

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this Circular apply to this entire document, including the cover page, except where the context indicates a contrary intention.



TURNSTAR HOLDINGS LIMITED

Incorporated in the Republic of Botswana

UIN: BW00000973397

CIRCULAR TO THE SHAREHOLDERS

relating to;

the Related Party Transaction arising from Turnstar Holdings' acquisition of the Lotsane Junction Mall from G.H. Group Proprietary Limited; and

notice of a General Meeting.

Legal Advisor

Independent Expert
&
Reporting Accountants

Broker



Date of issue: 04 June 2024

CORPORATE INFORMATION

Company Secretaries

Grant Thornton Business Services (Pty) Ltd
Plot 50370, Acumen Park, Fairgrounds
P O Box 1157, Gaborone, Botswana

Registered Offices

Grant Thornton Business Services (Pty) Ltd
Plot 50370, Acumen Park, Fairgrounds
P O Box 1157, Gaborone, Botswana

Principal Place of Business

Centre Management Offices, Game City Retail Centre, Gaborone, Botswana

Legal Advisor

Mckee Commercial Law (in association with Akheel Jinabhai & Associates)
Plot 2542, Extension 9, Gaborone
P.O Box 404185, Metsef, Botswana

Independent Expert

Crowe Goel & Associates
Plot 122, Unit 2, Gaborone International Finance Park, Kgale Hill
P O Box 60552, Gaborone, Botswana

Broker

Imara Capital Securities (Pty) Ltd
Plot 54353, 3rd Floor, Office 3a, Central Business District Private Bag 173, Gaborone, Botswana

Date of Incorporation: **07 November 2000** Place of Incorporation: **Botswana**

ACTIONS REQUIRED BY SHAREHOLDERS

Please take careful note of the following provisions regarding the action required by Shareholders.

If you are in any doubt as to what action to take, please consult your attorney, broker, nominee, or other professional adviser immediately.

The General Meeting will take place at Centre Management Offices, 1st Floor, Game City Retail Mall, Gaborone, Botswana at 12 noon on 05 July 2024 to enable Shareholders to vote on the proposed ordinary resolutions contained in the Notice of General Meeting which forms part of this Circular. A notice convening the General Meeting is attached to and forms part of this Circular.

ACTION REQUIRED BY SHAREHOLDERS

Shareholders are entitled to attend, speak and vote at the General Meeting. Shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a Shareholder of the Company.

Ordinary resolutions proposed to be adopted at the General Meeting require the support of more than 50% of the voting rights exercised thereon in order to be adopted.

Unless you advise your broker, in terms of the agreement between you and your broker by the cut-off time stipulated in that agreement, that you wish to attend the General Meeting or send a proxy to represent you at the General Meeting, your broker will assume that you neither wish to attend the General Meeting nor send a proxy.

If you wish to attend the General Meeting or send a proxy, you must request your broker to issue the necessary letter of representation to you. Shareholders who are unable to attend the General Meeting and wish to be represented at the meeting, should complete the relevant form of proxy attached in accordance with the instructions set out therein and lodge it with, or mail it to, the Broker.

Forms of proxy (which are enclosed) should be submitted before the meeting commences. Shareholders are requested to submit their forms of proxy to the Company Secretaries, by 01 July 2024.

The completion of a form of proxy does not preclude any Shareholder registered to attend the General Meeting from attending the General Meeting.

Shareholders and proxies attending the General Meeting on behalf of Shareholders are reminded that satisfactory identification must be presented in order for such Shareholder or proxy to be allowed to attend or participate in the General Meeting.

DEFINITIONS

Board	means the board of directors of the Company
BURS	means the Botswana Unified Revenue Service
BSE	means the Botswana Stock Exchange
Cautionary Statement	means the cautionary statement issued by Turnstar and published by the BSE on 26 February 2024
Circular	means this circular
Company or Turnstar	means Turnstar Holdings Limited (BW00000973397)
Conditions Precedent	means the conditional terms or conditions under the Sale Agreement which must be satisfied to make the Sale Agreement effective
Company Secretaries	means Grant Thornton Business Services Proprietary Limited (BW00000054968)
Consideration	means BWP P123,000,000.00 (One Hundred and Twenty-Three Million Pula)
Directors	Means the Directors of Turnstar, as more fully set out in Annexure 9 hereto
Due Diligence	means the due diligence conducted by the Chief Financial Officer and Chief Operating Officer of Turnstar, as is more fully set out in Annexure 5 hereto
General Meeting	means the general meeting, as is more fully set out in Clause 6 hereto
GHG	means G.H. Group Proprietary Limited (BW00000593092)
Listings Requirements	means the equity listings requirements as published by the BSE

