the Specific Issue – effect of settlement of related party loans

This scenario assumes issue of maximum number of shares requested in terms of the circular, being 12.5m ordinary shares, should ZAR weaken against the US\$ as described below.

15. The *pro-forma* effects of settling the loans are similar to those in column 9. However, this scenario assumes that the loan settlement results in the issue of 1.7m ordinary shares, being the proportionate maximum that can be issued in terms of the maximum shares shareholders are requested to authorise. The increase in the number of shares from 1.33m in terms of column 9 to 1.7m (i.e. this column 15) illustrates the *pro-forma* financial effect of a 27.35% or greater weakening of the ZAR resulting in a ZAR/US\$ Rate of 1:18.79 or higher.

The interest cost saving will have an ongoing effect.

16. The *pro-forma* effects of settling the loans are similar to those in column 10. However, this scenario assumes that the loan settlement results in the issue of 2.8m ordinary shares in settlement of the Loans, being the proportionate maximum that can be issued in terms of the maximum shares shareholders are requested to authorise. The increase in the number of shares from 2.2m in terms of column 10 to 2.8m (i.e. this column 16) illustrates the *pro-forma* financial effect of a 27.35% or greater weakening of the ZAR resulting in a ZAR/USD Rate of 1:18.79 or higher.

The interest cost saving will have an ongoing effect.

17. The *pro-forma* effects of settling the loans are similar to those in column 11. The maximum number of shares that would be issued would not vary as the actual number of shares to be issued in settlement of the 2017 Loans have been fixed and agreed. Refer to note (11) above.

The interest cost saving will have an ongoing effect.

18. The *pro-forma* effects of settling the loans are similar to those in column 12. The maximum number of shares that would be issued would not vary as the actual number of shares to be issued in settlement of the 2018 Loan has been fixed and agreed. Refer to note (12) above.
19. Represents the *pro-forma* effect of the transaction costs as set out in note (13) above, adjusted for the change in exchange rate explained in note (15) above. The costs are however not deductible for income tax purposes.

The transaction costs will not have an ongoing effect.

20. Represents the *pro-forma* SOCI after the Post Balance Sheet Events, the loan settlement transactions (Scenario 2) transactions, assuming up to 12.5m ordinary shares requested in terms of the circular are issued. This column 20 has been calculated assuming a 100% take-up of the Rights Offer shares (i.e. with column (8) as the starting point). It should however be noted that the outcome of the Rights Offer in column (6) and (7) is uncertain as at the Last Practicable Date, and therefore the interest cost savings arising from settlement of loans can range from having no impact in the event of no take-up on the Rights Offer (i.e. column 5) to the full interest cost savings of US\$520 000 in the event of a 100% take up on the Rights Offer (i.e. this column 7).

ANNEXURE 2: INDEPENDENT REPORTING ACCOUNTANTS ASSURANCE REPORT ON THE PRO-FORMA FINANCIAL INFORMATION



The Board of Directors

c/o Adansonia Management Services Limited
(Registration number: C128022)
Suite 1, Perrieri Office Suites
C2-302, Level 3, Office Block C
La Croisette
Grand Baie, 30517
Republic of Mauritius

20 September 2019

Independent reporting accountant's assurance report on the compilation of *pro-forma* financial information of Brainworks Limited

Introduction

We have completed our assurance engagement to report on the compilation of the *pro-forma* financial information of Brainworks Limited ("Brainworks or "the Company") by the directors. The *pro-forma* financial information, presented in **Annexure 1** and in paragraph 3.6 to the Circular, consists of the *pro-forma* statement of financial position as at 31 December 2018, the *pro-forma* statement of comprehensive income for the year ended 31 December 2018 and the *pro-forma* financial effects and related notes ("the *Pro-Forma* Financial Information"). The applicable criteria on the basis of which the directors have compiled the *Pro-Forma* Financial Information are specified in the JSE Limited (JSE) Listings Requirements and described in **Annexure 1** and in paragraph 3.6 to the Circular.

Brainworks Limited ("Brainworks or "the Company") is issuing a circular to its shareholders ("the Circular") to provide Shareholders with relevant information relating to the Specific Issue to enable them to make informed decisions, and to give notice of the General Meeting in order for Shareholders to consider and, if deemed fit, to pass the resolutions necessary to approve the Specific Issue ("the Proposed Transaction").

