THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to the action you should take in relation to this document, please consult your stockbroker, banker, legal advisor or other professional advisor immediately. This document is issued in compliance with the Listings Requirements of the Botswana Stock Exchange to the Shareholders of Cresta Marakanelo Limited (“Cresta” or “the Company”), for the purpose of explaining the acquisition by the Company of properties from related parties, Botswana Hotel Development Corporation (“BHDC”), a subsidiary of Botswana Development Corporation Limited (“BDC”) and Letlole la Rona Limited (“LLR”).

Action required:

• If you have sold or transferred all your shares in Cresta, you should at once hand this Circular to the agent through whom you effected the sale and transfer for transmission to the purchaser or transferee.

• A notice convening an extraordinary general meeting of Cresta Shareholders (“EGM”), to be held at the Cresta Lodge Conference Room, Plot 50719 Gaborone, on 14 February 2019 at 09.00am is attached hereto, which notice forms an integral part of this Circular. The relevant form of proxy is also attached.

• Shareholders who are unable to attend the EGM should complete the attached form of proxy and return it to the office of the Company Secretary so as to be received by no later than 09.00am on 12 February 2019. A proxy need not be a holder of Cresta shares. Submission of a form of proxy will not preclude Shareholders from attending and voting in person at the EGM, should they so desire.

CRESTA MARAKANELO LIMITED
(Incorporated in the Republic of Botswana on 23 August 1974 and converted to a public company on 7 December 2009)
(Registration number CO: 1974/556)
(Share Code: CML ISIN: BW 000 000 0892)
(“Cresta” or “the Company”)

CIRCULAR TO CRESTA SHAREHOLDERS

Relating to:

• the acquisition by the Company of properties from related parties, Botswana Hotel Development Company (Proprietary) Limited (“BHDC”), and Letlole la Rona Limited (“LLR”), subsidiaries of Botswana Development Corporation Limited (“BDC”) which has a 27% shareholding in the Company; and

• incorporating a notice of the EGM and a form of proxy.

<table>
<thead>
<tr>
<th>Independent Valuer</th>
<th>Independent Reporting Accountants</th>
<th>Transaction and Legal Advisor</th>
<th>Sponsoring Broker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Reach</td>
<td>Deloitte</td>
<td>Armstrongs</td>
<td>Motswedi Securities</td>
</tr>
</tbody>
</table>

Date of issue: 24 January 2019
CORPORATE INFORMATION

Board of Directors:
Moatlhodi K Lekaukau (Chairman)
John Y Stevens
Osborne Majuru
Mbako Mbo
Pius K Molefe
Gavin A Sainsbury
Bafana K Molomo
Mokwena Morulane
Tshepidi G Moremong

Company Secretary:
Desert Secretarial Services (Pty) Limited
Plot 64518, Fairgrounds
P.O Box 211008
Bontleng
Gaborone

Independent Reporting Accountants:
Deloitte & Touche
Plot 64518, Fairgrounds,
P.O. Box 778
Gaborone

Transaction and Legal Advisors:
Armstrongs Attorneys
2nd Floor Acacia, Prime Plaza
Plot 74538,
Cnr Khama Crescent Extension & PG
Matante Road, CBD
P O Box 1368
Gaborone

Sponsoring Brokers:
Motswedi Securities (Pty) Ltd
Plot 113, Unit 30, Kgale Mews,
Private bag 00223,
Gaborone

Independent Valuer:
RealReach (Pty) Limited (formerly CB Richard Ellis),
Plot 50363, 2nd Floor
Showgrounds Office Park
Gaborone
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Annexure 3:  DETAILS OF MATERIAL LOANS

NOTICE OF AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

FORM OF PROXY FOR SHAREHOLDERS
SALIENT DATES AND TIMES

Press announcement published 17 December 2018

Circular posted to Shareholders 24 January 2019

Last day to lodge forms of proxy 12 February 2019 at 09.00am

EGM held 14 February 2019 at 09.00am

Results of EGM published in the press on or around 18 February 2019

Note: The above dates and times are subject to change. Any such changes will be published on X-News.
INTERPRETATIONS AND DEFINITIONS

In this Circular and the annexures hereto, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, a natural person includes a juristic person and vice versa, the singular includes the plural and vice versa and the words in the first column have the meaning stated opposite them in the second column as follows:

“Acquisitions” the acquisition by the Company of the BHDC Property and LLR Properties in terms of the Acquisition Agreements;

“Acquisition Agreements” the Acquisition Agreements to be entered into between the Sellers and Cresta which will set out the terms and conditions of the acquisition of the Properties;

“Board” collectively the Board of Directors of the Company as listed in the corporate information section of this Circular;

“BDC” Botswana Development Corporation Limited, a company duly incorporated according to the laws of Botswana, under company number CO1970/750;

“BHDC” Botswana Hotel Development Company (Proprietary) Limited, a subsidiary of BDC, a company duly incorporated according to the laws of Botswana, under company number CO1966/303;

“BHDC Property” means Tribal Lot 141, Maun, (Riley’s Hotel);

“BSE” the Botswana Stock Exchange;

“Circular” this circular dated 24 January 2019 including the annexures and attachments, the notice of the EGM and a form of proxy;

“Closing Date” the date on which all the conditions precedent to the Acquisition Agreements have been fulfilled;

“Cresta” or the “Company” Cresta Marakanelo Limited, a company duly incorporated according to the laws of Botswana, under company number CO1974/556;

“EBITDA” Earnings before interest, tax, depreciation and amortisation;

“EGM” the extraordinary general meeting of Shareholders, to be held at Cresta Lodge, Plot 50719 Gaborone;

“Listing Requirements” the Listing Requirements of the BSE;

“LLR” Letlole la Rona Limited a company incorporated according to the laws of Botswana, under company number CO2010/6316;

“LLR Properties” means Cresta Lodge, Cresta Thapama, Cresta Bosele and Cresta President Hotels;

“Net Asset Value” the value of a company’s assets minus the value of its liabilities;

“Properties” means the LLR Properties and the BHDC Property;

“Pula”, “P” or “BWP” Botswana Pula, the official currency of Botswana;

“Registered Office” 2nd Floor Marula House, Prime Plaza, Plot 74538 CBD, Gaborone;
“Sellers” BHDC and LLR, both of which are companies incorporated according to the laws of Botswana;

“Share” one ordinary share in the share capital of the Company;

“Transaction” the transactions to be entered into by the Sellers and Cresta in terms of which Cresta will acquire the Properties;

“Shareholders” holders of shares in the Company;
1. **INTRODUCTION**

1.1. Cresta intends on acquiring Tribal Lot 141, Maun, (which operates as Riley’s Hotel) which it is currently leasing from BHDC, which is a subsidiary of BDC. BDC has a 27% shareholding in Cresta.