Lotsane Junction Mall	means the Properties and related commercial letting enterprise, being sold by GHG and purchased by Turnstar
Lotsane Mixed Design Brief or Palapye Authority Master Plan	means the area development plan, as is more fully set out in Annexure 3 hereto
Properties	means collectively Tribal Lot 19668 Palapye and Tribal Lot 19674 Palapye
Reporting Accountant	means the reporting accountant as set out in paragraph 8 below.
Sale Agreement	has the meaning set out in paragraph 1.1 of Section A
Shareholder	means a shareholder of Turnstar
Transaction	means the proposed acquisition of Lotsane Junction Mall by Turnstar from GHG

SECTION A – THE TRANSACTION

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

- 1.1. In the Cautionary Statement, the Shareholders were advised that Turnstar and GHG had entered into a conditional agreement, in terms of which Turnstar had offered to acquire a commercial letting enterprise from GHG and its two underlying assets. A copy of the conditional agreement is annexed hereto and marked Annexure 1 (“Sale Agreement”)
- 1.2. The proposed Transaction is subject to the fulfilment, or waiver (where applicable), of certain Conditions Precedent including, inter alia, those as set out in paragraph 3.2.
- 1.3. As at the date of this Circular:
 - 1.3.1. GHG is a material Shareholder in Turnstar holding 80,148,355 shares which represents a 14% interest in the issued share capital of the Company.
 - 1.3.2. Mr. Gulaam Abdoola, being the Managing Director of Turnstar, is a shareholder and director in GHG .
- 1.4. The BSE has determined that Transaction will be a Related Party Transaction as defined in Listing Requirement 7.1
- 1.5. In terms of 7.5 of the BSE Equity Listings Requirements the Company is required to issue a Circular setting out the details of the Transaction as more fully prescribed therein.
- 1.6. In terms of the 7.4 (b) BSE Equity Listings Requirements, the independent Shareholders must approve the proposed Transaction by way of an ordinary resolution prior to the completion of the Transaction.
- 1.7. The purpose of this Circular is to provide sufficient information to the BSE and to the general public as well as to enable the Shareholders to evaluate the effects of the proposed related party Transaction on the Company and to make a properly informed decision thereon.

2. RATIONALE FOR THE TRANSACTION

- 2.1. The Board, for the reasons set out below, is confident that the proposed Transaction is fair and reasonable as far as the Shareholders are concerned, and will benefit Turnstar.

- 2.2. The Consideration that will be paid for Lotsane Junction Mall represents good value as more fully demonstrated by reference to the independent valuation report attached hereto marked Annexure 2. More specifically in reference thereto:
 - 2.2.1. the Consideration is less than the open market valuation of Lotsane Junction Mall by BWP 3, 200,00.00 (Three Million Two Hundred Thousand Pula) as determined by the said valuation, to the benefit of Turnstar.
 - 2.2.2. the insurance replacement cost, as determined by the said valuation, is BWP 184,000,000.00 (One Hundred and Eighty-Four Million Pula) and represents a 61,000,000.00 (Sixty-One Million Pula) difference as against the Consideration, to the benefit of Turnstar.
 - 2.2.3. the costs of removal and disposal of sewage, being an annual amount of BWP 800,000 (Eight Hundred Thousand Pula) per annum, and which was identified in the valuation report as a negative factor affecting the open market value of Lotsane Junction Mall, will be resolved in future when Lotsane Junction Mall is connected to the municipal sewage system. In this respect the Board has been advised by the Central District Council that it has begun laying sewerage pipelines in the area in which the Lotsane Junction Mall is situate which in future will allow for connection to municipal sewerage disposal system. This connection to the municipal sewage system will result in an annual saving of BWP 800,000.00 (Eight Hundred Thousand Pula) per annum for Lotsane Junction Mall and will represent an upside or benefit to the business and ultimately the Shareholders.
- 2.3. The combined properties at Lotsane Junction Mall currently boast an impressive 92% tenancy rate, which exceeds market standards. This high occupancy rate is anticipated to yield substantial rental income. Additionally, Lotsane Junction Mall has attracted solid interest from reputable international brands for the establishment and operation of a drive-through restaurant franchise and a motor vehicle tire and fitment centre, and which such establishment are planned to be situated outside the main mall area, thereby expanding the tenantable space and contributing to increased rental revenue.
- 2.4. The Lotsane Junction Mall is placed in an area of prime potential, which according to paragraph 8.1 of the Lotsane Mixed Design Brief (also known as the Palapye Master Plan) will be adjacent to the proposed Palapye Central Business District. A copy of the Lotsane Mixed Design Brief is contained in Annexure 3 of this Circular.
- 2.5. The Board further believes that the proposed Transaction provides a unique opportunity to acquire an exceptional quality asset that rarely comes to market.