At your request and solely for the purposes of the Circular to be dated on or about 27 September 2019, we present our assurance report on the compilation of the *Pro-Forma* Financial Information of Brainworks by the directors. The *Pro-Forma* Financial Information, presented in **Annexure 1** and in paragraph 3.6 to the Circular, consists of the *pro-forma* statement of financial position as at 31 December 2018, the *pro-forma* statement of comprehensive income for the year ended 31 December 2018 and the *pro-forma* financial effects ("the *Pro-Forma* Financial Information"). The *Pro-Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *Pro-Forma* Financial Information has been compiled by the directors to illustrate the impact of the settlement of the loans provided by certain related parties through the issue of Brainworks ordinary shares (the "Specific Issue") (the "Proposed Transaction"). As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the year ended 31 December 2018.

Directors' responsibility

The directors of the Company are responsible for compiling the *Pro-Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 1** and paragraph 3.6 to the Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered

PricewaterhouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant, P O Box 453, Harare, Zimbabwe
T: +263 (242) 338362-8, F: +263 (242) 338395, www.pwc.com

T I Rwodzi – Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.



Auditors, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro-Forma* Financial Information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 1** and paragraph 3.6 to the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro-Forma* Financial Information included in a Prospectus issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *Pro-Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro-Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro-Forma* Financial Information.

The purpose of *pro-forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro-Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *Pro-Forma* Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro-forma* adjustments give appropriate effect to those criteria; and
- The *Pro-Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the *Pro-Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro-Forma* Financial Information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro-Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in **Annexure 1** and paragraph 3.6 to the Circular.

Yours faithfully

Clive K Mukondiwa

Building No 4, Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe

Registered Public Auditor

Partner for and on behalf

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

Public Accountants and Auditors Board, Public Auditor Certificate Number 0439

Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253168

ANNEXURE 3: INDEPENDENT EXPERT'S OPINION



KPMG Advisory (Private) Limited

KPMG
Mutual Gardens
100 The Chase (West)
Emerald Hill
P.O. Box 6
Harare
Zimbabwe

Tel +263 242 302600
+263 242 303700
Fax +263 242 303699

The Board of Directors

Brainworks Limited
c/o Adansonia Management Services Limited
(Registration number: C128022)
Suite 1, Perrieri Office Suites
C2-302, Level 3, Office Block C
La Croisette
Grand Baie, 30517
Republic of Mauritius

Your ref Fairness opinion

Our ref CF/Brainworks

20 September 2019

Dear Sirs

Independent fairness opinion regarding the proposed conversion of shareholder loans into Brainworks Limited ordinary shares

1. Introduction

Brainworks Limited ("Brainworks" or "the Company") seeks to give effect to a proposed settlement and/or conversion of loans provided by certain related parties ("Related Parties"), through the issue of Brainworks ordinary shares ("the Specific Issue"). The purpose of this report is to provide a fairness opinion on the Specific Issue.

A breakdown of the aggregate loan amounts based on the anticipated settlement date of 1 November 2019, which may result in Brainworks issuing a maximum of 12 500 000 ordinary shares at a price of ZAR6.50 is shown in the following table:

Lender	Date of agreement	Loan amount (USD)		
		Principal amount	Interest	Settlement amount
Settlement loans				
Argentum Limited	06 December 2017	107 200.00	23 613.98	130 813.98
Brett Ivor Childs	05 December 2017	107 200.00	25 178.75	132 378.75
Red Rock Capital	13 December 2017	2 465 600.00	549 267.11	3 014 867.11
Argentum Limited	15 August 2018	140 000.00	26 810.68	166 810.68
Total settlement loans		2 820 000.00	624 870.52	3 444 870.52
Conversion loans				
Blue Air Capital Limited	19 March 2019	244 898.58	12 310.04	257 208.62
Red Rock Capital	19 March 2019	316 280.42	15 898.11	332 178.53
Consortium lenders	19 March 2019	930 609.17	41 774.30	972 383.47
Total conversion loans		1 491 788.17	69 982.45	1 561 770.62
Grand total		4 311 788.17	694 852.97	5 006 641.14

Directors: BM Njikizana, MJP de Beer



The proposed settlement of the loans from Argentum Limited (“Argentum”), Brett Ivor Childs (“BI Childs”) and Red Rock Capital (“the 2017 Lenders”) and another Argentum loan entered into on 15 August 2018 (“the 2018 Loan”) by the issuance of Brainworks ordinary shares has been agreed between the Company and the Lenders in terms of debt settlement agreements dated 2 September 2019. The loan agreement dated 13 December 2017 was assigned to Red Rock Capital as per an assignment agreement dated 2 September 2019.