1.2. Cresta also intends on acquiring the following hotels it is currently leasing from LLR, which is a subsidiary of BDC:

   1.2.1. Plot 50719 Gaborone, which operates as Cresta Lodge;

   1.2.2. Plot 6384 Francistown, which operates as Cresta Thapama;

   1.2.3. Plot 1169 Gaborone, which operates as Cresta President; and

   1.2.4. A portion of Plot 276 Selebi Phikwe, which operates as Cresta Bosele.

1.3. The transactions are therefore related party transactions as defined in the BSE Listing Requirements.

1.4. The BSE Listing Requirements require that shareholders of the Company, excluding BDC, approve the transactions.
2. NATURE OF CRESTA BUSINESS

2.1. The Company operates in the travel and tourism sector, with a significant part of the hotel portfolio focused on the provision of hotel services to business travellers. In addition to accommodation, Cresta, as part of its services, offers customers restaurants, bars, safari tours, conference facilities, outside catering, as well as other ancillary business activities carried out from the Hotels.

2.2. Cresta operates 12 hotels, 11 in Botswana and one hotel in Lusaka, Zambia.

2.3. In Gaborone, the Company operates Cresta Lodge and Cresta President Hotel, in Francistown it operates Cresta Thapama and Cresta Marang & Residency Hotels, while in Maun it operates Cresta Riley’s and Cresta Maun Hotels. In Jwaneng, Cresta operates Cresta Jwaneng Hotel, in Mahalapye it operates Cresta Mahalapye Hotel; in Kasane it operates Cresta Mowana Resort and Spa, while in Palapye and Selebi Phikwe it operates Cresta Botsalo Hotel and Cresta Bosele Hotel respectively. In Zambia, Cresta has a presence through its operation in Lusaka, Cresta Golfview Hotel.

3. DETAILS OF THE ACQUISITIONS

3.1. Acquisition Price

3.1.1. The purchase consideration for the proposed acquisition of the BHDC Property is BWP25 million.

The percentage ratio of the sale consideration to the market capitalisation of Cresta is approximately 11%.

3.1.2. The purchase consideration of the proposed acquisition of the LLR Properties is BWP235 million.

The percentage ratio of the sale consideration to the market capitalisation of Cresta is approximately 106%.

3.2. Conditions

3.2.1. The Acquisitions are subject to the fulfilment of, inter alia, the following conditions:

3.2.1.1. Cresta shareholders approving the transactions;

3.2.1.2. the Botswana Stock Exchange approving the transactions;

3.2.1.3. the Competition Authority either approving the transactions, or confirming in writing that their approval is not required.
3.2.1.4. Cresta obtaining the necessary funding to pay the purchase consideration.

4. **FUNDING OF THE TRANSACTIONS**

4.1. The transactions shall be funded by debt.

5. **RECOMMENDATION BY THE DIRECTORS ON THE TRANSACTIONS**

5.1. The Board believes that the future growth and sustainability of Cresta will be enhanced as a consequence of the acquisitions, as provided for in the Acquisition Agreements and recommends that Shareholders vote in favour of the ordinary resolutions necessary to approve and implement the Acquisitions. The director holding Cresta shares intends to vote in favour of the transaction.

5.2. The following factors support the recommendation from the Directors:

5.2.1. Cresta will no longer be liable for the 8% annual rental escalations, which are adversely affecting the profitability of the Company. The rental increase for 2019 will amount to P2.5 million for the Properties, resulting in annual lease rentals of P34.1 million.

5.2.2. All the leases terminate in June 2020 and based on the current rental levels and the 8% escalations, the new lease rentals will be at unsustainable levels. In the absence of significant rental resets, Cresta will not renew most of the leases beyond the current terms, resulting in a decrease in operating hotels and cash generation, until Cresta either leases other properties or builds new hotels of its own.

5.2.3. Acquiring the Properties gives Cresta security of tenure beyond the remaining 18 month lease term and allows the Company to invest in refurbishing the hotels to defend and increase its position in the market.

5.2.4. The leases are “full repair and maintenance leases”, so Cresta is already incurring the costs of maintaining the Properties as if it were an owner.

5.2.5. Cresta has operated from these Properties for over 20 years and therefore has an understanding of the respective markets that they operate in.

5.2.6. Cresta currently operates 12 hotels, and owns only 1.5 of these hotels, being Cresta Mowana Safari Resort & Spa in Kasane and Cresta Marang Gardens, Francistown. The “Residency” portion of the Marang Gardens property is leased. The acquisitions of the five Properties will ensure that the Company has a balanced portfolio between leased and owned properties.
6. PROPERTIES ACQUIRED IN THE PRECEDING THREE FINANCIAL YEARS

The Company has not acquired any other properties in the previous three (3) years.

7. FINANCIAL EFFECTS OF THE ACQUISITIONS

The following table is a summary of the financial information relating to the Transaction, the details of which is included elsewhere in this Circular:

Summary of Independent Valuation reports:

<table>
<thead>
<tr>
<th>Property</th>
<th>Value computed income method (BWP)</th>
<th>Portfolio/marriage value premium (BWP)</th>
<th>Market value (BWP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bosele Lot 276 Selebi-Phikwe</td>
<td>26,640,000</td>
<td>7,992,000</td>
<td>34,632,000</td>
</tr>
<tr>
<td>Thapama Lot 6384 Francistown</td>
<td>73,340,000</td>
<td>22,002,000</td>
<td>95,342,000</td>
</tr>
<tr>
<td>Lodge Lot 50719 Gaborone</td>
<td>76,390,000</td>
<td>22,917,000</td>
<td>99,307,000</td>
</tr>
<tr>
<td>Riley's Tribal Lot 141 Maun</td>
<td>33,380,000</td>
<td>10,014,000</td>
<td>43,394,000</td>
</tr>
<tr>
<td>President hotel</td>
<td>60,400,000</td>
<td>18,120,000</td>
<td>78,520,000</td>
</tr>
<tr>
<td><strong>Total value</strong></td>
<td>270,150,000</td>
<td>81,045,000</td>
<td>351,195,000</td>
</tr>
</tbody>
</table>

The Independent Valuer applied an additional 30% portfolio/marriage value premium on the basis that the Properties will be acquired as a portfolio, however this premium has not been taken into account by the Directors.