- 2.6. The proposed Transaction will grow Turnstar's portfolio value to over BWP 2.850 billion and increase its total portfolio size to approximately 160,000 m² of gross lettable area. This will ultimately benefit the Company and Shareholders through an increase in revenue to the Company as more fully demonstrated by the profit projections set out in paragraph 7 below.

3. DETAILS OF THE TRANSACTION

- 3.1. The Properties together, comprise the Lotsane Junction Mall, a commercial letting enterprise with an 92% rate of occupancy, per the latest valuation report available as at the date of this Circular.
- 3.2. In terms of the Sale Agreement, the Company will acquire the Properties and related commercial letting enterprise by way of an asset sale and on a going concern basis.
- 3.3. The acquisition price for Lotsane Junction Mall will be the Consideration and the Transaction is subject to satisfaction or waiver of a number of conditions precedent including but not limited to;
- 3.3.1. approval by the Shareholders
 - 3.3.2. approval by the Competition and Consumer Authority;
 - 3.3.3. requisite approvals under the Tribal Land Act;
 - 3.3.4. the passing of all necessary Board resolutions;
 - 3.3.5. the issuance of BURS tax clearance certificates for both parties; and
 - 3.3.6. the completion of a due diligence to the satisfaction of Turnstar(as is more fully set out in Clause 5 hereunder).
- 3.4. Implementation of the proposed Transaction will not result in any changes to the Board or the terms of service of the Directors.
- 3.5. The proposed Transaction is subject to the normal provisions, terms and warranties used in a sale of business assets.
- 3.6. The salient details of Properties are, as follows:

Properties

Plot No.
Land Tenure
Property Size

Salient Details

Tribal Lot 19668
Memorandum of Agreement of Lease
1,7836 Ha

Plot No.

Tribal Lot 19674

Land Tenure

Memorandum of Agreement of Lease

Property Size

1,5036 Ha

- 3.7. The acquisition will be funded through a loan from a commercial bank.
- 3.8. The closing date for the proposed Transaction will be the Closing Date as defined in Annexure 1.

4. RELATED PARTY TRANSACTION

- 4.1. GHG is a Shareholder holding 14% shareholding in the Company.
- 4.2. The BSE has deemed the proposed Transaction to be a Related Party Transaction for the purposes of the Listings Requirements.
- 4.3. In terms of 7.4 of the Listings Requirements, a fairness opinion must be obtained by the Board and must be included in this Circular to Shareholders regarding the proposed Transaction. Therefore, the Board has requested Crowe Goel & Associates to act as independent expert in terms of the Listings Requirements to provide an opinion as to whether the terms and conditions for the proposed Transaction are fair to Shareholders. The Fairness Opinion is contained in Annexure 4 of this Circular.
- 4.4. The Independent Expert opinion was authored by Mr. Sanjay Goel, a certified Auditor of Public Interest Entities, on 10 April 2024, and was authored to be incorporated into this Circular.
- 4.5. The Independent Expert has, as at the date of this Circular, granted and has not subsequently withdrawn its' consent for the Circular to contain the Independent Expert opinion, and for disclosure thereof to the BSE, the Shareholders and the general public as may be required. A copy of the Independent Expert's consent is annexed hereto and marked Annexure 10.
- 4.6. Neither the Independent Expert nor its shareholders have any interest in Turnstar, nor in GHG. The Independent Expert does not have any right/s to subscribe for or to nominate persons to subscribe for securities in Turnstar.