The proposed conversion of the loans from Blue Air Capital Limited (“Blue Air Capital”), Red Rock Capital and the Consortium Lenders (“the 2019 Lenders”) into Brainworks ordinary shares is exercisable at the discretion of the lenders for the loan from Blue Air Capital and Red Rock Capital, and at the discretion of Brainworks for the loan from the Consortium Lenders, at an exercise price of ZAR6.50 anytime before 30 November 2019 and is subject to the issue of conversion notices.

Full details of the Specific Issue are contained in the circular to Brainworks shareholders (“the circular”) to be dated on or about 27 September 2019, which will include a copy of this letter.

2. Scope

An independent fairness opinion is required to be obtained by the board of directors of Brainworks (“the Board”) in terms of Section 5.51(f) of the Listings Requirements of the JSE Limited (“the JSE Listings Requirements”), which states that, if an issuer issues shares to related parties at a price which is at a discount to the weighted average traded price of such equity securities, measured over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party subscribing for the securities.

KPMG Advisory (Private) Limited (“KPMG”) has been appointed by the Brainworks Board as the independent professional expert to advise on whether the terms and conditions of the proposed Specific Issue are fair to the shareholders of Brainworks (excluding the concerned Related Parties).

Our work and findings shall not in any way constitute recommendations regarding the completion of the proposed Specific Issue.

3. Responsibility

Compliance with the JSE Listings Requirements is the responsibility of the Board. Our responsibility is to report on the terms and conditions of the proposed Specific Issue.

4. Definition of the terms “fair”

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

The assessment of fairness is primarily based on quantitative issues. The proposed Specific Issue may be considered fair if the consideration received per share by Brainworks is considered to be equal to or greater than the value surrendered by Brainworks in terms of the Specific Issue.

In terms of Schedule 5.6 of the Listings Requirements, our opinion relates only to the fairness of the proposed Specific Issue.

5. Information utilised and procedures performed

In arriving at our opinion we have undertaken the following procedures in evaluating the fairness of the proposed Specific Issue:

- Obtained an understanding of the structure of the proposed Specific Issue through perusing the following documents:
 - The signed loan agreement between Brainworks on one hand and Blue Air and Red Rock on the other dated 19 March 2019;



- The signed syndicated loan agreement between Brainworks and the Consortium Lenders represented by Comarton dated 19 March 2019;
 - The signed debt settlement agreements between Brainworks on one hand and Argentum, BI Childs and Red Rock Capital, respectively, on the other, dated 2 September 2019;
 - The signed assignment agreement between Red Rock Capital, the original lender (as assignor) and Brainworks dated 2 September 2019; and
 - The circular to Brainworks shareholders dated 27 September 2019.
- Considered the financial statements of Brainworks and its subsidiaries (namely, African Sun Limited, Dawn Properties Limited and FML Logistics (Private) Limited) for the financial years ended 31 December 2017 and 2018, and the unaudited management accounts for the six months to 30 June 2019;
 - Held discussions with the directors and management of Brainworks to establish its strategy and considered such other matters as we consider necessary, including assessing the prevailing economic, legal and market conditions in the hospitality and logistics industries. Key among the economic considerations were the exchange rates between the United States of America Dollar (“USD”) and the South African Rand (“ZAR” or “R”) and the USD and the Zimbabwean Dollar (“ZWL\$” or “RTGS\$”);
 - Considered the risks and expected returns associated with Brainworks. The company’s business is largely exposed to the tourism and hospitality industry in Zimbabwe;
 - Assessed the process followed in the preparation of the financial models and reliance placed thereon by the directors;
 - Analysed the financial forecasts of Brainworks’ investee entities and the basis of the assumptions therein including the prospects of the businesses. This analysis included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management. The material assumptions in the financial models that were considered relate to:
 - Investee entities’ business models;
 - Expected year-on-year growth in revenue and EBITDA margins;
 - Operating expenses margins; and
 - The projected capital expenditure programs; among others
 - Based on the above, performed a valuation of the Brainworks shares. The discounted cash flow valuation methodology (“DCF”) was the primary valuation methodology employed and was supplemented with the market multiples valuation approach. The key inputs into our valuation models were the following:
 - The forecast cash flows provided by management;
 - Discount rates computed through our own independent research;
 - Discounts and premiums which are a function of Brainworks’ perceived risk profile and level of equity interest in the investee entities;
 - The level of historical and forecast earnings;
 - Multiples at which listed comparable companies are trading;
 - Multiples used in comparable transactions by players in similar industries;
 - Key value drivers identified in the valuation process were as follows:

Internal value drivers	External value drivers
<ul style="list-style-type: none"> • Product mix – The group has the most diverse hospitality product offering in the country in terms of both available rooms and geographical spread (Has presence in all of the country’s notable tourist destinations). 	<ul style="list-style-type: none"> • National tourist arrivals



<ul style="list-style-type: none"> • Access to capital – To regularly refresh the product offering and capacitate the logistics business. The country’s capital markets are currently short of foreign currency to satisfy industry needs. Historically the operations of the group, which are all based in Zimbabwe have benefited from debt capital sourced from foreign markets by the major shareholders. 	<ul style="list-style-type: none"> • Disposable incomes for the domestic market. Local aggregate demand has declined over the past twelve months and may not improve significantly in the immediate future due to various reasons, among them poor rainfall, low industrial productivity, among other negative factors. For 2019, Zimbabwe’s gross domestic product is expected to decline by as much as 2.5% by the Government.
<ul style="list-style-type: none"> • Quality and innovativeness of management. African Sun Limited terminated its management contract with the Legacy Group of South Africa during the 2018 financial period. 	<ul style="list-style-type: none"> • Monetary and fiscal reforms being implemented by the Government of Zimbabwe. The country reverted to the use of the ZWL\$ after more than a decade of using a basket of multi-currencies dominated by the United States of America Dollar (“USD” or “US\$”). The return of the ZWL\$ has been received with mixed reactions and the exchange rate has decreased from an initial ZWL\$2.5/USD in February 2019 to the current ZWL\$14/USD.
<ul style="list-style-type: none"> • Cost management initiatives especially in the face of rising inflation. Of note are cost push factors such as electricity supply shortages which are forcing operators to resort to expensive sources of power such as diesel-powered generators. 	<ul style="list-style-type: none"> • Political stability – The outcome of the 2018 presidential election was disputed by the main opposition party and this may potentially remain as a source of some kind of political instability.
<ul style="list-style-type: none"> • Dawn Properties Limited owns a sizeable property portfolio which if fully developed has the potential to increase the value of Brainworks. 	<ul style="list-style-type: none"> • Projected inflation – Zimbabwe is currently experiencing signs of hyperinflation and this has negatively affected company valuations in the local market.

- Performed sensitivity analysis based on the discount rate and terminal growth rates used to value Brainworks. Varying the discount rate by 5% up and down and the terminal growth rate by 2% in the same manner led to a range of values with a lower limit of a 10% decrease in value and an upper limit 20% increase in value.
- Considered the fact that management could not provide a recent independent valuation report for Dawn Properties Limited’s property portfolio. A significant portion of Brainworks’ value is driven by the property portfolio held under Dawn Properties Limited.
- Considered certain publicly available information relating to Brainworks, including company announcements, analyst reports and media articles.

6. Opinion

KPMG has considered the terms and conditions of the proposed Specific Issue and, based upon and subject to the conditions set out herein, is of the opinion that the terms and conditions of the transaction are not fair to the other Brainworks shareholders.

The proposed Specific Issue would be considered fair if the settlement price and or the conversion price for a Brainworks ordinary share, both being ZAR6.50, is greater than or equal to our valuation of the Brainworks ordinary shares.

Our opinion is necessarily based upon the information available to us up to 20 September 2019, including in respect of the financial, regulatory, securities 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, other approvals and consents required in connection with the proposed transaction have been or will be timeously fulfilled and/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.

We have not undertaken to update this report for events and circumstances occurring subsequent to the date of its issuance.