Based on the current rentals, which escalate by 8% per annum, the financial effects of funding the transaction wholly from debt are as follows:

<table>
<thead>
<tr>
<th>Acquisition price</th>
<th>Independent valuation (excl. portfolio premium)</th>
<th>Annual rental saving</th>
<th>Increase in annual loan interest cost year 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisitions</strong></td>
<td>P260,000,000</td>
<td>P270,150,000</td>
<td>P34,063,039</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>P20,150,000</td>
</tr>
</tbody>
</table>

The directors consider that the value to the Company justifies the price to be paid by it.

8. STATEMENT OF INDEBTEDNESS

Loan facility with Barclays Bank of Botswana Limited, amount owed as at 31 December 2018 was P5,434,253.

9. IMPACT ON NET ASSET VALUE PER SHARE

Based on the pro forma financial statements, net asset value per share will increase by P0,06 per share during the first six months after the transaction.
10. **IMPACT ON EARNINGS PER SHARE**

Based on the pro forma financial statements, earnings per share will increase by 6.60 Thebe per share for the first six months after the transaction. This is primarily as a result of the reversal of the deferred lease liability relating to IAS 17 and the related deferred tax adjustment which is written back after the Acquisition. Excluding the once-off adjustments, earnings per share will decrease by 0.81 Thebe per share for the first six months after the transaction, as a result of the borrowing costs incurred for the Acquisitions.

11. **MEDIUM TO LONG TERM IMPACT**

In the medium term, there will be an increase in EBITDA as a result of the reduction in lease rentals, however a reduction in earnings per share due to the increase in depreciation related to the Properties as well as the interest cost related to the funding of the Transaction. In the long term, once the debt related to the acquisition has been repaid, the earnings, cash generation and net asset value per share will increase.

12. **MAJOR SHAREHOLDERS**

In so far as it is known to the Board of Cresta, the following Shareholders held more than 5% of the issued Shares of Cresta as at the last practicable date before printing of this Circular being 31 December 2018.

<table>
<thead>
<tr>
<th>Name</th>
<th>Holding</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana Development Corporation Limited</td>
<td>50,283,958</td>
<td>27.18</td>
</tr>
<tr>
<td>Cresta Holdings (Pty) Limited</td>
<td>46,179,583</td>
<td>24.96</td>
</tr>
<tr>
<td>Botswana Insurance Company Limited</td>
<td>24,299,400</td>
<td>13.13</td>
</tr>
<tr>
<td>LHG Malta Holding Limited</td>
<td>15,234,223</td>
<td>8.23</td>
</tr>
<tr>
<td>Motor Vehicle Accident Fund</td>
<td>9,250,010</td>
<td>5.00</td>
</tr>
</tbody>
</table>

13. **FINANCIAL INFORMATION**

A copy of the Company’s audited financial results for the year ended 31 December 2017 and the unaudited interim financial results for the six month period ended 30 June 2018 is available for inspection at the Company’s Registered Office.

14. **MATERIAL CHANGES**

There have been no material changes to the financial or trading position of the Company since the release of the unaudited interim financial results other than as disclosed above.

15. **WORKING CAPITAL STATEMENT**

The Board of Cresta is of the opinion that, after the Acquisition, and the assumption of debt to finance the same, the working capital of Cresta will be adequate for the Company’s foreseeable future requirements.
16. **PRO FORMA FINANCIAL STATEMENTS AS AT 30 JUNE 2018**

The pro forma financial statements set out below are presented for illustrative purposes only, to provide Shareholders with information about the impact of the Transaction, by illustrating how the Transaction may have affected the statement of financial position of Cresta at 30 June 2018 had the Transaction been effective on 1 January 2018. Due to the nature of pro forma financial statements, they may not fairly present Cresta’s financial position, changes in equity, results of operations or cash flows after the Transaction.

For the purposes of the pro forma financial statements, the effective date for the Transaction is assumed to be 1 January 2018. The adjusted pro forma financial statements therefore show the six-month impact of the Transaction; by comparing the published Interim Results (pre-acquisition) and the pro Forma results (post-acquisition) assuming the transaction had been concluded on 1 January 2018.

**Assumptions:**

The following assumptions have been applied and adjustments made:

1. The lease rental expense for the Properties has been excluded.

2. The IAS 17 straight-line lease adjustments for the Properties have been excluded, and a write back of the deferred lease liabilities included in the pro forma financial statements as a once-off adjustment on 1 January 2018.

3. The administration and operating expenses have been increased to account for additional costs relating to the insurance of the Properties.

4. Depreciation for the Properties is assumed to be based on a 40 year term on the basis that the 50 year lease and fixed period state grants will be extended. If depreciated based on the current remaining lease and fixed grant periods, depreciation for the six month period would increase by P2.5 million.

5. The Transaction will be wholly funded by debt. Once-off costs relate to facility arrangement fees and bond registration fees. A one year moratorium on capital repayments has been assumed.