- 4.7. GHG and its associates will be taken into account in determining a quorum at the General Meeting, but they will not exercise any votes in respect of the resolutions to be proposed at the General Meeting.

5. OPINIONS AND RECOMMENDATIONS IN RESPECT OF THE TRANSACTION

- 5.1. An independent expert, namely Crowe Goel & Associates, has, pursuant to examining all relevant and salient details of the proposed Transaction, issued an independent opinion in full support of implementation of the proposed Transaction and further confirming that the proposed Transaction is fair and reasonable in so far as the Shareholders are concerned. The independent expert's opinion is annexed hereto and marked Annexure 4.
- 5.2. The Board confirms that its Chief Financial Officer and Chief Operations Officer (the "Turnstar Officers") have conducted a Due Diligence, the details of which are set out in Annexure 5 to this Circular, in respect of the proposed Transaction. As part of the Due Diligence the Turnstar Officers submitted in respect of Lotsane Junction, to the Board for scrutiny; income and expenditure accounts for 2021-2023; a five-year financial forecast prepared over contracted leases, rental escalations and historical expense trends; a schedule of current lease and rentals; a sensitivity analysis of financial forecasts in the event of incremental increases to occupancy rates; and a brochure of Lotsane Junction.
- 5.3. Per 7.4 of the Listings Requirements, the Board confirms that its investment committee (the "Investment Committee") has reviewed the Due Diligence and the terms of the proposed Transaction and have recommended same for approval. An extract of the Investment Committee's recommendation is annexed hereto as Annexure 6.
- 5.4. The Board has considered the terms and conditions of the Transaction and, taking into account the opinion of the Independent Expert, the text of which is set out in Annexure 4 to this Circular, is of the opinion that the terms and conditions of the proposed Transaction are fair to Shareholders and unanimously recommends that Shareholders vote in favour of the Transaction at the General Meeting to be convened for the purposes of considering, and, if deemed fit, approving the proposed Transaction. All of the Directors who own Shares intend to vote in favour of the resolutions to be proposed at the General Meeting.

6. GENERAL MEETING

- 6.1. The General Meeting will take place at Centre Management Offices, 1st Floor, Game City Retail Mall, Gaborone, Botswana at 12 noon on 05 July 2024 to enable Shareholders to vote on the proposed resolutions contained in the Notice of General Meeting which is annexed hereto and marked Annexure 7.
- 6.2. GHG will be taken into account in determining a quorum at the General Meeting but will not exercise any votes in respect of the resolutions proposed thereat.

7. FINANCIAL INFORMATION RELATING TO THE TRANSACTION

- 7.1. Turnstar's auditors, who have issued the published annual reports of Turnstar for the previous three years are Ernst & Young, more particularly Mr. Francois Roos from Ernst & Young, who holds the qualification of a Certified Auditor and who is a member of the Botswana Institute of Chartered Accountants.
- 7.2. The table below details the financial position of Turnstar, its prospects and the impact of the proposed Transaction on Turnstar's Statement of Profit or Loss and Statement of Financial Position.
- 7.3. The Directors, collectively and individually accept full responsibility for the accuracy of all pro-forma financial 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.
- 7.4. The purpose of the pro-forma financial information given below, is to provide investors with information about the impact of the proposed Transaction, by illustrating how the proposed Transaction might affect the reported financial information, had the proposed Transaction taken place as at the dates provided below.
- 7.5. Though every effort has been undertaken by the Directors to ensure accuracy of the pro forma financial information, such financial information ,by its nature, may not fairly present the Turnstar's financial position, changes in equity, results of operations or cash flows.
- 7.6. The pro forma financial information presented is not intended to be misleading, rather it is intended to assist investors in analysing future prospects in Turnstar.

7.7. The pro forma financial information is sourced from the audited accounts of Turnstar and the financial accounts of GHG in respect of the Lotsane Junction Mall.