7. Limiting conditions

This opinion is provided to the Board in connection with and for the purposes of the Specific Issue. 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. This opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Brainworks shareholders. Should a Brainworks shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual Brainworks shareholder's decision as to whether to vote in favour of any transaction may be influenced by his or her particular circumstances. The assessment as to whether or not the Board decides to recommend the proposed Specific Issue is a decision that can only be taken by the Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management of Brainworks, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute, nor does it include, an audit or review conducted in accordance with generally accepted auditing standards.

Where relevant, the forecasts of Brainworks (and its investee entities) relate to future events and are 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 Brainworks (and its investee entities) will correspond to those projected. Where practicable, we compared the forecast financial information to past trends and third party estimates as well as discussing the assumptions inherent therein with the management of Brainworks. On the basis of these enquiries and such other procedures we consider appropriate to the circumstances, we believe that the forecasts have been prepared with due care and consideration.

We have also assumed that the proposed Specific Issue will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of Brainworks and we express no opinion on such consequences. We have assumed that all agreements that will be entered into in respect of the proposed Specific Issue will be legally enforceable.

8. Independence

In terms of Schedule 5.1 (a) of the JSE Listings Requirements, we confirm that we have no material direct or indirect interest in Brainworks shares or the proposed Specific Issue.

In terms of Schedule 5.1 (b) of the JSE Listings Requirements, we confirm that we have no existing or continuing relationship with the Brainworks and/or any other parties involved in the proposed Specific Issue.

Furthermore, we confirm that our professional fees are not contingent upon the success of the proposed Specific Issue.

9. Consent

We consent to the inclusion of this letter and the reference to our opinion in the circular to be issued to the shareholders of Brainworks in the form and context in which it appears..

Yours faithfully

Michael J de Beer
Director
KPMG Advisory (Private) Limited

ANNEXURE 4: SHARE TRADING HISTORY

Daily share price trading history for the 30 days ended as at the Last Practicable Date:

Date	High (cents)	Low (cents)	Close (cents)	Volume
25-Jul-19	798	798	798	0
26-Jul-19	798	798	798	0
29-Jul-19	798	798	798	0
30-Jul-19	798	798	798	0
31-Jul-19	798	798	798	0
01-Aug-19	798	798	798	0
02-Aug-19	798	798	798	0
05-Aug-19	798	798	798	0
06-Aug-19	798	798	798	0
07-Aug-19	798	798	798	0
08-Aug-19	798	798	798	0
12-Aug-19	798	798	798	0
13-Aug-19	798	798	798	0
14-Aug-19	798	798	798	0
15-Aug-19	798	798	798	0
16-Aug-19	798	798	798	0
19-Aug-19	798	798	798	0
20-Aug-19	798	798	798	0
21-Aug-19	798	798	798	0
22-Aug-19	798	798	798	0
23-Aug-19	798	798	798	0
26-Aug-19	798	798	798	0
27-Aug-19	798	798	798	0
28-Aug-19	798	798	798	0
29-Aug-19	798	798	798	0
30-Aug-19	798	798	798	0
02-Sep-19	798	798	798	0
03-Sep-19	798	798	798	0
04-Sep-19	797	797	797	331
05-Sep-19	797	797	797	0

Monthly share price trading history since listing:

Month ended	High (cents)	Low (cents)	Close (cents)	Volume
30-Sep-18	800	800	800	10877
31-Oct-18	800	800	800	577
30-Nov-18	800	800	800	2600
31-Dec-18	800	700	700	1570
31-Jan-19	700	700	700	0
28-Feb-19	700	700	700	0
31-Mar-19	800	700	800	1885
30-Apr-19	800	800	800	50
31-May-19	800	800	800	700
30-Jun-19	800	800	800	1580
31-Jul-19	800	4	798	2532
31-Aug-19	798	798	798	0

ANNEXURE 5: SCHEDULE OF LENDERS AND PROPORTIONATE AMOUNTS

The Proportionate Amounts for each of the 2019 Lenders is set out below:

1. Red Rock Capital and Blue Air Capital

LENDER NAME	PROPORTIONATE AMOUNT IN USD	PROPORTIONATE AMOUNT (%)
Red Rock Capital	316 280.42	56.36%
Blue Air Capital	244 898.58	43.64%
Total	561 179.00	100.00%