6. The income tax has been calculated based on the annual allowances expected as a result of the acquisition of the properties and is inclusive of once-off deferred income tax charges related to the IAS 17 deferred lease liabilities written back. A tax rate of 22% has been applied.
Pro forma consolidated statement of comprehensive income for the six months ended 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 6 months Jun-18 P'000</th>
<th>Pro forma adjustments once-off P'000</th>
<th>Pro forma adjustments ongoing P'000</th>
<th>Pro forma 6 months Jun-18 P'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>166,707</td>
<td>-</td>
<td>-</td>
<td>166,707</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(121,870)</td>
<td>-</td>
<td>14,704</td>
<td>(107,166)</td>
</tr>
<tr>
<td>IAS 17 straight-line lease adjustments</td>
<td>2,224</td>
<td>18,492</td>
<td>(2,843)</td>
<td>17,873</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>47,061</td>
<td>18,492</td>
<td>11,861</td>
<td>77,414</td>
</tr>
<tr>
<td>Sales and distribution expenses</td>
<td>(6,161)</td>
<td>-</td>
<td>-</td>
<td>(6,161)</td>
</tr>
<tr>
<td>Administration and operating expenses</td>
<td>(25,368)</td>
<td>-</td>
<td>(261)</td>
<td>(25,629)</td>
</tr>
<tr>
<td><strong>Earnings before interest, tax, depreciation and amortisation (EBITDA)</strong></td>
<td>15,532</td>
<td>18,492</td>
<td>11,600</td>
<td>45,624</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(11,486)</td>
<td>-</td>
<td>(3,405)</td>
<td>(14,891)</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>4,046</td>
<td>18,492</td>
<td>8,195</td>
<td>30,733</td>
</tr>
<tr>
<td>Finance income</td>
<td>653</td>
<td>-</td>
<td>-</td>
<td>653</td>
</tr>
<tr>
<td>Finance expense</td>
<td>(190)</td>
<td>(1,300)</td>
<td>(10,075)</td>
<td>(11,565)</td>
</tr>
<tr>
<td><strong>Profit/(loss) before income tax</strong></td>
<td>4,509</td>
<td>17,192</td>
<td>(1,880)</td>
<td>19,821</td>
</tr>
<tr>
<td>Income tax (expense)/credit</td>
<td>(1,155)</td>
<td>(3,782)</td>
<td>414</td>
<td>(4,523)</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the period</strong></td>
<td>3,354</td>
<td>13,410</td>
<td>(1,466)</td>
<td>15,298</td>
</tr>
</tbody>
</table>

Other comprehensive expense:
- Currency translation differences (subject to subsequent recycling through profit or loss) (215) - - (215)
- Other comprehensive expense for the period (215) - - (215)

**Total comprehensive income/(expense) or for the period**

|                                | 3,139                            | 13,410                               | (1,466)                             | 15,083                           |

**Basic and diluted earnings/(loss) per share (thebe)**

|                                | 1.85                             | 7.41                                 | (0.81)                              | 8.45                             |

**Comprising:**
- Normalised earnings 1.85 - (0.81) 1.04
- Once-off earnings - 7.41 - 7.41
- **Total** 1.85 7.41 (0.81) 8.45
### Pro forma consolidated statement of financial position as at 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 6 months Jun-18 P'000</th>
<th>Pro forma adjustments</th>
<th>Pro forma 6 months Jun-18 P'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>150,255</td>
<td>269,000</td>
<td>419,255</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease rights/Software</td>
<td>1,405</td>
<td>-</td>
<td>1,405</td>
</tr>
<tr>
<td>Goodwill</td>
<td>11,245</td>
<td>-</td>
<td>11,245</td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td>3,180</td>
<td>(3,180)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>166,085</strong></td>
<td><strong>265,820</strong></td>
<td><strong>431,905</strong></td>
</tr>
<tr>
<td><strong>Currents assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>2,643</td>
<td>-</td>
<td>2,643</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>25,688</td>
<td>-</td>
<td>25,688</td>
</tr>
<tr>
<td>Current income tax assets</td>
<td>3,986</td>
<td>391</td>
<td>4,377</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>45,311</td>
<td>(9,337)</td>
<td>35,974</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>77,628</strong></td>
<td>(8,946)</td>
<td><strong>68,682</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>243,713</strong></td>
<td><strong>256,874</strong></td>
<td><strong>500,587</strong></td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital and reserves</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stated capital</td>
<td>18,500</td>
<td>-</td>
<td>18,500</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(5,915)</td>
<td>-</td>
<td>(5,915)</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>830</td>
<td>-</td>
<td>830</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>152,560</td>
<td>11,944</td>
<td>164,504</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>165,975</strong></td>
<td><strong>11,944</strong></td>
<td><strong>177,919</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>-</td>
<td>579</td>
<td>579</td>
</tr>
<tr>
<td>Deferred lease obligation</td>
<td>24,064</td>
<td>(15,649)</td>
<td>8,415</td>
</tr>
<tr>
<td>Borrowings</td>
<td>4,043</td>
<td>245,000</td>
<td>249,043</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>28,107</strong></td>
<td><strong>229,930</strong></td>
<td><strong>258,037</strong></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>41,945</td>
<td>-</td>
<td>41,945</td>
</tr>
<tr>
<td>Current income tax liabilities</td>
<td>168</td>
<td>-</td>
<td>168</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>234</td>
<td>-</td>
<td>234</td>
</tr>
<tr>
<td>Borrowings</td>
<td>2,556</td>
<td>15,000</td>
<td>17,556</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>2,152</td>
<td>-</td>
<td>2,152</td>
</tr>
<tr>
<td>Deferred lease obligation</td>
<td>2,576</td>
<td>-</td>
<td>2,576</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>49,631</strong></td>
<td><strong>15,000</strong></td>
<td><strong>64,631</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>77,738</strong></td>
<td><strong>244,930</strong></td>
<td><strong>322,668</strong></td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>243,713</strong></td>
<td><strong>256,874</strong></td>
<td><strong>500,587</strong></td>
</tr>
</tbody>
</table>
### Pro forma consolidated statement of cash flows for the period ended 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 6 months Jun-18 P'000</th>
<th>Pro forma Adjustments once-off P'000</th>
<th>Pro forma ongoing 6 months P'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>20,179</td>
<td></td>
<td>14,443</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(190)</td>
<td>(1,300)</td>
<td>(10,075)</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(6,497)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash generated/(utilised) in operating activities</strong></td>
<td>13,492</td>
<td>(1,300)</td>
<td>4,368</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(20,774)</td>
<td>(272,405)</td>
<td></td>
</tr>
<tr>
<td>Purchase of computer software</td>
<td>(493)</td>
<td></td>
<td>(493)</td>
</tr>
<tr>
<td>Proceeds on disposal of plant and equipment</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Interest received</td>
<td>653</td>
<td></td>
<td>653</td>
</tr>
<tr>
<td><strong>Net cash utilised in investing activities</strong></td>
<td>(20,613)</td>
<td>(272,405)</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drawdown of borrowings</td>
<td></td>
<td>260,000</td>
<td></td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(1,524)</td>
<td></td>
<td>(1,524)</td>
</tr>
<tr>
<td>Dividends paid to company's shareholders</td>
<td>(14,497)</td>
<td></td>
<td>(14,497)</td>
</tr>
<tr>
<td><strong>Net cash generated/(utilised) in financing activities</strong></td>
<td>(16,021)</td>
<td>260,000</td>
<td></td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>(23,142)</td>
<td>(13,705)</td>
<td>4,368</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the period</td>
<td>68,513</td>
<td></td>
<td>68,513</td>
</tr>
<tr>
<td>Exchange loss on cash and cash equivalents</td>
<td>(294)</td>
<td></td>
<td>(294)</td>
</tr>
<tr>
<td>Changes in cash and cash equivalents</td>
<td>(23,142)</td>
<td>(13,705)</td>
<td>4,368</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of the period</strong></td>
<td>45,077</td>
<td>(13,705)</td>
<td>4,368</td>
</tr>
</tbody>
</table>