STATEMENT OF PROFIT OR LOSS			
	TURNSTAR HOLDINGS LIMITED 31/01/2024	LOTSANE JUNCTION MALL 30/09/2023	PRO-FORMA
Revenue	328 502 653	10 956 161	339 458 814
Profit Before Tax	177 508 791	7 701 851	185 210 642
Earnings Per Share (Thebe	0.26		

The profit before tax of Lotsane Junction Mall, includes P 863,400 in costs of removal and disposal of sewerage. As stated in clause 2.2.3 above, the mall is in the process of being connected to the municipal sewerage system. Once connected, there will be a cost saving of approximately BWP 800,000 per annum.

STATEMENT OF FINANCIAL POSITION			
	TURNSTAR HOLDINGS LIMITED 31/01/2024	LOTSANE JUNCTION MALL 30/09/2023	PRO-FORMA
Non-Current Assets	2 749 773 629	123 000 000	2 872 773 629
Current Assets	59 882 686		59 882 686
Total Assets	2 809 656 315	123 000 000	2 932 656 315
Equity	1 922 672 952		1 922 672 952
Non-Current Liabilities	521 234 904	123 000 000	644 234 904
Current Liabilities	365 748 459		365 748 459
Total Liabilities	886 983 363	123 000 000	1 009 983 363
Total Equity and Liabilities	2 809 656 315	123 000 000	2 932 656 315

8. REPORTING ACCOUNTANT

- 8.1. The Directors have, for reasons of brevity and convenience, appointed Crowe Goel & Associates (who also act as the Independent Expert), to act as the Reporting Accountant.
- 8.2. The Reporting Accountant's report, attached hereto and marked Annexure 11, as required by the BSE Equity Listings Requirements confirms the accuracy of the pro-forma financial information provided in paragraph 7 above.

9. OTHER INFORMATION

- 9.1. The historical financial information of Turnstar over the past three financial years is attached hereto as Annexure 8.
- 9.2. No commissions, discounts, brokerages or other special terms have/will be granted in relation to this Transaction.
- 9.3. There have been no interruptions in the business of either Turnstar or GHG which may have or have had a significant effect on the financial performance and/or financial position in the last 12 months.
- 9.4. The number of Employees of Turnstar, over the last financial year, has not changed in any significant or material manner.
- 9.5. There is no change in the nature of the business of Turnstar contemplated pursuant to the Transaction.
- 9.6. There are no significant loan receivables owing to Turnstar, subsequent to the date of the latest balance sheet (31 January 2024).
- 9.7. There are no significant borrowings owed by Turnstar, subsequent to the date of the latest balance sheet (31 January 2024).
- 9.8. There are no loans to or by any members of the group to the directors, nor are there any guaranteed provided.
- 9.9. There are no schemes involving the staff of Turnstar.
- 9.10. There are no arrangements under which a director of Turnstar has waived or agreed to waive future emoluments in the past financial year.
- 9.11. There has, in the past three financial years, not been any change in the nature of business carried out by Turnstar.
- 9.12. The constitution of Turnstar;

- 9.12.1. allows a director to declare any interest in a proposal, arrangement, or contract in which they are involved, and does not allow such a director to vote on such matters;
- 9.12.2. gives directors the power to determine remuneration, including pensions and benefits, for themselves or other members of the board, however such remuneration must be approved by the company in a general meeting;
- 9.12.3. gives directors borrowing powers that allow them to secure loans or raise funds for Turnstar, these borrowing powers can be varied by the company in a general meeting.
- 9.12.4. allows for the declaration of dividends by the directors, which can be paid in cash or in specific assets, dividends unclaimed for a certain period may be forfeited for the benefit of the company.

10. DISCLOSURES UNDER 6.9 OF THE LISTINGS REQUIREMENTS

- 10.1. The conditions attaching to the Transaction are as set out in Annexure 1.
- 10.2. The value of Lotsane Junction mall is as set out in Annexure 2.
- 10.3. The financial information attributable to the Lotsane Junction Mall is as set out in Paragraph 7 above.
- 10.4. The rationale for the Transaction is as set out in Paragraph 2 above.

11. STATEMENT OF DIRECTORS RESPONSIBILITY

- 11.1. The Directors, collectively and individually accept full responsibility for the accuracy of all 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 this Circular contains all information required by law and the Listings Requirements.

The Botswana Stock Exchange has not verified the accuracy and truth of the contents of the document submitted to it and the Botswana Stock Exchange accepts no liability of whatever nature for any loss, liability, damage or expense resulting directly or indirectly from the decision taken based on the contents of the Circular.