2. The Consortium Lenders

LENDER NAME	PROPORTIONATE AMOUNT IN USD	PROPORTIONATE AMOUNT (%)
Fintrust Pension Fund	517 572.81	55.62%
Carnaudmetalbox Pension Fund	65 189.19	7.01%
P T C Self Insurance Plan	45 010.14	4.84%
Comarton Consultants Preservation Fund	47 471.02	5.10%
Association of Trust Schools Pension Fund- Christian Brothers College	31 544.72	3.39%
Comarton Consultants Pension Fund	17 527.62	1.88%
Comarton Consortium Self Insurance Pool	47 414.04	5.09%
Tourism Industry Pension Fund	43 212.77	4.64%
Zimbabwe Agricultural Society Pension Fund	9 129.30	0.98%
Brainworks Capital Pension Fund	21 469.58	2.31%
Brainworks Group Pension Limited	38 979.15	4.19%
Femina Garments Pension Fund	4 999.71	0.54%
Lobels Biscuit Pension Fund	8 959.94	0.96%
Association of Trust Schools Pension Fund- St Thomas	1 675.22	0.18%
Comarton Consultants (Private) Limited	25 979.62	2.79%
Atchison Actuarial Services Company (Private) Limited	4 474.35	0.48%
TOTAL LOAN DUE TO CONSORTIUM LENDERS	930 609.17	100%

BRAINWORKS

Brainworks Limited

(Incorporated in the Republic of Mauritius)

(Registration number 115883 C1/GBL)

Share code: BWZ

ISIN: MU0548S00000

NOTICE OF GENERAL MEETING

“Notice”

The definitions and interpretations commencing on page 4 of the Circular to which this Notice is attached apply *mutatis mutandis* throughout this Notice.

Notice is hereby given that the General Meeting of shareholders of Brainworks will be held on Friday, 01 November 2019 at the Brainworks’ office in Mauritius, at 10:00 (GMT +4), for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions set out below.

The following dates apply to the General Meeting:

LENDER NAME	2019
Record date for determining shareholders eligible to receive the notice of General Meeting	Friday, 20 September
Last day to trade in order to be eligible to participate in and vote at the General Meeting	Tuesday, 22 October
Record date to determine eligible shareholders who may attend, speak and vote at the meeting	Friday, 25 October

Electronic Participation:

Brainworks Shareholders wishing to participate electronically at the General Meeting are required to contact the Company Secretary in writing, by email at the address investorrelations@brainworkscapital.com, by no later than 10:00 on Friday, 01 November 2019 stating that they wish to participate *via* electronic communication at the General Meeting.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE SPECIFIC ISSUE OF SHARES TO THE 2017 LENDERS

“RESOLVED THAT the Company be authorised to issue up to a maximum of 7 414 293 Shares to the 2017 Lenders, on the terms and conditions contained in paragraphs 3.1.1 and 3.1.2 of the Circular to which this notice of General Meeting is attached, in full and final settlement of the 2017 Loans, subject to the approval of Ordinary Resolution number 2, and that any Director of the Company or the Company Secretary be, and hereby is authorised, on behalf of the Company, to do or cause to be done, all such things, and to sign all such documentation as may be necessary or requisite so as to give effect to and implement this ordinary resolution.”

Voting requirement:

In terms of the Listings Requirements, a 75% majority of the votes cast by the Shareholders, excluding the 2017 Lenders and their associates, present in person or represented by proxy at the General Meeting is required to approve Ordinary Resolution number 1. The 2017 Lenders and their associates will however be taken into account in determining whether a quorum is present or represented.

ORDINARY RESOLUTION NUMBER 2 – APPROVAL OF THE SPECIFIC ISSUE OF SHARES TO THE 2018 LENDER

“RESOLVED THAT the Company be authorised to issue up to a maximum of 386 685 Shares to the 2018 Lender, on the terms and conditions contained in paragraphs 3.1.1 and 3.1.2 of the Circular to which this notice of General Meeting is attached, in full and final settlement of the 2018 Loan, subject to the approval of Ordinary Resolution number 1, and that any Director of the Company or the Company Secretary be, and hereby is authorised, on behalf of the Company, to do or cause to be done, all such things, and to sign all such documentation as may be necessary or requisite so as to give effect to and implement this ordinary resolution.”