Disclosed as follows:

- **Cash at bank**: 45,311 (13,705) 4,368 35,974
- **Bank overdraft**: (234) - (234) -

**Cash and cash equivalents at end of the period**: 45,077 (13,705) 4,368 35,740

17. **DIRECTORS’ INTEREST IN CRESTA**

The number of Shares held directly and indirectly by the Board at the last year end of 31 December 2018 and as at the last practicable date before printing this Circular, being 14 January 2019:

<table>
<thead>
<tr>
<th>Directors</th>
<th>As at 14 January 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Held Directly</td>
</tr>
<tr>
<td>John Y Stevens</td>
<td>200,000</td>
</tr>
</tbody>
</table>

None of the other Directors hold any interest in the share capital of Cresta.
18. **OTHER INFORMATION**

18.1. **Other Related Party Transactions**

Other than as disclosed in this Circular or previous announcements to Shareholders, there have not been any other related party transactions.

18.2. **Significant Contracts Other Than in The Ordinary Course of Business**

Other than as disclosed in this Circular there have been no significant contracts entered into other than in the ordinary course of business.

18.3. **Experts and Advisors Consents**

The independent valuer, independent reporting accountants, sponsoring broker, legal and transaction advisor have each consented in writing to act in the capacities stated and to their names being stated in this Circular and had not withdrawn their consent prior to the publication of this Circular.

18.4. **Documents Available for Inspection**

The following documents are available for inspection at the Registered Office of the Company during working hours from 8.00am to 5.00pm.

18.4.1. the constitution of Cresta;

18.4.2. experts’ consents;

18.4.3. the Acquisition Agreements;

18.4.4. the valuation reports of the independent valuer; and

18.4.5. the audited annual financial statements of Cresta for the years ended 31 December 2015 to 2017 and the unaudited interim financial results for the six month period ended 30 June 2018.

18.5. **Litigation**

There are no legal or arbitration proceedings against the Company, nor, as far the Board is aware, are there any legal or arbitration proceedings pending or threatened against the Company which have had or may have, a significant effect on the financial position of the Company.

18.6. **Directors’ Remuneration**

The non-executive Directors of the Company were paid P674,043 in respect of fees in the financial year ended 31 December 2018.
18.7. Directors' Opinions and Recommendations

The Board is of the opinion that the terms and conditions of the Acquisitions to be entered into are fair and reasonable and will be to the long-term benefit of Cresta and its Shareholders. This is supported by the report of the independent valuer, which is Annexure 1 to the Circular. Accordingly, the Board recommends that Shareholders vote in favour of the ordinary resolutions necessary to approve the Acquisition Agreements of the properties.

18.8. Directors' Responsibility Statement

18.8.1. The directors, whose names are given in the section entitled corporate information in this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and (if applicable) that this Circular contains all information required by the law.

18.8.2. The directors confirm that the Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the Circular relates.

18.9. Voting at the EGM

A vote of a majority of the Shareholders present or represented by proxy at the EGM, is required to pass the resolutions as set out in this Circular. BDC and its associates, will not be taken into account in determining a quorum at the shareholders’ meeting and their votes will not be taken into account in determining the results of the voting at such a meeting, in relation to any resolution in connection with the related party Transaction.

Signed by Mr Mokwena Morulane on behalf of each of the directors of Cresta.

Mokwena Morulane
Managing Director

Date 24 January 2019
INDEPENDENT PROPERTY VALUATION SUMMARY REPORT

15 January 2019

The Directors
Cresta Marakanelo Limited
P Bag 00272
Gaborone

RE: VALUATION OF HOTEL PROPERTIES AS AT 31 DECEMBER 2018

I, Nightingale K. Kwele, a Chartered Surveyor, with 30 years’ experience undertaking valuations of fixed property, declare that I and my associates have inspected the properties, with the view to determining the market values as at 31 December 2018.

Market Value is defined as “the estimated amount for which an asset is expected to exchange at a date, after the date of valuation and specified by the valuer, between a willing buyer and a willing Seller, in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

The valuation includes an element of marriage value as the properties have historically been part of a hotel portfolio; used/managed as a portfolio; and are being disposed of as a portfolio. The value was computed on the accounts/profits method for each of the individual properties and a marriage premium of 30% was added to reflect the portfolio factor.

I declare that the market values as at 31 December 2018, are as computed below:

<table>
<thead>
<tr>
<th>Property</th>
<th>Open Market value (BWP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot 276 Selebi-Phikwe -Bosele Hotel</td>
<td>34,632,000</td>
</tr>
<tr>
<td>Lot 6384 Francistown -Thapama Hotel</td>
<td>95,342,000</td>
</tr>
<tr>
<td>Lot 50719 Gaborone -Lodge Hotel</td>
<td>99,307,000</td>
</tr>
<tr>
<td>Tribal Lot 141 Maun –Riley’s Hotel</td>
<td>43,394,000</td>
</tr>
<tr>
<td>Plot 1169 Gaborone-President hotel</td>
<td>78,520,000</td>
</tr>
<tr>
<td><strong>Total value</strong></td>
<td><strong>351,195,000</strong></td>
</tr>
</tbody>
</table>

I confirm that neither I nor my associates received any financial gain or other benefit in connection with the properties, other than the standard professional fees related to the market valuations.

There are no contraventions of statutory requirements.

I consent to my name being stated in the form and context in which it will appear in the circular to be issued by the company on or about 22 January 2019 and confirm that I will not withdraw such consent prior to the issue date of the circular.

Signed

Nightingale K. Kwele BA BSc (Hons) MSc MRICS MREIB MREAC
For and on behalf of
RealReach (Pty) Ltd
Enightingalekuswami@gmail.com
RealReach (Pty) Ltd
T: 3188-200
F: 3188-197
E: www.realreach.co.bw
# Property Valuation Summary Report

**On Lot 276 Selebi Phikwe, CBD Bosele Hotel**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Open Market Value</strong></td>
<td>P34,632,000 (Thirty-Four Million, Six Hundred and Thirty-Two Thousand Pula).</td>
</tr>
<tr>
<td><strong>2. Property</strong></td>
<td>On Lot 276 Selebi Phikwe CBD, Bosele Hotel.</td>
</tr>
<tr>
<td><strong>3. Inspection Date</strong></td>
<td>31st December 2018.</td>
</tr>
<tr>
<td><strong>4. Description</strong></td>
<td>Administrative block with office with conferencing facilities, two accommodation blocks and swimming pool.</td>
</tr>
<tr>
<td><strong>5. Existing Use</strong></td>
<td>Hotel.</td>
</tr>
<tr>
<td><strong>6. Zoning</strong></td>
<td>Commercial.</td>
</tr>
<tr>
<td><strong>7. Legal Matters</strong></td>
<td>No contravention of statutory requirements.</td>
</tr>
<tr>
<td><strong>8. Tenure</strong></td>
<td>50 year leasehold.</td>
</tr>
<tr>
<td><strong>9. Tenancies</strong></td>
<td>None.</td>
</tr>
<tr>
<td><strong>10. Age</strong></td>
<td>Original building was constructed in the mid 70s. However newer structures were added about 10 years ago.</td>
</tr>
<tr>
<td><strong>11. Capital Value</strong></td>
<td>The valuation includes an element of marriage value as the properties have historically been part of a hotel portfolio; used/managed as a portfolio; and are being disposed of as a portfolio. The value was computed on the accounts/profits method for each of the individual properties and a marriage premium of 30% was added to reflect the portfolio factor. The valuation was undertaken in line with RICS Red Book, and REIB and BSE guidelines.</td>
</tr>
<tr>
<td><strong>12. Intra-Group Leases</strong></td>
<td>There is a lease on the hotel which has been ignored as the valuation is for the purposes of a buyout by Cresta Marakanelo as the main lessee.</td>
</tr>
<tr>
<td><strong>13. Matters Affecting Value</strong></td>
<td>None.</td>
</tr>
<tr>
<td><strong>14. Source Of Information</strong></td>
<td>The accounts used for the generation of profit method figures were sourced from Cresta Marakanelo audited financials. The validity of the valuation is based on the correctness of the financials.</td>
</tr>
<tr>
<td><strong>15. Status Of Valuer</strong></td>
<td>Independent.</td>
</tr>
</tbody>
</table>

Signed: [Signature]

Nightingale K. Kwele BA BSc (Hons) MSc MRICS MREIB MREAC
For and on behalf of
RealReach (Pty) Ltd
Enightingalekuswani@gmail.com
RealReach (Pty) Ltd

T: 3188-200
F: 3188-197
E: www.realreach.co.bw
PROPERTY VALUATION SUMMARY REPORT

On Lot 6348 Francistown, CBD, Thapama Hotel

1. Open Market Value
   P95,342,000 (Ninety-Five Million, Three Hundred and Forty-Two Thousand Pula).

2. Property
   On Lot 6348 Francistown, CBD.

3. Inspection Date
   31st December 2018.

4. Description
   Improvements are arranged with the reception and administrative block forming the core. There are conferencing facilities, a detached casino building, sports facilities block on 2 floors with 2 squash courts, and accommodation on 2 floors comprising of a total of 96 rooms. Other improvements comprise a bar/kitchenette building to the centre, and 2 swimming pools.

5. Existing Use
   Hotel.

6. Zoning
   Commercial.

7. Legal Matters
   No contravention of statutory requirements.

8. Tenure
   50 year Leasehold.

9. Tenancies
   None.

10. Age
    Constructed in 1986.

11. Capital Value
    The valuation includes an element of marriage value as the properties have historically been part of a hotel portfolio; used/managed as a portfolio; and are being disposed of as a portfolio. The value was computed on the accounts/profits method for each of the individual properties and a marriage premium of 30% was added to reflect the portfolio factor.

    The valuation was undertaken in line with RICS Red Book, and REIB and BSE guidelines.

12. Intra-Group Leases
    There is a lease on the hotel which has been ignored as the valuation is for the purposes of a buyout by Cresta Marakanelo as the main lessee.

13. Matters Affecting Value
    None.

14. Source Of Information
    The accounts used for the generation of profit method figures were sourced from Cresta Marakanelo audited financials. The validity of the valuation is based on the correctness of the financials.

15. Status Of Valuer
    Independent.

Signed

Nightingale K. Kwele BA BSc (Hons) MSc MRICS MREIB MREAC
For and on behalf of
RealReach (Pty) Ltd
E: nightingalekuswani@gmail.com
RealReach (Pty) Ltd
T: 3188-200
F: 3188-197
E: www.realreach.co.bw
PROPERTY VALUATION SUMMARY REPORT

ON LOT 50719 GABORONE,
CRESTA LODGE

1. OPEN MARKET VALUE  P99,307,000 (Ninety-Nine Million, Three Hundred and Seven Thousand Pula).

2. PROPERTY  On Lot 50719 Gaborone, Fairgrounds.

3. INSPECTION DATE  31st December 2018.

4. DESCRIPTION  Improvements are arranged with the reception and administrative block forming the core. There are four accommodation blocks offering standard rooms on 2 floors, a separate restaurant block, conference facilities with extension, and swimming pool.

5. EXISTING USE  Hotel.

6. ZONING  Commercial.

7. LEGAL MATTERS  No contravention of statutory requirements.

8. TENURE  50 year Leasehold.

9. TENANCIES  None.


11. CAPITAL VALUE  The valuation includes an element of marriage value as the properties have historically been part of a hotel portfolio; used/managed as a portfolio; and are being disposed of as a portfolio. The value was computed on the accounts/profits method for each of the individual properties and a marriage premium of 30% was added to reflect the portfolio factor.

The valuation was undertaken in line with RICS Red Book, and REIB and BSE guidelines.

12. INTRA-GROUP LEASES  There is a lease on the hotel which has been ignored as the valuation is for the purposes of a buyout by Cresta Marakanelo as the main lessee.

13. MATTERS AFFECTING VALUE  None.

14. SOURCE OF INFORMATION  The accounts used for the generation of profit method figures were sourced from Cresta Marakanelo audited financials. The validity of the valuation is based on the correctness of the financials.

15. STATUS OF VALUER  Independent

Signed

Nightingale K. Kwele BA BSc (Hons) MSc MRICS MREIB MREAC
For and on behalf of
RealReach (Pty) Ltd
E: nightingalekuswani@gmail.com

RealReach (Pty) Ltd
T: 3188-200
F: 3188-197
E: www.realreach.co.bw
**Property Valuation Summary Report**

**On Lot 141 Maun CBD, Riley’s Hotel**

1. **Open Market Value**  
   P43,394,000 (Forty-Three Million, Three Hundred and Ninety-Four Thousand Pula).

2. **Property**  
   On Lot 141 Maun CBD, Riley’s Hotel.

3. **Inspection Date**  
   31st December 2018.

4. **Description**  
   Improvements to the property comprise of a reception/office block, two by two storeyed accommodation blocks, three further single storeyed accommodation blocks, restaurant block, conference. Other improvements comprise a manager’s house, office/house block, a detached house, maintenance block, laundry block, house keeping/accounts store, change room/canteen block, ablution block, refuse block, 2 chalets, thatched bar and swimming pool.

5. **Existing Use**  
   Hotel.

6. **Zoning**  
   Commercial.

7. **Legal Matters**  
   No contravention of statutory requirements.

8. **Tenure**  
   50 year leasehold.

9. **Tenancies**  
   None.

10. **Age**  
    Constructed in the 30s and newer buildings were added around 10 years ago.

11. **Capital Value**  
    The valuation includes an element of marriage value as the properties have historically been part of a hotel portfolio; used/managed as a portfolio; and are being disposed of as a portfolio. The value was computed on the accounts/profits method for each of the individual properties and a marriage premium of 30% was added to reflect the portfolio factor.

    The valuation was undertaken in line with RICS Red Book, and REIB and BSE guidelines.

12. **Intra-Group Leases**  
    There is a lease on the hotel which has been ignored as the valuation is for the purposes of a buyout by Cresta Marakanelo as the main lessee.

13. **Matters Affecting Value**  
    None.

14. **Source Of Information**  
    The accounts used for the generation of profit method figures were sourced from Cresta Marakanelo audited financials. The validity of the valuation is based on the correctness of the financials.

15. **Status Of Valuer**  
    Independent

---

Nightingale K. Kwele BA BSc (Hons) MSc MRICS MREIB MREAC  
For and on behalf of  
RealReach (Pty) Ltd  
E:nightingalekuswani@gmail.com  
RealReach (Pty) Ltd  
T: 3188-200  
F: 3188-197  
E: www.realreach.co.bw
PROPERTY VALUATION SUMMARY REPORT

On Lot 1169 Gaborone
President Hotel

1. OPEN MARKET VALUE

P78,520,000 (Seventy-Eight Million, Five Hundred and Twenty Thousand Pula).

2. PROPERTY

On Lot 1169 Gaborone, Extension 3.

3. INSPECTION DATE

31st December 2018.

4. DESCRIPTION

This is a five storeyed building and improvements are arranged with the reception area for the hotel on the ground floor including a range of shop units, offices, conference rooms, a restaurant and ablution facilities on the first floor. The second floor accommodation comprises of partitioned offices, shop units, hotel rooms and ablution facilities. The third to the fifth floor comprise of hotel rooms. Other improvements comprise of a detached.

5. EXISTING USE

Hotel.

6. ZONING

Commercial.

7. LEGAL MATTERS

No contravention of statutory requirements.

8. TENURE

Freehold.

9. TENANCIES

The property has retail space on the ground floor leased to six tenants on monthly rental ranging from P116/m² to P316/m² resulting in a gross rental of P98,405 per month. The average compound escalator is 8%.

10. AGE

Original building was constructed in the mid-70s. However upper floors were added about 15 years ago.

11. CAPITAL VALUE

The valuation includes an element of marriage value as the properties have historically been part of a hotel portfolio; used/managed as a portfolio; and are being disposed of as a portfolio. The value was computed on the accounts/profits method for each of the individual properties and a marriage premium of 30% was added to reflect the portfolio factor.

The valuation was undertaken in line with RICS Red Book, and REIB and BSE guidelines.

12. INTRA-GROUP LEASES

There is a lease on the hotel which has been ignored as the valuation is for the purposes of a buyout by Cresta Marakanelo as the main lessee.

13. MATTERS AFFECTING VALUE

None.

14. SOURCE OF INFORMATION

The accounts used for the generation of profit method figures were sourced from Cresta Marakanelo audited financials. The validity of the valuation is based on the correctness of the financials.

15. STATUS OF VALUER

Independent.

Nightingale K. Kwele BA BSc (Hons) MSc MRICS MREIB MREAC
For and on behalf of
RealReach (Pty) Ltd
Enlightningalekuswani@gmail.com
RealReach (Pty) Ltd
T: 3188-200
F: 3188-197
E: www.realarreach.co.bw
The Board of Directors  
Cresta Marakanelo Limited  
Private Bag 00272  
Gaborone

Dear Sirs

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

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Cresta Marakanelo Limited and its subsidiary (“the Group”) by the directors. The pro forma financial information, as set out in paragraph 16 of the circular (“the circular”), to be dated on or about 24 January 2019, consists of the pro forma consolidated statement of comprehensive income, pro forma consolidated statement of financial position, pro forma consolidated statement of cash flows and assumptions (“pro forma financial information”). The pro forma financial information has been compiled on the basis of the applicable criteria specified in the Botswana Stock Exchange (“BSE”) Listings Requirements.

The pro forma financial information has been compiled by the directors to illustrate the impact of the corporate event, described in paragraph 3 of the circular, on the Group’s financial position as at 30 June 2018, and the Group’s financial performance and cash flows for the period then ended, as if the corporate event had taken place at 1 January 2018 and for the period ended 30 June 2018, being the last day of the Group’s half year financial reporting period for the purposes of the pro forma financial information. As part of this process, information about the Group’s financial position and financial performance has been extracted by the directors from the Group’s unaudited financial statements for the period ended 30 June 2018.

Directors’ Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the BSE Listings Requirements and described in paragraph 1 of the circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Botswana Accountants Oversight Authority (“BAOA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The BAOA independence and other ethical requirements are consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements 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.
Deloitte.

Reporting Accountant’s Responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis specified in the BSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Circular. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the BSE Listings Requirements.

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

As the purpose of pro forma financial information included in a circular is solely to illustrate the impact of a significant corporate event on unadjusted financial information of the Group as if the corporate event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the transaction at 30 June 2018 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate event, and to obtain sufficient appropriate evidence about whether:

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

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the corporate event 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 BSE Listings Requirements and described in paragraph 1 of the circular.

Deloitte & Touche
Certified Auditors
Practicing Member: Pragna Naik (CAP 0072018)
Gaborone
24 January 2019
The following table details the pertinent terms and conditions of all material loans to the Company as at 31 December 2018, being the last practicable date prior to the release of the Circular. Capital repayments due in the following 12 months are to be funded from cash flow generated from operations.

<table>
<thead>
<tr>
<th>Facility</th>
<th>Balance as at 31 Dec 2018</th>
<th>Interest rate</th>
<th>Annual repayment</th>
<th>Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays Bank of Botswana Limited</td>
<td>P5,434,253</td>
<td>Prime minus 2%</td>
<td>P3,040,219</td>
<td>First and Second Covering Mortgage Bonds over Lot numbers 930/931 Francistown.</td>
</tr>
</tbody>
</table>
NOTICE OF AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that an Extraordinary General Meeting (“EGM”) of Shareholders will be held at 09.00am on 14 February 2019 at Cresta Lodge, Plot 50719 Gaborone, for the purpose of considering and if deemed fit passing, with or without amendment or modification the following ordinary resolutions.

ORDINARY RESOLUTION NO. 1

“RESOLVED THAT, Cresta enter into the Transaction in terms of which it will acquire Tribal Lot 141, Maun, (Riley’s Hotel) from Botswana Hotel Development Corporation ("BHDC"), a subsidiary of Botswana Development Corporation Limited (“BDC”) on the terms and conditions disclosed in the Circular to which this notice is attached.”

ORDINARY RESOLUTION NO. 2

“RESOLVED THAT, Cresta enter into the Transaction in terms of which it will acquire Plot 50719 Gaborone (Cresta Lodge), Plot 6384 Francistown (Cresta Thapama), Plot 1169 Gaborone (Cresta President) and a portion of Plot 276 Selebi Phikwe (Cresta Bosele), from Letlole la Rona Limited ("LLR") (collectively the “Properties”) on the terms and conditions disclosed in the Circular to which this notice is attached.”

ORDINARY RESOLUTION NO. 3

“RESOLVED THAT, any director and officer of the Company be and is hereby authorised to do all such things and sign all such documents that are necessary to give effect to the resolutions passed at this meeting.”

VOTING AND PROXIES

All Shareholders, with the exception of BDC and its associates, will be entitled to attend and vote on all resolutions proposed at the Extraordinary General Meeting.

A Shareholder that is entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and speak and vote, in its/his/her stead. A proxy need not be a member nor Shareholder of the Company.

A form of proxy that sets out the relevant instructions for its completion is attached for use by a Shareholder who wishes to be represented at the Extraordinary General Meeting. The completion of a form of proxy will not preclude Shareholders from attending the Extraordinary General Meeting. Unless
otherwise stated, a proxy will be entitled to attend at any adjournment of the meeting and vote on any amendment or modification proposed to the resolutions set out in this Notice.

In order to be effective, the form of proxy must be properly completed and be received by the Company Secretary at the address stated below, by not later than 2.30pm on 12 February 2019.

By order of the Board

Date: 24 January 2019

P/Bag 00272,

Plot 74538 Marula House, Prime Plaza,

New CBD, Gaborone
FORM OF PROXY FOR SHAREHOLDERS

EXPRESSIONS USED IN THIS FORM WILL, UNLESS THE CONTEXT REQUIRES OTHERWISE, BEAR THE SAME MEANINGS AS GIVEN IN THE CIRCULAR ISSUED BY THE COMPANY TO SHAREHOLDERS ON 24 JANUARY 2019 (“THE CIRCULAR”). THIS FORM SHOULD BE READ IN CONJUNCTION WITH THE CIRCULAR.

For use at the extraordinary general meeting of Shareholders (“the EGM”) to be held on 14 February 2019 at 09.00am.

I/We (BLOCK LETTERS PLEASE)…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………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first on the form of proxy and has not been deleted will be entitled to act as proxy to the exclusion of those whose names that follow.

2. A Shareholder’s instructions to the proxy must be shown by indicating in the appropriate box provided the manner in which that Shareholder wishes to vote. Notwithstanding the foregoing a proxy shall be entitled to vote on any amendment or modification of the resolutions. Failure to comply with the above will be deemed to authorise the proxy to vote for or against the ordinary resolutions or amendments or modifications thereof, if any, or abstain from voting as he/she deems fit in respect of all the Shareholder’s votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Shareholder or his/her proxy.

3. All forms of proxy must be lodged with the company secretary at P/Bag 00272, Plot 74538 Marula House, Prime Plaza, New CBD, Gaborone by not later than 09.00am on 12 February 2019.

4. Any alteration or correction made to this form of proxy must be initialed by the signatory (ies).

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company secretary or waived by the chairman of the EGM.

6. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the EGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.

7. The Chairman of the EGM may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the Chairman is satisfied as to the manner in which the Shareholder wishes to vote.