Voting requirement:

In terms of the Listings Requirements, a 75% majority of the votes cast by the Shareholders, excluding the 2018 Lender and his associates, present in person or represented by proxy at the General Meeting is required to approve Ordinary Resolution number 2. The 2018 Lender and his associates will however be taken into account in determining whether a quorum is present or represented.

ORDINARY RESOLUTION NUMBER 3 – APPROVAL OF THE SPECIFIC ISSUE OF SHARES TO BLUE AIR CAPITAL AND RED ROCK CAPITAL IN SETTLEMENT OF THEIR PORTION OF THE 2019 LOANS

“RESOLVED THAT the Company be authorised to issue up to a maximum of 1 703 669 Shares to Blue Air Capital and Red Rock Capital, at R6.50 per Share on the terms and conditions contained in paragraphs 3.1.1 and 3.1.2 of the Circular to which this notice of General Meeting is attached in full and final settlement of the Blue Air Capital and Red Rock Capital Loan, and that any Director of the Company or the Company Secretary be, and hereby is authorised, on behalf of the Company, to do or cause to be done, all such things, and to sign all such documentation as may be necessary or requisite so as to give effect to and implement this ordinary resolution.”

Voting requirement:

In terms of the Listings Requirements, a 75% majority of the votes cast by the Shareholders, excluding Blue Air Capital and Red Rock Capital and their associates, present in person or represented by proxy at the General Meeting is required to approve Ordinary Resolution number 3. Blue Air Capital and Red Rock Capital and their associates will however be taken into account in determining whether a quorum is present or represented.

ORDINARY RESOLUTION NUMBER 4 – APPROVAL OF THE SPECIFIC ISSUE OF SHARES TO THE CONSORTIUM LENDERS IN SETTLEMENT OF THEIR PORTION OF THE 2019 LOANS

“RESOLVED THAT the Company be authorised to issue up to a maximum of 2 810 750 Shares to the Consortium Lenders, at R6.50 per Share on the terms and conditions contained in paragraphs 3.1.1 and 3.1.2 of the Circular to which this notice of General Meeting is attached, in full and final settlement of the Consortium Loan, and that any Director of the Company or the Company Secretary be, and hereby is authorised, on behalf of the Company, to do or cause to be done, all such things, and to sign all such documentation as may be necessary or requisite so as to give effect to and implement this ordinary resolution.”

Voting requirement:

In terms of the Listings Requirements, a 75% majority of the votes cast by the Shareholders, excluding the Consortium Lenders and their associates, present in person or represented by proxy at the General Meeting is required to approve Ordinary Resolution number 4. The Consortium Lenders and their associates will however be taken into account in determining whether a quorum is present or represented.

SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE CHANGE OF NAME

“RESOLVED THAT the name of the Company be and is hereby changed from “Brainworks Limited” to “Arden Capital Limited” and that any Director of the Company or the Company Secretary be, and is hereby authorised, on behalf of the Company, to do or cause to be done, all such things, and to sign all such documentation as may be necessary or requisite so as to give effect to and implement this special resolution to be considered at the General Meeting.”

Voting requirement:

For this special resolution to be adopted, the support of at least 75% of the voting rights exercised thereon by Shareholders, present in person or by proxy at the General Meeting, is required.

Proxies:

Shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the Company. A form of proxy, in which are set out the relevant instructions for its completion, is enclosed for the use of a Certificated Shareholder or Dematerialised Own-name Registered Shareholder who wishes to be represented at the General Meeting.

Completion of a form of proxy will not preclude such Shareholder from attending and voting (in preference to that shareholder's proxy) at the General Meeting. The instrument appointing a proxy and the authority (if any) under which it is signed should reach the Transfer Secretaries at the address given below or be emailed to the following address: proxy@computershare.co.za by no later than 10:00 on Wednesday, 30 October 2019 or it may be handed to the Chairman of the General Meeting before the meeting commences.

Dematerialised shareholders, other than Own-name registered dematerialised Shareholders, who wish to attend the General Meeting in person, will need to request their CSDP or Broker to provide them with the necessary Letter of Representation in terms of the Custody Agreement entered into between such Shareholders and the CSDP or Broker.

On a poll, Shareholders will have one vote in respect of each share held. Dematerialised shareholders, other than “own name” or registered dematerialised Shareholders, who are unable to attend the General Meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the Custody Agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

By order of the Board

Adansonia Management Services Limited
Company Secretary

27 September 2019

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

THIS PAGE IS INTENTIONALLY LEFT BLANK

BRAINWORKS

Brainworks Limited
(Incorporated in the Republic of Mauritius)
(Registration number 115883 C1/GBL)
Share code: BWZ
ISIN: MU0548S00000

FORM OF PROXY

For use by Certificated and Own-name registered Dematerialised Shareholders of the Company (“shareholders”) at the General Meeting of Brainworks to be held at 10:00 (GMT+4) on Friday, 01 November 2019 at the Brainworks’ office in Mauritius.

I/We (please print full names)

of (address)

Telephone number: _() Cellphone number:

E-mail address:

being the holder/s of ordinary no par value Shares in Brainworks, appoint (see note 1):

1. or failing him,

2. or failing him,

3. the chairperson of the General Meeting, as my/our proxy to act for me/us and on my/our behalf at the General Meeting which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the Shares registered in my/our name/s, in accordance with the following instructions (see note 2):

RESOLUTIONS PROPOSED	NUMBER OF VOTES		
	FOR	AGAINST	ABSTAIN
Ordinary resolution number 1 – approval of the Specific Issue of shares to the 2017 Lenders			
Ordinary resolution number 2 – approval of the Specific Issue of shares to the 2018 Lender			
Ordinary resolution number 3 – approval of the Specific Issue of shares to Blue Air Capital and Red Rock Capital			
Ordinary resolution number 4 – approval of the Specific Issue of shares to the Consortium Lenders			
Special resolution number 1 – approval of the change of name			

(Indicate instruction to proxy by way of a cross in the relevant space provided above)

Signed at on

Signature Assisted by me (where applicable)

Name

Capacity Signature

Notes:

1. This proxy shall apply to all the Shares registered in the name of Shareholders at the record date unless a lesser number of Shares are inserted.
2. A Shareholder may appoint one person as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a Shareholder of the Company. If the name of the proxy is not inserted, the chairman of the meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the Form of Proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this Form of Proxy may delegate the authority given to him in this proxy by delivering to the Company, in the manner required by these instructions, a further Form of Proxy which has been completed in a manner consistent with the authority given to the proxy of this Form of Proxy.
3. Unless revoked, the appointment of proxy in terms of this Form of Proxy remains valid until the end of the meeting even if the meeting or a part thereof is postponed or adjourned.
4. If
 - 4.1. a Shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
 - 4.2. the Shareholder gives contrary instructions concerning any matter; or
 - 4.3. any additional resolution/s which are properly put before the General Meeting; or
 - 4.4. any resolution listed in the Form of Proxy is modified or amended, the proxy shall be entitled to vote or abstain from voting, as he thinks fit, concerning that resolution or matter. If, however, the Shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 4.1 to 4.4, then the proxy shall comply with those instructions.
5. If this proxy is signed by a person (signatory) on behalf of the Shareholder, whether in terms of a power of attorney or otherwise, then this Form of Proxy will not be effective unless:
 - 5.1. it is accompanied by a certified copy of the authority given by the Shareholder to the signatory; or
 - 5.2. the Company has already received a certified copy of that authority.
6. The chairman of the meeting may, at his discretion, accept or reject any Form of Proxy or other written appointment of a proxy which is received by him prior to the time when the meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the Shareholder appointing the proxy.
7. Any alterations made in this Form of Proxy must be initialled by the authorised signatory/ies.
8. This Form of Proxy Form is revoked if the Shareholder who granted the proxy:
 - 8.1. delivers a copy of the revocation instrument to the Company and the proxy or proxies concerned, so that it is received by the Company by not later than Wednesday, 30 October 2019 at 10:00; or
 - 8.2. appoints a later, inconsistent appointment of proxy for the General Meeting; or
 - 8.3. attends the General Meeting in person.
9. If duly authorised, companies and other corporate bodies who are Shareholders of the Company having Shares registered in their own name may, instead of completing this Form of Proxy, appoint a representative to represent them and exercise all of their rights at the General Meeting by giving written notice of the appointment of that representative. This form will not be effective at the General Meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed.